The Emergence of a Trilateral Hegemony
Global Fracture (1977) describes how debtor countries and raw-materials exporters sought to create a New International Economic Order (NIEO) in the 1970s. A program more of nationalist regimes than of the political left, the NIEO advocated a non-Communist New Deal to improve the terms of trade for raw materials and build up agricultural and industrial self-sufficiency so as to avoid trade dependency and the foreign debt trap.
Because different nations and regions have distinct economic and political interests, the slogan of a New International Economic Order has become somewhat of a catch-phrase that covers a multitude of programs and alliances. The term was first popularized by French diplomats seeking to supplant the dollar standard with a gold-based European currency system. It was subsequently taken up by Third World spokesmen in reference to improving their terms of trade so as to finance their long-term development and economic diversification. All proponents of a New International Economic Order are seeking economic, political and military independence on the basis of regional consolidation and long-term economic planning. In other words, they are seeking what America has aimed at for itself all along. Their domestic resource allocation and international diplomacy are no longer being determined by merely short-term objectives in the context of dependence on distant regions for economic essentials. The Eastern Hemisphere is seeking to become independent of the Western Hemisphere, while within each hemisphere the South is seeking economic independence from the North. The new economic ideology thus focuses on regional self-sufficiency and long-term capital formation. These objectives require statist policies, intergovernmental coordination and regional integration within a framework of economic independence from the United States and its Treasury-bill standard, its new wave of commercial protectionism, its self-centered foreign-aid philosophy and its tampering with the domestic political affairs of foreign countries.
Third World countries are reexamining their philosophy of international trade and development and are setting out to accomplish what they did not seek three decades ago: to transform and modernize their economies on a thoroughgoing basis. They intend to secure the benefits of advanced technology in all aspects of their lives, not merely in their export sectors. Their concept of interdependence—which has connoted, in essence, dependency—is being replaced by the goal of self-sufficiency. This requires regional consolidation so as to secure the necessary economies of scale required to make economic independence practical in terms of modern-day technology. It is also necessary to provide agricultural-industrial balance so as to wind down international food dependency.

These principles of broad regional objectives superseding simple nationalism apply to Europe fully as much as to the Third World. No single EEC nation can maintain its currency parity in the face of renewed dollar outflows and destabilizing currency speculation. In fact, no nation can secure its economic independence in the face of U.S. domination of international finance and investment. Nor can foreign countries ensure their domestic employment and prosperity in the face of America’s new protectionism—unless they begin to “go it alone” together and shift their trade patterns away from the United States. Together, the Common Market countries may form an effective world force. Through a long and often painful process its members are therefore beginning to agree to abide by majority rule in key areas, giving up their national authority in the process of asserting a distinctly European position.
Global Fracture
The New International Economic Order

Organization of the Petroleum Exporting Countries

1973

GAS SHORTAGE!
Sales Limited to 10 GALS. OF GAS.
PER CUSTOMER.
Detroit Rebellion
July 23-28, 1967
While our immediate reality is being fragmented, global reality increasingly absorbs the individual, involves him, and even occasionally overwhelms him. The changes wrought by communications and computers make for an extraordinarily interwoven society whose members are in continuous and close audio-visual contact - constantly interacting, instantly sharing the most intense social experiences, and prompted to increased personal involvement in even the most distant problems. Instant communications are already creating something akin to a global nervous system. Occasional malfunctions of this nervous system - because of blackouts or breakdowns - will be all the more unsettling, precisely because mutual confidence and reciprocally reinforcing stability will be absent from the process of that "nervous" interaction. Television has joined newspapers in expanding the immediate horizons of the viewer or reader to the point where "local" increasingly means "national," and global affairs compete for attention on an unprecedented scale. Physical and moral immunity to "foreign" events cannot be very effectively maintained under circumstances in which there are both a growing intellectual awareness of global interdependence and the electronic intrusion of global events into the home.
In the United States "integration" has so far tended to mean the selective assimilation of a few individuals who can conform to the prevailing norms of the dominant community; however, their assimilation also means, the loss of talent and expertise to the black community, in which the less educated, more militant "pseudo-intelligentsia" increasingly provides charismatic leadership to the masses by exploiting reverse racism. In like manner, the established social elites of the Third World have tended to emulate the life styles of the more advanced world, and to emigrate into it either directly or vicariously.... The resulting vacuum is filled by an indigenous pseudo-intelligentsia, whose views are influenced by doctrines advocated by Frantz Fanon, Regis Debray, Che Guevara, and others. Nineteenth-century European Marxism, originally addressed to an urban proletariat only recently divorced from rural life, is romantically adapted to the conditions of industrially backward twentieth-century global ghettos.

