

End of an Orthodoxy and Resurgence of a Complementary Economic Pattern: A Position Paper

Wilfred I. Ukpere

Abstract

Triumphant capitalism, which heralded the dawn of globalisation, made neo-liberalists proclaim the death of socialism, along with its positive variants namely, free education, minimum wage, employment creation, health care, and so on. However, the perceived triumph of a single orthodoxy seems to have demoted growth of global prosperity. For example, more than 1.1 billion people across the globe are poor, while more than 3 billion of the global populace have drifted deeper into poverty and more than a billion people across the globe are starve regularly. The current state of affairs has increased the rate of global crimes, which is reflected by the scale of congested jails. A casino economy of speculation has currently failed humankind. Indeed, current failure of capitalism to address wider problems of humankind such as unemployment, inequality, oppression, poverty, food shortages and economic crises, will resurrect the question as to whether socialism is indeed dead as proclaimed by neo-liberals. Thus, since a single (triumphant capitalist) orthodoxy has failed to address those mounting problems that have excluded a majority of humanity from participating in sharing global prosperity, the assertion that socialism is dead, has become redundant and, the possibility of a vibrant complementary and comprehensive economy pattern is imminent.

Keywords: Automation, capitalism, cooperative economy, socialism, single orthodoxy, unemployment

Introduction

Triumphant capitalism, which heralded the dawn of globalisation, made

popular voices proclaim the final extinction of socialism. A few years ago the present author was cautioned by a colleague at the Cape Peninsula University of Technology that his statement could be ‘dangerous’, when he asserted:

There could still be the possibility of a complementary relationship between capitalism and socialism. The silent moments of a particular system should not be construed as the end of that system. Otherwise, a battle-line could be drawn, and it may as well not be incongruous to assert that, ‘positive socialism’ lurks at the corner waiting to mock the circumstantial, inexplicable fall of capitalism (Ukpere 2007:81).

In another peer-reviewed academic engagement, Professor Amadu Sesay seems to concur with Professor Rust’s reservation when he queried:

Would violent conflict, terrorism and intensification of anti-globalisation demonstrations not be the natural fall-out of the uneven or lopsided gains of capitalism rather than revival of positive socialism as predicted in the study? Would the predicted resurgence of positive socialism enact another ideological confrontation between capitalism and socialism as claimed in the study? This is clearly an implausible assumption (Sesay 2007:1-2).

The scepticism then of these eminent scholars may not be incredible, since the ovation was high for capitalism as the only goose that laid the golden egg (Maxim 2001).

Hence, almost in concordance with earlier predictions, socialism was irrevocably declared dead. Dahrendorf (1990:38) has stated:

The point has to be made unequivocally that socialism is dead and that none of its variants can be revived for a world awakening from the double nightmare of Stalinism and Brezhevism.

Giddens (1994:52) has averred: ‘the idea of burying socialism has become a reality’. Sklair (2002) has noted: ‘By the early 1990s, ruling groups in all the countries of Eastern Europe had abandoned communism and were trying, in a variety of ways, to insert themselves into the capitalist global system’. Slabbert (1996:1) has announced:

... Resurgence of a Complementary Economic Pattern

The Russian bear is dead and buried. Floundering in its wake is a confederation of states, desperately trying to come to grips with a market economy Two of the mourners at the funeral, comrades Marx and Lenin, were seen wearing expressions of astonished embitterment, disillusioned by the fading out of one of the world's primary ideologies (socialism).

Turner (2001: 4) has observed:

The late 1990s and first half of 2000 marked the apogee of a sort of market triumphalism, a confidence - at least among the Western elites - that capitalism, and in particular, American free market capitalism, was the universal answer to economic problems.

Moreover, in the United States and some other capitalist nations, the triumph of capitalism was greatly celebrated. In a powerful jubilation, Martin Anderson, then head of President Ronald Reagan's transition team and top advisor to Reagan during the early years of his administration, in a speech at the conservative Philadelphia society, lamented:

[W]e in America are not as euphoric as we ought to be given what has just transpired. The West had won the cold war. Capitalism was fully vindicated. The theories of Ludwig von Mises and Fredrick A. Hayek, two premier economists who defended the free market system and predicted that socialism will fall (die), had been confirmed in practice. The world has had a demonstration, albeit at great and unnecessary cost, of the hopelessness of socialism. So why are we not cheering? Why are there so few celebrations? (Machan 1994:68).

Finally, an enthusiastic Francis Fukuyama added to the hype by positing that the triumph of capitalism over socialism marked the end of history (Maxim 2001).

The social connotation of the above assertions implies that the world is left with no other alternatives but to freely accept the total and final eclipse of socialism by American free market capitalism, which means that those positive moral incentives of socialism such as free education, minimum wage, employment creation, social welfare and general wellbeing, social

security, unemployment benefits, government housing constructions, progressive taxation, old age allowances, to mention a few, become relics of a bygone era to be confined to the dustbins of history, while profit becomes the icon of the modern economic world, leaving quality of life and labour a casualty of global cutthroat competitions (Matthews 1998). Indeed, great successes that have been achieved in the USA, Britain and other nations that have profitably utilised the capitalist system and the demise of nations that have embraced its alternatives, gave a powerful credence to the notion that neo-liberal capitalism was the best option to adopt by nations that seek progress (Martin & Schumann 1997; Sklair 2002). In this vein, Sassoon (1996:648) has observed:

by the 1990s, it even proved too difficult to defend the gains thus far achieved by European socialism: the welfare state, full employment, and trade union rights; the first was in danger, the second had become a thing of the past, and the third were severely curtailed.

Problem Statement

Capitalist globalisation has failed woefully.

Objectives

The objectives of this paper are:

- To promote a complementary and comprehensive economic pattern; and
- To postulate the need to resuscitate capitalism with all possible positive socialist variants.

