


Earth-grab by corporate feudalism and how to go about resisting it

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Amiya Kumar Bagchi

Institute of Development Studies Kolkata, India

Abstract

The need for a new economy is great and the obstacles are many: growing inequalities within and between nations and regions, new complicity between corporations and non-democratic political regimes and failure of workers worldwide to make common cause. There are alternative models, indicating that a more egalitarian approach does not necessarily reduce living standards. Environmental degradation cannot be addressed by a technological fix: the threat to our long-term survival is pre-figured in the impact of climate change and corporate rapacity on the land and sea resources of the indigenous minorities who live as humanity has lived for most of its existence. A 10-point plan for a follow-up to the United Nations' Millennium Development Goals is suggested, but it will work only if solidarity networks can be built across divides of ascribed race, religion and nominal income levels, to express the will of the people in place of the government representatives who are prepared to gamble the future of humanity for corporate profit and power.

JEL Codes: A13, Q20, Q32

Keywords

Capitalism, competition, neoliberalism, resource management, social justice, sustainability

Steve Marglin (*Premises for a New Economy*) is to be applauded for calling for the development of a global perspective for a new economy, moving away from the ideal of resource-gobbling industrialisation. The 18 sustainability specialists quoted by him have

Corresponding author:

Amiya Kumar Bagchi, Institute of Development Studies Kolkata, 27/D, DD Block, Sector I, Salt Lake, Kolkata 700064, West Bengal, India.

Email: amiya.bagchi@gmail.com

given a warning (hopefully, not yet too late to heed and act upon) for respecting the nine boundaries of nature; for otherwise, there might be no human life surviving on earth. We have already crossed several of those boundaries. But with timely, united action, we may yet be able to look forward to a liveable, humane, fulfilling future for our grandchildren.

We must, however, recognise the severe obstacles we face from the enemies of such united action. For a start, there is no Global South any more. The South is hugely differentiated, with South Korea, Taiwan and Singapore enjoying incomes that had been typical of the North Atlantic seaboard and the two other offshoots of Europe — namely, Australia and New Zealand, and Japan. There is probably now little in common with regard to economic parameters and prospects, between, say, Germany on the one hand, and Greece or Ireland on the other. For instance, between 2009 and 2013, in just 5 years, the per capita gross national income (GNI) of Greece has shrunk from two-thirds to only a half of Germany's GNI, and it is still shrinking (World Bank, 2014).

The differentiation among countries or regions is exacerbated in many cases by extreme inequality within countries. Money power has exercised its influence on politicians and policies legally and illegally in almost every procedurally democratic country (i.e. in which several parties contest elections). With few exceptions, formal democracies are 'the best democracies that money can buy' (Palast, 2004). In the USA, for instance, expenditures on lobbying and campaigns for particular politicians and their parties favouring particular interests have been legal for a long time, and recent rulings of the US Supreme Court have further widened the scope for big corporations to influence elections and policies. The clout of the finance industry, justly highlighted by Marglin, has increased both through the advice of economists and finance specialists peddling fallacious theories (such as the hypothesis that stock markets work 'efficiently' in the neo-classical economists' sense) and through large expenditures on lobbying and campaigns of politicians.

Apart from the formal democracies, there are a large number of countries whose rulers have not been democratically elected. The most eminent of these feudalities are the oil-rich sheikhdoms of Arabia and the coastal areas of the Persian Gulf. They are entirely complicit with the most affluent capitalist countries and exercise feudal power of an extreme kind. Capitalism has used all kinds of modes of exploitation, including chattel slavery, bonded labour, child labour, sexual trafficking, racialised and gendered discrimination in payments and entrapment; all of these modes of exploitation can be found in most private enterprise countries. These are some of the reasons I have characterised — taking my cues from Noam Chomsky and Sir John Sulston¹ — the dominant international economic and political order today as 'corporate feudalism' (Bagchi, 2014c).