Within a few years the rebels in the more advanced countries who today have the most visibility will be joined by a new generation making its claim to power in government and business... As the older elite defends what it considers not only its own vested interests but more basically its own way of life, the resulting clash could generate even more intense conceptual issues.
Financialization

Bretton-Woods pegged exchange-rate 1944-1973

Late 1960s: US prints dollars to spend in Vietnam; France and Germany recover them and cash them in for gold

1971: Faced with high inflation, Nixon closes the “gold window,” imposes capital export controls

1973: After failed IMF attempts to restore fixed rates, Bretton Woods is definitively abandoned, capital controls are lifted
Trilateral Commission

Founded in July 1973 at the initiative of David Rockefeller, chaired by Zbigniew Brzezinski, funded by the Rockefeller, Kettering and Ford Foundations. Founding members include Paul Volcker and Alan Greenspan. Twenty-seven Trilateral Commission members were included in Jimmy Carter's government.
Conditions have changed. The United States is no longer willing to manage the system without close attention to strict short-term reciprocity. The dollar deficit, at first deliberately incurred, proved in the period after 1960 to be highly intractable to the limited remedial measures America was ready to undertake. Its partners now have vast hoards of dollars, which central banks keep because the dollar is the world's reserve currency but which are an embarrassment because it is also a national currency.

Moreover the revival of Europe and Japan has profoundly changed the system. Japan, which has long been the most dynamic society in the world, has now become the third greatest economic power and a major industrial competitor of the United States. The spectacular impact of Japan's exports on highly visible sectors of America's economy like synthetic fibres, color television, and cars has prompted a protectionist revival in American opinion and raised questions in the minds of some Americans about how Japan can be related to the more slowly growing economies of the other industrial powers.

"The Crisis of International Cooperation"
A Report of the Trilateral Political Task Force, 1973
As for the enlarged European Community, it is now the world's second market and much the greatest international trading group, handling almost 40% of world trade. Its creation changed the economic balance of power against the United States, as was evident in the Kennedy Round negotiations to cut trade barriers in the mid-1960’s. The policies pursued by the Europeans in their quest for political unity have also created problems. The Common Market has, almost spontaneously and without deliberation, tended to generate spheres of economic influence, particularly among the Mediterranean and African states, which seek association agreements with it in order to preserve their advantages of access. The result has been to raise fears of neo-colonial chasses gardées between the great economic powers - Europe, the United States and Japan - and the regions to the south of them, Africa, Latin America and south-east Asia. Were such a development to occur, it would be a disaster...
Financialization

Milton at the Merc!

Friedman inaugurates currency futures, Chicago Mercantile Exchange, 1972

Arpanet goes online, 1969

Invention of microprocessor, 1971

NASDAQ – National Association of Securities Dealers Automated Quotations – founded 1971

SWIFT – Society for Worldwide Interbank Financial Telecommunication, founded 1973

CBOT Options Exchange founded 1973

OPEC oil shock, 1973

petro-dollars recycled by Western banks throughout global financial system

Launch of Altair personal computer, 1975

“Volcker Shock”: prime rate rises to 21% in 1981

Third World debt crisis, US draws world savings into its financial markets and Treasury Bonds

Reuters Monitor

First networked currency trading information system, 1973
[Neoliberalism]

“The most significant fact about this system is the economy of knowledge with which it operates, or how little the individual participants need to know in order to be able to take the right action. In abbreviated form, by a kind of symbol, only the most essential information is passed on and passed on only to those concerned. It is more than a metaphor to describe the price system as a kind of machinery for registering change, or a system of telecommunications which enables individual producers to watch merely the movement of a few pointers, as an engineer might watch the hands of a few dials, in order to adjust their activities to changes of which they may never know more than is reflected in the price movement.”

Friedrich von Hayek
“The Use of Knowledge in Society” (1945)

Friedman inaugurates currency futures, Chicago Mercantile Exchange, 1972

Arpanet goes online, 1969

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Third World debt crisis, US draws world savings into its financial markets and Treasury Bonds
"Modes of development emerge from the interaction between scientific and technological discovery and the organizational integration of such discoveries in the processes of production and management… The transition between modes of development is not independent of the historical context; it relies heavily on the social matrix initially framing the transition, as well as on the social conflicts and interests that shape the transformation of that matrix. Therefore, the informational mode of development will emerge from the interaction between its technological and organizational components, and the historically determined process of the restructuring of capitalism."