Literature Survey

Triumphant Capitalist Woes

Within a single (neo-liberal) economic system, global poverty has proliferated to a record level. According to the Chronic Poverty Report (2005),

More than 420 million people are trapped in chronic poverty. They experience deprivation over many years, often over their entire lives,

and commonly pass poverty to their children. Many chronically poor people die prematurely from health problems that are easily preventable. For them poverty is not simply having a low income: it is about multidimensional deprivation – hunger, under-nutrition, dirty drinking water, illiteracy, having no access to health services, social isolation and exploitation. Such deprivation and suffering exists in a world that has the knowledge and resources to eradicate it.

It is estimated by the World Bank that more than 1.1 billion people across the globe live in extreme poverty (Sachs 2005). More than 3 billion of the global populace have drifted deeper into poverty; another 8 million people die each year because they are too poor to survive and almost a billion lives are in danger of starvation in a world that is capable of managing the deplorable situation (*Time Magazine* 2005:26). In Uganda, which is one of the hallmarks of capitalist globalisation in African, poverty seems to have become a generational curse. '*Obwaavu obumu buba buzaale, Abaana babuyonka ku bazadde baabwe, ate nabo nebabugabira ku baana* – Some poverty passes from one generation to another as if the offspring sucks it from the mother's breast' (Group of Disabled Ugandan Women, quoted in The Chronic Poverty Report, 2005). Global capitalism has by all means accelerated and institutionalised poverty, and the current level of poverty across the globe is endemically unnatural (Klein 2003). Charles Darwin (cited in Kowalski 2000:3) once forewarned: 'If the misery of our poor be caused not by the laws of nature, but by our institutions, great is our sin'.

The increase in the rate of global poverty is reflected well in the widening divide between rich and poor. The United Nations (n.d.) reported that, 'the world's poorest 2.5 billion people ... have a collective income roughly equal to the collective wealth of the world's richest 225 billionaires'. In 1990, Steve Ross, CEO of Times-Warner was paid the highest corporate executive salary of \$78.2 million, which was the same year that 605 employees of Times-Warner were retrenched into poverty. The payment to Ross would have covered the salaries of all discharged workers for two and a half years (Cohen 1992:30). Across the globe, the *casualisation* of employment relations and voluntary retirement packages to workers has intensified the scourge of poverty in most societies. In South Africa, the income level of the lowest strata of society has relatively declined, and the disparity in economic status has expanded mainly because the poor have been

left behind (Adams *et al.* 2006). The United Nations Development Report declared, 'The income disparity between the top 20 percent and bottom 20 percent of the world's population is now 150 to 1, double what it was 30 years ago' (Clarke 1999). Therefore, under the guise of a single orthodoxy, the problem of global inequality has become obvious for reappraisal.

Technological innovations within capitalist modes of operation have become the culprits of outsourcing, re-engineering and retrenchment, the corollary of which is endemic unemployment, inequality and poverty (Anderson & Brenton 1998). On an international level, it is the exception rather than the rule to identify companies, which have not suffered from the effect of retrenchment. Consequently, retrenchment is a vicious cycle- purchasing power is eroded and goods cannot be sold, which leads to further retrenchments in order to maximise returns (The Chronic Poverty Report 2005).

Additionally, increasing retrenchment and unemployment within capitalist global systems have accelerated the pace of global crimes. Indeed, there is a positive functional relationship between retrenchment, unemployment and crime. Rising unemployment increases the number of idle persons and, hence the number of criminals (Chinonso 2007). As the crime rate increases in any society, investors become increasingly less confident. Decreased economic growth leads to a higher level of unemployment, while the unemployed, unable to make a living, turn to crime (Bendix 2005:493). It can therefore be asserted that, as unemployment decreases, the crime rate will decrease but the problem lies with fuelling necessary economic growth, while crime prevails. Crime affects every aspect of society and business. Therefore, companies, which are quick to retrench workers without considering the social effects that it may have, may be acting irresponsibly and will in the end, suffer the consequences of increased crime and economic recession (Bendix 2005:493).

While the evidence is not definitive, several studies of criminal behaviour within a capitalist dispensation have linked it to inequality, which points to the fact that high rates of crime are associated with falling income. The demography of criminality reflects a group that has endured the largest losses in real earnings such as young, under-graduate males. Surveys of inner cities show that many youths currently perceive crime as more lucrative than work (Freeman 1995 cited in Matthews 1998:384). The crime rate has persisted around the world owing to the large number of men and women who have lost their jobs. A saying goes that 'an idle mind is the devil's

workshop'. Hence, most qualified workers who lost their jobs as a result of global competition, after staying at home for some time doing nothing, begin to think of other ways to move on in life. Indeed, to be sure, one best simple option left to them in the face of nothing, is crime (Matthews 1998:384). In America, the stronghold of capitalism, crime has skyrocketed to a record level, to an extent that in California, which is the seventh-largest economic power on earth, expenditure on prisons has overtaken the entire educational budget (Martin & Schumann 1997:9). For example, more than 28 million Americans have fortified themselves inside safeguarded housing estates, while majority of them now spend much money on private guards as their government does on the police. Moreover, growing global unemployment could be a reason why one could find some university graduate criminals presently in Nigeria. These are able-bodied persons who are willing and ready to work after attending university for years as well as year of national service, but are without jobs (Chinonso 2007). Even some previously employed graduates may have to face the wind of competition, which capitalist global forces have unleashed, and it seems that the only way out for corporations to respond to these putative global forces, is mainly via further retrenchments and unemployment (Bloch 1998; Scholte 2000). Hence, frustration has led youths to crime. Presently, about 90% of arrested criminals state that a main reason why they engage in crime, is hunger (Matthews 1998:384). In addition, the growing number of graduates that are unemployed around the world, have increased the rate of some sophisticated crimes such as money laundering, drug trafficking, human trafficking, terrorism, bank and lottery fraud (popularly known as 419 amongst Nigerians or 420 amongst Indians), child labour and women trafficking, to name a few. Other lower cadre crimes, which are particularly found in South Africa, include armed robbery, rape, child abuse, prostitution, pick-pocketing, shop-lifting, car hijacking and hijacking of cash-in-transit vehicles (Hughes 2007).