"The political crisis suffered by the American state both domestically (Watergate) and internationally (Vietnam; Iran; the erosion of its political control in Africa and Central America; increasing economic and technological competition from new powers, particularly Japan; strategic parity achieved by the Soviet Union in the arms race) called for a state of emergency in which the greatest power on earth would flex its muscles to show, in a responsible yet determined manner, that it was ready and willing to engage in sharp confrontations to preserve its status and power. Business interests, both in the US and internationally, redeploying themselves on a planetary scale in the aftermath of the crisis, welcomed this newfound resolution in the leader of the free world, both for its symbolic value and for its global practical concerns."
Neoliberal restructuring

"Together with tax cuts for corporations and upper-income groups, defense spending provided the substitute for the demand and jobs generated by social welfare spending and hence the basis for a new state-led economic policy replacing classical Keynesianism with a ‘perverted Keynesianism,’ made up of military expenditures and regressive income distribution.

“To proceed with this new policy, a new power bloc had to be built at the core of the warfare state, able to replace the old liberal coalition which was now deeply in crisis. As Carnoy, Shearer and Rumberger write: ‘New Deal ideology, fostering an economic development based on a historical compromise among labor, business, and government could not abandon its labor conscious political base to achieve what business wanted. Neither was it willing to abandon its business ally to strike out in new, imaginative, pro-community, pro-labor, pro-consumer directions. It thus collapsed as a viable political ideology.’

“On the basis of the electoral and public opinion date we can hypothesize that the new power bloc was constituted on the basis of several elements:

-- the traditional conservative constituency
-- the backlash against minorities and social movements
-- middle-class professionals reacting against welfare because of its benefit for low-income groups at the expense of their tax burden”
Neoliberal restructuring

“The first major spatial impact of a defense policy driven by global technological competition is the restructuring of regional dominance, accelerating the process of uneven development but revising some of the traditional locational patterns. This regional restructuring does not take place along the simplistic dichotomy between the sunbelt and the snowbelt, but follows, fundamentally, the technological industrial capacity concentrated in each region. The combination of high-tech manufacturing, advanced research, and defense spending seems to be one of the major factors in explaining the new regional dynamics of the US. The result is the displacement of economic and political power to California, Florida, Texas, New England, and, to some extent, certain areas in the west. While New York retains its dominance on the basis of its advanced services complex, much of the urban industrial complex in the north-central and north-eastern regions is suffering a dramatic decline, while the new industrial south appears unable to stand up to international competition. Defense-driven high-technology industries, and technology-driven defense-related industries, are now the core of manufacturing in the US; and because of their spin-off and multiplier effects, they have become a fundamental force underlying the new regional structure.”
Neoliberal restructuring
Informationalism

Fall of the Berlin Wall: Nov. 10, 1989

Gulf War: August 1990 - February 1991

Dotcom Bubble: 1995 - 2000

Housing Bubble: 2003 - 2008

NASDAQ peaks at 5132.52 on March 10, 2000
Conventional economic theory is built on the assumption of diminishing returns. Economic actions eventually engender a negative feedback that leads to a predictable equilibrium for prices and market shares. Negative feedback tends to stabilize the economy because any major changes will be offset by the very reactions they generate. The high oil prices of the 1970's encouraged energy conservation and increased oil exploration, precipitating a predictable drop in prices by 198x. According to conventional theory the equilibrium marks the "best" outcome possible under the circumstances: the most efficient use and allocation of resources.
Informationalism

Fall of the Berlin Wall: Nov. 10, 1989

Gulf War: August 1990 – February 1991

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NASDAQ peaks at 5132.52 on March 10, 2000

Such an agreeable picture often does violence to reality. In many parts of the economy stabilizing forces appear not to operate. Instead, positive feedback magnifies the effect of small economic shifts; the economic models that describe such effects differ vastly from the conventional ones. Diminishing returns imply a single equilibrium point for the economy, but positive feedback—increasing returns—make for multiple equilibrium points. There is no guarantee that the particular economic outcome selected from among the many alternatives will be the "best" one. Furthermore, once chance economic forces select a particular path, it may become locked in regardless of the advantages of other paths. Predictable, shared markets are no longer guaranteed.
The formal education of a symbolic analyst entails refining four basic skills: abstraction, system thinking, experimentation and collaboration.