Currently, the South African Correctional Services have complained of congested jails around the country owing to rising levels of crime within the country (*Mail & Guardian* online 2008). In India, the congestion at the Tehar jail in New Delhi, as well as other jails in places around the country, has eroded the justice system of most inmates that are awaiting trial. Tens of thousands of innocent victims are dumped in most Indian jails only to be declared innocent after 10 years of languishing and wasting away in the jail for an alleged crime, which would have carried a 3-year sentence, if found

guilty (Asian Human Rights Commission in News 26 August 2006). The Kirikiri jail, also known as Ayoko-city, in Lagos, Nigeria, is another notable example where congestion of inmates, in addition to poor hygiene factors, has become critically alarming (Amnesty International 2008). In the USA, as mentioned earlier, expenditure on prisons owing to an increasing number of criminals, can be comparable to some states' national budgets (Martin & Schumann 1997:9). However, in spite of the huge expenditures, there are still reported cases of congested jails, and no one seems have an answer to the global trends of congested jails. One crucial contributing factor could be global job shocks and unemployment.

Ironically, some western capitalist governments and corporations have reaped from the benefits of congested jails in the form of cheap and forced labour (Singh & Zammitt 2003:23). For example, the requirement for prisoners and youths in detention to work for meagre pay, is normal in the capitalist vicinity of the USA. Prison inmates in the USA comprise over 1 million, while more than half a million are in local country jails (Singh & Zammitt 2003:23). There are uneven numbers of Black and Latino persons, who were arrested, in most cases, for minor offences and probably as a type of social control (Freeman 1995; Martin & Schumann 1997). Prisoners are forced to work in factories, particularly clothing factories that have located their operations in prison sites, where they have a captive pool of cheap labour. An estimate in 1998 stated that prison labour produced over 280 products, which was worth over \$9 billion and replaced about 400,000 jobs, which were otherwise done by the normal workforce in the US (Singh & Zammitt 2003:23). A number of harsh disciplinary measures and other penalties are imposed if prisoners refuse to work. Prison labour is less than the minimum wage and after deduction for taxes, room and board and victims' compensation, the pay may be only \$60 a month for a nine-hour day (Singh & Zammitt 2003:23). This also has detrimental implications for consumer spending within a capitalist global system. In this vein, Kowalski (2000:9) has opined:

Those who by fate or artifice, end up in key positions, squander the resources of the planet in their pursuit of personal, political, or chauvinistic fantasies, while the greater mass of men lead lives of perpetual irrelevance. Is this an admirable way for human race to conduct its business?

Furthermore, the woes of a single orthodoxy have accelerated owing to its frenzied ‘casino economy’ of speculation, which became a rule of prudence within a global capitalist dispensation. In fact, a growing increase of Foreign Direct Investment (FDIs), (for some time now), cannot be compared with the enormous increase in the short-term movement of speculative funds (Went 2000). Rapid increase in capital movement across the globe is volatile to exchange and interest rates. Previously, more than 90% of exchange transactions in the world bore some relation to productive investments, while less than 10% was for speculative purposes. However, recently, there have been changes to this tenor. For example, 90% of the trillions of dollar transactions in the world’s foreign exchange market are in speculative form, while merely 10% of this amount is utilised for investments in goods and services. Towards this development, Martin and Schumann (1997:47) have stated:

What happened on the money market follows largely comprehensible dynamics that was actually made possible by the governments of major industrialised countries themselves. In the name of the doctrine of salvation, through totally free markets, since the early 1970s, they have systematically striven to tear down all barriers, which once allowed cross-border flows of money and capital to be regulated and, therefore, controlled. Now, like the sorcerer’s apprentice, they complained that they are no longer in control of the spirits that they and their predecessors called into being.

Currently, about twenty million US families participate in stock-exchange roulette and have invested at least in one of the 6000 and more speculative funds, which juggled with as much as 6 trillion dollars worldwide. Twenty years ago 75% of private savings in the US was held in savings accounts or fixed-interest securities, but presently, as in Europe, proportion has turned right around and in the 1990s three-quarters of savings were speculated on stock exchange markets globally (Martin & Schumann 1997:167). The scale of financial speculative activities has led some sections to assert that the capitalist global system is a financial system. This assertion is difficult to dispute, since daily turnover on international currency exchanges, which was \$500 billion in 1990, rose to an average of \$1200 billion per day by 1994, increased to about \$1500 billion per day by 1988 and

swelled to \$3.2 trillion in 2007 (BIS 1999; Finfacts 2007). Despite accelerated international traffic in money and global banking activities, credit needs of billions of people and millions of small businesses remain unattended to (Barnet & Cavanagh 1994). Indeed, financial markets are the most globalised sector within the global economy, and new markets in financial derivatives, which were previously considered as gambling in several countries, have taken a forefront in recent times. In 2005 a historic record of 9.9 billion derivative contracts was transacted on exchanges worldwide (World Federation of Exchange 2005 - May 2006).

Alan Greenspan, Federal Reserve Chairperson (who is currently speaking-out about the need for more state intervention to regulate the free market (Socialistworkeronline 2008), had previously stated that development of increasing financial derivatives, has been the most significant event in finance during the past decade (Went 2000). Some of these derivatives are unregulated and traded 'over-the-counter' (OTC). The aggregate value of OTC derivatives, which was \$169.7 trillion in 2003, rose to \$596 trillion in 2007 and surged to 683.7 trillion in 2008 (Bank for International Settlement 2008). OTC derivative trading involves enormous risks for the stability of international financial systems, as the near-collapse of the hedge fund, Long Term Capital Management, illustrated in 1998. According to Robinson (2004:40),

This dominance of speculative financial flows over productive capital reflected the hegemony of transnational finance capital in the age of globalisation and its frenzied 'casino capitalism' activity in recent years, and gave an illusion of 'recovery' in Latin America, an illusion that was cracked by the 1994 - 1995 Mexican Peso crisis, and then shattered by the Argentina crisis that exploded in December 2001.