The capacity for abstraction - for discovering patterns and meanings - is the very essence of symbolic analysis, in which reality must be simplified so that it can be understood and manipulated in new ways. The symbolic analyst wields equations, formulae, analogies, models, constructs, categories, and metaphors in order to create possibilities for reinterpreting, and then rearranging, the chaos of data that are already swirling around us.
The formal education of a symbolic analyst entails refining four basic skills: **abstraction, system thinking, experimentation** and **collaboration**.

**System thinking** carries abstraction a step further. To discover new opportunities, one must be capable of seeing the whole. The symbolic analyst must constantly try to discern larger causes, consequences, and relationships. Problems can usually be redefined according to where you look in a broad system of forces, variables, and outcomes, and unexpected relationships and potential solutions can be discovered by examining this larger terrain.
The formal education of a symbolic analyst entails refining four basic skills: *abstraction, system thinking, experimentation, and collaboration.*

In order to learn the higher forms of abstraction and system thinking, one must learn to *experiment.* Exploring a city on your own rather than following a prescribed tour may take you far afield - you may even get lost. But there is no better way to learn the layout or see the city from many different points of view. The habits and methods of experimentation are critical in the new economy, where technologies, tastes, and markets are in constant flux.
The formal education of a symbolic analyst entails refining four basic skills: *abstraction, system thinking, experimentation* and *collaboration*.

Finally, there is the capacity to *collaborate*. Symbolic analysts typically work in teams - sharing the problems and solutions in a somewhat more sophisticated version of a child's play group. Symbolic analysts spend much of their time communicating concepts - through oral presentations, reports, designs, memoranda, layours, scripts and projections - and then seeking a consensus to go forward with the plan.

*Robert Reich, 1991*
Symbolic analyst

In 1979, Jean-François Lyotard identified language games as an emerging arena of value-production in capitalist societies offering computerized access to knowledge, where what mattered was not primary research but transformative "moves" within an arbitrary semantic field. With this linguistic turn of the economy, the unpredictable semiotic transformations of Mallarmé's "roll of the dice" became a competitive social gamble, as in stock markets beset by insider trading, where chance is another name for ignorance of precisely who is manipulating the rules. Here, cynicism is both the cause and prerequisite of the player's unbounded opportunism. As Virno notes: "The opportunist confronts a flux of interchangeable possibilities, keeping open as many as possible, turning to the closest and swerving unpredictably from one to the other"...

The point becomes clear: to describe the immaterial laborer, "prosumer," or networker as a flexible personality is to describe a new form of alienation, not alienation from the vital energy and roving desire that were exalted in the 1960s, but instead, alienation from political society, which in the democratic sense is not a profitable affair and cannot be endlessly recycled into the production of images and emotions.

Posing as a WTO delegate at a conference on "Textiles of the Future," Andy describes how the US Civil War — fought over cotton — was a great waste of money, because slavery could have been replaced by its infinitely more efficient version: remote sweatshop labor. The only problem with the efficiency of today's sweatshops, Andy continues, is a lack of control over workers. But there is a technological answer. Mike rips off Andy's breakaway business suit to reveal the management solution of the future: a shimmering golden leotard—which sports a three-foot-long golden phallus. Andy explains that the "Employee Visualization Appendage" will allow the manager of the future to control far-off workers while engaging in healthful leisure activities.
The flexible personality is not a destiny. And despite the ideologies of resignation, despite the dense realities of governmental structures in our control societies, nothing prevents the sophisticated forms of critical knowledge, elaborated in the peculiar temporality of the university, from connecting directly with the sophisticated forms of dissent appearing on the streets. In the process, "artistic critique" can again rejoin the refusal of exploitation. This type of crossover is exactly what we have seen in the wide range of movements opposing the agenda of neoliberal globalization. The development of an oppositional "school" can now extend to a vastly wider field. The communicational infrastructure has been partially externalized into personal computers, and considerable knowledge capital has shifted from the schools and universities into the bodies and minds of immaterial laborers: these assets can be appropriated by all those willing to simply use what is already ours, and to take the risks of political autonomy and democratic dissent.

The program is ambitious. But the alternative is just to go on playing someone else’s game—always in the air, between vocation and vacation, eyes on the latest information, fingers on the controls. Rolling the loaded dice, again and again.