This speculative capital cannot be used to build factories or to create jobs owing to the fact that companies are not interested in making long term investments by using funds that can be swiftly accessed. In addition, the risk that such 'hot' money brings with it makes long term investments in a developing country even less attractive (Stiglitz 2001:66). Speculative investments have the worst effects for industrial expansion and job creation. However, brokers are not in support of the regulation of this trading owing to the huge profitability derived from it. Went (2000:15) noted that the main

effects of this ‘financialisation’ of the global economies are, amongst others, short term thinking in respect of financial markets; macroeconomic instability owing to increasing volatility; and a bias policy towards protecting the value of financial assets rather than expanding outputs. Bhagwati (2004:443) has forewarned:

The freeing of capital flows in haste, without putting in place monitoring and regulatory mechanisms and banking reforms, amount to rash, gung-ho financial capitalism. It can put nation states at risk of experiencing massive, panic-fed outflows of short term capital funds, which would drive their economy into a tailspin.

The easy freedom for speculative capital to hover across the globe, at will, was the culprit of the 1994-1995 Mexican Peso crises, 1997-1998 South East Asia economic crises and, could well be blamed for the current global economic meltdown.

The current economic crunch was triggered by a crisis in the US ‘subprime’ mortgage market. High interest mortgages were speculatively purchased by individual who cannot even afford the normal mortgage rates. Within a short-run, these individuals defaulted in repaying their debts. This problem was compounded by the fact that subprime debts has been sliced, repackaged and sold to other financial institutions across the globe (Robinson 2008:2). Therefore, when these individual started defaulting, it was difficult to predict who would end up being saddled with bad debts. This sparked panic in the financial markets. Banks that previously lend money to each other suddenly stopped in order to reduce the accumulation of bad debt. Speculation from shareholders and investors also fuelled the panic. Finally, one after another, the big banks admitted that they were stuck with bad debt linked to the subprime collapse (Robinson 2008:2). De Grauwe (2008:1) has observed that the failure of the US Federal Reserve under Greenspan to react to the bubbles in the stock and housing markets helps to explain the financial excesses and the subsequent economic crisis. Presently millions of people have been affected by the current capitalist global economic crisis, which is posed to downgrade an entire generation to economic idleness. For example, in the USA, the rate of unemployment at the end of 2008 rose to 7.2%, which is the highest record in 16 years. Indeed, more US workers lost their jobs last year than any year since the 2nd World War, with employers retrenching 2.6

million posts and 524,000 in December alone (BBC New, 9 January, 2009). In South Africa, more than 300,000 people lost their jobs in 2009, which is in addition to the more than 112,000 workers that have been retrenched since November 2008 (Philp 2008:1). In Britain, anxiety disorders have currently infiltrated workplaces, as more than one in 10 workers fear that the economic meltdown could cost them their jobs in months to come (TUC in BBC News, 27 August, 2008). This concern is not farfetched, since from April to June 2008, around 60,000 British workers were laid-off, and unemployment figures rose to 1.67 million, while the number of people claiming unemployment benefits in July, rose by 20,100 to 864,700 (BBC News 13 August 2008). Growth has decreased over the past 15 years in more than 100 countries and, almost a third of the world's people have dramatically reduced the incomes of 1.6 billion people. The declines are unprecedented, since it exceeds, in duration and in depth, the Great Depression of the 1930s. More than 1 billion people (around 35 percent of the world's work-force) are either jobless or underemployed. Even in First World countries, more than 100 million people live below the poverty line, more than 30 million are unemployed and more than 5 million are homeless (Tsikata 2001). The United Nations (2008) has reported that the number of people currently living in hunger rose by about 50 million worldwide (SocialistWorkeronline 2008).

Currently, it seems as if the world has degenerated to the pre-socialist world of the 19th century, when organisations exploited labour to generate profit for absentee owners, and when companies demanded premium charges for their products, while at the same time, paying slave wages and retrenching their workers. Global workers, who are paid a mere percentage of what their true labour is worth, find it hard to even patronise fake products in the market (Hilfiker 1998). The owners, non-working profiteers, sacrifice even human health and the environment in their quest for excessive profits. In general, owners who do not actively participate in the operations and perform no function other than parasitism, are guaranteed the right to profit while human beings do not even have a guaranteed right to subsistence (Kowalski 2000:11). The current situation is reflective of the number of goods, which languish in warehouses owing to a lack of purchasing power in the hands of a majority namely, workers as consumers. Herein echoes the words of former American President, John F. Kennedy, in 1962: 'Consumers, by definition, include us all. They are the largest economic group ... affecting and affected

by almost every public and private decision ... but they are the only important group ... whose views are often not heard' (cited in Oginni, 2002:1). However, the truth remains that, to disregard human (consumer) potential, is to commit productivity suicide. From another angle, O'Brien (cited in Sewell 2005:1) lamented:

The history of mankind shows that from the beginning of the world, the rich of all the countries have been in permanent state of conspiracy to keep down the poor of all countries, and for this plain reason- because the poverty of the poor man is essential to the riches of the rich man. No matter by what means they may disguise their operations, the rich are everlastingly plundering, debasing and brutalising the poor. All the crimes and superstitions of human nature have their origin in this cannibal warfare of riches against poverty. The desire of one man to live on the fruit of another's labour is the original sin of the world. It is this, which fills the world with faction and hypocrisy and has made all past history to be what Gibbon so justly described – a record of the crimes, absurdities and calamities of mankind. It is the parent injustice from which all injustice springs.

Thus, the current failure of the capitalist system to address wider problems of humankind such as unemployment, inequality, oppression, poverty, food shortages and, finally, economic crises, will surely resurrect the question as to whether socialism is indeed dead and buried, as asserted by neo-liberals. More than that, since single (triumphant capitalist) orthodoxy has failed to address those mounting problems that have excluded a majority of humanity from participating in sharing global prosperity, the assertion that socialism is dead, has become redundant, and the possibility of a vibrant complementary and comprehensive economy pattern is imminent.

Renaissance of Positive Socialist Variants

Based on elucidated capitalist woes, it would be difficult to fully support an assertion that socialism is dead. As long as there are increasingly massive armies of unemployed and their supporters who, in their struggle, would use the rule of law to achieve control over means of production in order to

provide a humane environment through the conscious intervention and regulation of the invisible hands of the market, there would surely be ideologues such as socialists. Their logic may appear faulty and their willingness to use all possible means towards humane end may appear perilous, but they will always be around poking and prodding for a more humane civilisation (Brett 2004). Previously, existence of a socialist option compelled the West to advance the welfare state and to view the less fortunate with greater sympathy and compassion (O'Neil 1994:131). Moreover, existence of an alternative political and economic ideology created a kind of balanced world equation, in the sense that the excesses of capitalism were for several decades checkmated by socialism and vice versa. For instance, most of the Third World presently would not have been liberated from colonial servitude without the great vivacity of socialism (Sandle 1999). Socialism was really able to achieve a lot in comparison with capitalism. At least placing a man in space, development of the iron and steel industry, a drive towards more humanistic reduction of inequalities in different countries and regions of the globe and protection of national interests as opposed to trans-national interests, were all socialistically nurtured (Dhar 1999). Thus, it is apparent that socialism has, from time immemorial, been an ideological framework, which was adopted when the need to address some kind of imbalance in societies arose. Socialism is indeed a way of life, which focuses on bringing about change, if needs be, within a given scenario for the betterment of society. Indeed, from primitive periods to the modern epochs, the emphasis of socialism has always been to turn a bad social situation into a better one (*Dictionary of the History of Ideas* 2003). No wonder in the 19th century it became the only weapon in the hands of labour to redress and address capitalist exploitative methods of production. According to Alexis de Tocqueville (cited in ILO 1995:10), conditions of workers in the 19th century, could be likened to a vision of hell. This was a type of situation that socialists would not stand akimbo watching, but must (like to) oppose.

However, within the current dispensation, when socialism is mentioned, many people may prefer to construe it as a Soviet bloc state-built type of socialism, which was in most cases a reflection of the negative images of Stalinism. Some would even prefer to qualify personalities such as Adolf Hitler as a socialist, or recapitulate the history of Anabaptist Munster under the rein of Jan Bockelson (O'Neil 1994:119). In reality, this is merely a myopic way of reasoning. Acts of individuals purporting to be socialists

should not erode collective conscience of what socialism means. The fact that some elements have used socialism towards their egocentric actualisation does not simply mean that all the variants of socialism were actually defective. Socialism was not only a product of the Soviet bloc as it was widely perceived; it was also adopted under different names and umbrellas in Britain, Sweden, Norway, Yugoslavia, India and several other nations, as an instrument of welfarism and empowerment (Hersh & Schmidt 1996:3; Lynn *et al.* 2002:797). Thus, socialism amounts to a better platform to address those issues pertaining to the equilibrium or disequilibrium within society. It emphasises that the earth's resources should be distributed fairly rather than by what the unjust Smithian methodology of invisible hand distribution suggests, that has led to social and economic exclusion of the greater majority of humanity (and of course, the current global economic crisis) (King 1996). Based on this premise, it stressed on the active governmental role in management of the resources of people, in order to minimise the divide between the excluded and included within society. 'State socialism, as well as social democracy, considered the state as a defensive instrument against the corrosive effects of laissez faire capitalism' (Hersh & Schmidt 1996:4). Hence, socialism, in practice, bridges the gulf between the wealthy and the poor by introducing welfare programmes such as progressive taxation, free education for all, adequate housing for people and old age pension schemes, while placing emphasis on employment creation, minimum wage, union's right to organise, good industrial relations and a better quality of work life (Seth 1994).

Nevertheless, through all forms of propaganda mechanisms and slogans, within a capitalist global system, the world has been made to believe and accept that socialism has been exterminated from the surface of the earth, and that none of its variants can be revived within putative capitalist dispensation. This is an argument that the present author refuses to harmonise with, simply because capitalism has, from time immemorial, lost the confidence of reassuring the global populace that the benefit of a single economic and market system could be properly dispersed (Went 2000; Sklair 2002). The current economic meltdown and growing industrial protests/actions across the globe of the negative side effect of a single economic system, is a reflection of the above view. In concordance with the author's belief, McGiffen (2002) has remarked: 'The apparent triumph of a single orthodoxy does not appear to have accelerated the growth of global prosperity'.

Hence, socialist influence will last beyond the demise of the Sovietempire (O’Neil 1994:131). Therefore, as opposed to neo-liberal views, history has just begun, and the positive aspects of socialism can neither be ignored nor proclaimed to be dead and buried, because to bury socialism in its entirety, would mean to bury unionism; to bury socialism would be to bury industrial democracy and economic empowerment; to bury socialism would be to bury government regulation and interventions; to bury socialism would be to bury harmonious industrial relations; to bury socialism would in fact be to bury all alternatives to the present world of exploitation, poverty, inequality, squalor and disease, unnecessary deaths and hopelessness. In that sense, socialism is neither dead nor buried, but lurks in every corner of our societal being. In fact, socialism is still very much alive in Cuba and has brought a huge academic developmentalism to that part of the world, to the extent that even the United States of America sources doctors from Cuba. In Venezuela, socialism, which is in full-force, has helped to boost employment and a reduction in the level of disparity within society. Moreover, the government of Venezuela has taken control in regulating activities of most of the foreign corporations in their huge oil sectors. This measure has helped them to monitor environmental standard practices of most corporations in Venezuela, in addition to making sure that the local workforce is not exploited (Socialist Voice 2005). In South Africa, the socialist side of the tripartite alliance had previously threatened to stand alone in the previous election owing to rising unemployment, inequality and poverty under the Thabo Mbeki-led administration, which seemed to favour the capitalist class at the expense of South African’s majority- the poor. However, his former deputy and current president, Jacob Zuma, seems to have been favoured for singing and dancing the tune of the alliance (Ukpere 2007).

During his last tenure as president of the USA, George Bush (an ardent capitalist), seemed dazed between capitalism and socialism before the G20 talks, on the global economic crisis, at the World Economic Forum. He euphemistically promoted the failed (global capitalist) project, while acknowledging the relevance of government intervention (although in a capitalist flavour), namely the \$700 billion ‘bail-out’ (BBC News 27 September, 2008). Earnestly, the Bush bailout simply amounted to added salt to injury, since the costs of putative bailout was borne by workers (the major tax payers). Hence, from an angle, one could conclude that business losses are socialised, while capitalist profits are privatised.

Imagine Joe the plumber handing over his hard-earned tax dollars to the CEO of AIG on the premise that the investors, speculators and bankers are too big to fail. When a worker loses his daily pay betting on lottery, he cannot ask for food from the state, especially with the dismantling of the welfare system. But now governments are handing out corporate welfare to the rogues whose excess and greed is the immediate cause of the financial meltdown (Pittsburgh Indymedia 2009).

Conversely, it takes a courageous personality to speak the bitter truth (irrespective of how it sounds) in order to change the status quo. This is precisely what new American president Barack Obama has done and continues to do. In his victory speech, Obama (2008:2) echoed: 'to tonight,...change has come to America!'. Indeed, that may mean a change from dogmatism to pragmatism; from myths to reality; poverty to affluence; sorrow to joy; recession to recovery; and obstinacy to listening. In fact, it signifies a true change from the blind rules of the invisible hand of the market forces to a visible hand of proper (government) management of economic forces. Furthermore, Obama (2009) emphasises the necessity of a \$775 billion people-directed stimulus plan, which is projected to create more than 4 million jobs by way of investment in education, construction, health care facilities, protection of American jobs, and so on. These are indeed positive socialist variant. Therefore, these variants, if in fact dead (as previously claimed), have been resurrected.

Research Methodology

The paper is a meta-analytical study, which relied on secondary data. It is a qualitative study, which is based on conceptual analysis, theory building, literature reviews and emic perspectives (author viewpoint). The research also made use of exploratory methodology. Exploratory studies are typically conducted for the following reasons, namely to satisfy the researcher's curiosity and desire for better understanding; to test the feasibility of undertaking on more extensive studies; to develop the method to be employed in any subsequent study; to explicate the central concepts and constructs of a study; to determine priority for future research; and to develop a new hypothesis about an existing phenomenon.

In their view, Selltitz, *et al.* (1965 cited in Babbie *et al.* 2001:53-54) emphasise three methods by means of which exploratory research may be conducted namely, review of the related social science and other pertinent literatures; survey of people who have particular experience of the problem to be studied; and an analysis of ‘insight stimulating’ examples.

Exploratory studies usually lead to insight and comprehension rather than the collection of detailed, accurate and replicable data. Since this research intends to explore a wider phenomenon, exploratory methods were deemed fit for the research. It was necessary to follow open and flexible research strategies and to utilise methods such as detailed literature reviews, views of experts and authorities in the area of inquest, which has led to insight and comprehension. Exploratory and descriptive methodologies were adopted because the research was not an empirical study. Being a non-empirical study, the research placed more emphasis on philosophical analysis, conceptual analysis and theory building/literature review. Hence, the research was not based on any given sample of the universal population, less control was exercised and existing data on related topics were utilised.

Analysis and Conclusion

In summary, capitalist globalisation has failed woefully. Hence, the only hope left, is a renaissance of positive aspects of socialism, which would resuscitate capitalism. Therefore, a complementary and comprehensive ideological order is urgently required within the current global crisis because it is only determined government action, which is orchestrated by a strong sense of true nationalism that can limit the worst effects of the current global economic meltdown. Therefore, the furry of capitalism should be tempered by all necessary positive aspects of socialism. This is not to postulate the mixed economic system of the 1960s and 1970s because even then there was a competitive, but not complementary relationship between the two ideological orders. The difference between the previous ideological set-up and the current one, which the present author is referring to, is that instead of competitive ideological orders, there should be a complementary and comprehensive one. In concordance with the author’s view, Turner (2001:20) has previously stated:

the belief of capitalism and economic development helped generate

the ideas, as well as the prosperity, which characterises the developed world today, but, en route, they generated the inequality and insecurity, which almost blew up this post facto progressive path, but capitalism was only saved by the emergence in the late 19th and 20th centuries of a countervailing force, which many capitalists opposed: a state powerful enough to redistribute economic opportunities and to provide collective goods, and intellectually competent enough to absorb and apply Keynes's intellectual revolution- a state, which was the product of ideas and political will, rather than a natural and automatic product of capitalist system itself.

Therefore, the state cannot continue to be a passive onlooker of economic mismanagement and industrial cacophony because humans, in search of peace and progress, have surrendered their sovereign identity to the state. The state is, indeed, a fine product of human civilisation, and should be the authoritative supreme power- the actual sovereign, which should formulate and execute the will of the people, while stimulating private initiatives towards the full actualisation of capisocism.

Acknowledgement

The financial support from the National Research Foundation (NRF) is gratefully appreciated.

References

- Adams, M et al. 2006. *The Relationship between Globalisation, Internationalisation and Unemployment*. Unpublished article prepared for CPUT.
- Amnesty International 2008. Nigeria's Prison System Fails its People. Available at: <http://www.amnesty.org/en/news-and-update/report/nigerias-prison-system-fail-its-people-20080226>.
- Anderton, B & P Brenton 1998. *Outsourcing and Low-skilled Workers in the UK*. Centre for the Study of Globalisation and Regionalisation (CSGR) Working Paper no.12.
- Asian Human Rights Commission in News, 26 August, 2005. *Forty-four Years in Jail without Trial: The Plight of Prison Inmates in India*.

- Available at: <http://www.ahrchk.net/ahrc-in-news/mainfiles.php/2004ahrnews/451>. (Accessed 5 April 2006.)
- Bank for International Settlements (BIS) Press Release, 10 May 1999. *Central Bank Survey of Foreign Exchange and Derivatives Market Activities 1998*. Available at: <http://www.bis.org/press/p99510.html>. (Accessed 5 November 2006.)
- Bank of International Settlement 2008. *OTC Derivatives Market Activities in the First Half of 2008*. Switzerland: BIS.
- Barnet, R & J Cavanagh 1994. *Global Dreams: Imperial Corporations and the New World Order*. New York: Simon & Schuster.
- BBC News, 13 August 2008. Jobless Total up as Economy Slows. Available at: <http://news.bbc.co.uk/2/hi/business/7557925.stm>. (Accessed 27 August 2008.)
- BBC News, 27 August 2008. British Workers 'fear job losses'. Available at: http://news.bbc.co.uk/2/hi/uk_news/7585129.stm. (Accessed 13 September 2008).
- BBC News, 27 September, 2008. Brown Backs US Bail-out Plan. Available at: http://news.bbc.co.uk/2/hi/uk_news/politics/7639031.stm. (Accessed 15 October 2008.)
- BBC News, 5 November, 2008. Obama's Victory Speech. Available at: http://news.bbc.co.uk/1/hi/world/americas/us_elections_2008/7710038.stm. (Accessed 10 December 2008.)
- BBC News, 9 January 2009. US Job Losses Hit Record in 2008. Available at: <http://news.bbc.co.uk/2/hi/business/7820164.stm>. (Accessed 23 January 2009.)
- BBC News, 10 January 2009. Obama Plan 'could create 4m jobs'. Available at: <http://news.bbc.co.uk/2/hi/americas/7822223.stm>. (Accessed 20 February 2009.)
- Bendix, S 2005. *Industrial Relations in South Africa*. Cape Town: Juta.
- Bhagwati, J. 2004. Anti-globalisation: Why? *Journal of Policy Modelling* 26: 439 - 463.
- Bloch, B 1998. Globalisation's Assault on the Labour Market: A German Perspective. *European Business Review* 98,1: 13 - 24.
- Brett, JR 2004. *Socialism: A Critique by James R. Brett*. PhD.
- Chinonso, DJ 2008. The Social/ Economic Implications of Graduate Unemployment in Nigeria. A paper presented at the University of Nigeria, Nsukka.

- Clarke, T 1999. Twilight of the Corporation. *The Ecologist* 29,2: 158.
- Cohen, T 1992. Steve Ross Defend Paycheck. *New York Times Magazine* 22 March: 30.
- Dahrendorf, R 1990. *Reflections on the Revolution in Europe*. London: Chatto and Windus.
- Dhar, PK 1999. *Indian Economy*. New Delhi: Kalyani.
- Dictionary of the History of Ideas, 2003. *Socialism from Antiquity to Marx*. Available at: <http://etext.lib.virginia.edu/cgi-local/DHI/dhi.cgi?id=dv4-37>. (Accessed 14 July 2005.)
- De Grauwe, P 2008. Lessons from the Financial Crisis: New Rules for Central Banks and Credit Rating Agencies. *Intereconomics* 10,9: 256 - 258.
- Finfacts, Ireland's Business & Finance Portal, 26 September 2007. Global Daily Turnover in Currency Markets Rises to \$3.2 trillion; US Dollar Involved in More than Two-fifths of all Currency Transactions. Available at: <http://www.finfacts.com/irelandbusinessnews/publish/article1011278>. (Accessed 15 January 2009.)
- Freeman, RB 1995. Are Your Wages Set in Beijing? *The Journal of Economic Perspectives* 9,3,Summer.
- Giddens, A 1994. *Beyond Left and Right. The Future of Radical Politics*. Cambridge: Polity Press.
- Haines, WW 2001. Poverty: A Worldwide Form of Injustice. *International Journal of Social Economics* 28 No. 10/11/12: 861 - 878.
- Harmon, A 1999. Gates Hits \$100 Billion Mark, More or Less. *New York Times*, 17 July: 1.
- Hersh, J & JD Schmidt (eds) 1996. *The Aftermath of Real Existing Socialism in Eastern Europe*. Basingstoke: Macmillan.
- Hilfiker, D 1998. Naming our Gods. Available at: <http://www.theotherside.org/archives/jul-aug98/hilfiker.html>. (Accessed 13 August 2004.)
- Hughes, J 2007. South African Rising Wave of Crimes. *The Christian Science Monitor* 24 July: 1. Available at: <http://www.csmonitor.com/2007/0824/p09s01-coop.html>.
- International Labour Organisation 1995. *The ILO in the Service of Social Progress: A Workers' Education Manual*. Geneva: International Labour Office.
- Karliner, J 1999. Co-opting the UN. *The Ecologist* 29,5: 320.
- King, P (ed) 1996. *Socialism and the Common Good. New Fabian Essays*.

- London: Frank Cass & Co.
- Klein, S 2003. The Natural Roots of Capitalism and its Virtues and Values. *Journal of Business Ethics* 45:387 - 401.
- Kowalski, WJ 2000. *Anti-capitalism: Modern Theory and Historical Origins*. Available: <http://A:\ANTICAPITALISM%20Modern%20Theory%20and%20Historical%20Orig>. (7 October 2004.)
- Leatt, J, T Kneifel & K Nürnburger (eds) 1986. *Contending Ideologies in South Africa*. Cape Town: David Philip.
- Lynn, ML, M Mulej & K Jurse 2002. Democracy without Empowerment: The Grand Vision and Demise of Yugoslav Self-management. *Management Decision* 40,8: 797 - 806.
- Machan, T 1994. What Remains of Communism Now? *International Journal of Social Economics* 21, 2/3/4: 68-80, MCB University Press.
- Mail & Guardian online 9 July 2007. Overcrowding a Problem in SA Prisons. Available at: <http://www.mg.co.za/article/2008-07-09-overcrowding-a-problem-in-sa-prisons>.
- Martin, H-P & H Schumann 1997. *The Global Trap: Globalization and the Assault on Prosperity and Democracy*. Pretoria: HSRC.
- Matthews, R 1998. The Myth of Global Competition and the Nature of Work. *Journal of Organisational Change Management* 11,5: 378 - 398.
- Maxim, J 2001. *Francis Fukuyama Discusses his Controversial Idea that we have Reached the End of History*. Available at: <http://Aurora.icaap.org>. (Accessed 25 July 2005.)
- McGiffen, SP 2002. *Globalisation*. Harpenden: Pocket Essentials.
- Oginni, L 2002. *Liberal Globalism: The Challenges for the Consumer Movement*. A Paper delivered at the World Consumer Right Day Forum, 15 March 2002.
- O'Neil, DJ 1994. Communist Prefiguration: The Muster Anabaptists. *International Journal of Social Economics* 21, 10/11/12: 116 - 132. MCB University Press.
- Philp, R 2009. Jobs Bloodbath: Up to 300,000 South Africans could Lose Jobs this Year. *Sunday Times* 29 March 1.
- Pittsburgh Indymedia 2008. The Global Crisis is a Crisis of Capitalism. Available at: <http://pittsburgh.indymedia.org/news/2008/11/30413.php>. (Accessed 16 January 2009.)
- Robinson, S 2008. A Year of Economic Crisis. *Socialist Workers online*. Available at: www.socialistworker.co.uk/art.php?id=15717. (Accessed

12 March 2010.)

- Robinson, WI 2004. *Global Crisis and Latin America*. Global & International Studies Program. Santa Barbara: University of California.
- Sachs, JD 2005. *The End of Poverty: Economic Possibilities for our Time* (Forward by Bono). New York: Penguin.
- Sandle, M 1999. *A Short History of Soviet Socialism*. London: UCL Press.
- Sassoon, D 1996. *One Hundred Years of Socialism: The West European Left in the Twentieth Century*. London: I.B. Tauris & Co Ltd.
- Scholte, JA 2000. *Globalisation: A Critical Introduction*. Basingstoke: Macmillan.
- Sesay, A 2007. Comments: The Current State and Future of Capitalism. An unpublished peer-reviewed academic engagement with the author.
- Seth, ML 1994. *Principle and Practices of Economies*. Agra: Lakshmi Narain Agarwal.
- Sewell, R 2005. *In Defence of Marxism: Socialism or Barbarism*. Available at: <http://www.maxist.com/socialism-or-barbarism160905-3.htm>. (Accessed 15 May 2006).
- Singh, A & A Zammitt 2003. *Globalisation, Labour Standards and Economic Development*. Working Papers: ESRC Centre for Business Research. Available at: <http://econpapers.repec.org/paper/cbrcbwrps/wp257.htm>. (10 October 2005.)
- Sklair, L 2002. *Globalisation: Capitalism and its Alternatives*. New York: Oxford University Press.
- Slabbert, A 1996. Capitalism at the Crossroads. *International Journal of Social Economics* 23,9: 41 - 50.
- SocialistWorkeronline 2008. A Year of Economic Crisis: Crunch Time for Ccapitalism. Available at: <http://www.socialistworker.co.uk/art.php?id=15717>. (Accessed 10 December 2008.)
- Socialist Voice 2005. *Hugo Chavez: 'We must reclaim Socialism'*. Available at: www.socialistvoice.com. (Accessed 10 July 2005.)
- Stiglitz, J 2001. *Globalisation and its Discontents*. New Delhi: Penguin.
- The Chronic Poverty Report* 2005. Manchester: Chronic Poverty Research Centre.
- The World Bank 1996. *World Development Report*. Washington: The World Bank.
- Time Magazine* 2005. Extreme Poverty. 14 March, p. 30.
- Tsikata, YM 2001. *Globalization, Poverty and Inequality in sub-Saharan*

Wilfred I. Ukpere

- Africa: A Political Economy Appraisal*. OECD Development Centre technical papers. Available at: www.oecd.org/dev/technics. (Accessed 6 November 2003.)
- Turner, A 2001. Capitalism and the End of History. *World Economics* 4,1: 15 - 31.
- UNDP 1996. *Human Development Report*. New York: Oxford University Press.
- Ukpere, WI 2007. *The Functional Relationship between Globalisation, Internationalisation, Human Resources and Industrial Democracy*. Cape Town: Cape Peninsula University of Technology. PhD Thesis.
- Went, R 2000. *Globalisation Neoliberal Challenge, Radical Response*. London: Pluto Press.
- World Federation of Exchange 2006. *Derivative Market Survey*. Paris: WFE/IOCA.

Wilfred I. Ukpere
Department of Industrial Psychology & People Management,
Faculty of Management, University of Johannesburg
South Africa
wiukpere@uj.ac.za