In India, the most populous formal democracy in the world, money, power and corruption increased enormously after neoliberal reforms were officially promulgated in 1991. Gradually, all important economic and financial decisions were de-politicised and were handled by the finance ministry officials and economic technicians acting according to neoliberal tenets (Bagchi, 2014a). Practically all decisions favoured the corporate houses. The corporate sector's victory was sealed by catapulting Narendra Modi into the position of Prime Minister of India with an absolute majority in Lok Sabha, although only 31% of the votes were cast in favour of his party, the Hindu fundamentalist Bharatiya Janata Party (BJP). Modi has made it quite clear that he will aggressively pursue a

neoliberal, corporate-friendly agenda, by manufacturing or coercing consent through a fundamentalist Hindutva agenda. His first budget opened the railway sector to privatisation and signalled probable privatisation of the large, solvent public sector banking. Foreign investors were assured of a controlling stake in Indian companies and as much land as they might need for participation in industrial and infrastructure projects (Bagchi, 2014b; Teltumbde, 2014).

One basic problem overhanging any alternative future for the world is the corrosive, destructive logic of competition under actually existing capitalism – competition among states, competition among corporations and competition even among the most disadvantaged sections of the population (Bagchi, 2014c). One consequence of neoliberalism has been the disempowerment of trade unions in almost all countries. Many workers' organisations and parties supporting them tried, short-sightedly, to pursue a closed-shop policy, especially shutting out immigrants. But capitalists simply bypassed them, and with an open-door policy for foreign capital in most countries, they shifted their operations to lower wage locations. So a global solidarity among workers has also to be built up, and immigrants have to be freed from many of the inhuman constraints to which they are subjected. In order to persuade the workers in the more affluent nations and elsewhere that the convergence of earnings among different countries is not going to harm them, a medium-term programme for creating a 'social state' of the kind Piketty (2014) has proposed should become a plank of all egalitarian (socialist) political organisations. As Piketty has proposed, a global progressive income tax on profits and a tax on unearned increments to wealth could easily finance education and health care for all the men, women and children in the world. Reversing the usurpation of education and health care from profit-earners will itself weaken the clout of capital in alliance with politicians, especially in developing countries treading the neoliberal path.

Marglin has rightly tried to assuage the fear of workers in the affluent countries that a more egalitarian world will lower their income and welfare. To the arguments adduced by him, I would add that if everybody can travel in mass transit systems powered by renewable energy, live in environments free of the fumes of internal combustion engines and pollution-spewing factories, and can depend on a family health system looked after by the state or the local community, then he or she can have a much higher standard of living with a much lower nominal income. That this is feasible is shown by the example of Cuba: while we may not accept all aspects of Cuban society, it is nevertheless undeniable that Cuba, despite living under extremely adverse geopolitical conditions, has attained a lower infant mortality rate and higher average longevity than the USA, and deserves to be studied in order to emulate those of its practices that can be universalised. Cuba's record of innovations in the field of biotechnology also shows what a genuine 'knowledge economy' can rise to, even with few material resources.

In the competition for minerals, timber, water and other resources, the worst sufferers are forest- or water-dependent hunters, gatherers or swidden cultivators – people who are designated as indigenous groups, First Nations or Adivasis.² The so-called civilisation of human beings, the ability to use domesticated plants and animals for food, clothing and shelter, is no older than 13,000 years, and if we add the growth of cities as a characteristic of 'civilisation', it is no older than 7000 years. The 'civilised' people have been displacing the indigenous forest- or water-dependent inhabitants for

centuries. Braudel (1983: 92–103) called attention to the cruel war waged by the many (those who had increased in numbers by acquiring ‘civilization’) against the few (those who had not yet obtained the conquering tools of the ‘civilized’). That war is still continuing in the name of development or in pursuit of profit, from the islands of the Pacific through Indonesia, Malaysia, India, most countries of Sub-Saharan Africa to the peoples of the endangered Amazon Basin (Banerjee, 2010; Hill, 2014; United Nations (UN) Economic and Social Commission for Asia and the Pacific (ESCAP), 2014: ch. 10).

That many UN organisations besides the UN Environment Programme are aware of the desperate straits of the Adivasis is illustrated by ESCAP (2014: ch. 10) whose key finding about the indigenous islanders from Samoa in the Pacific to Maldives in the Indian Ocean is summarised thus:

Their problems include those of ‘communication’, their vulnerability to natural disasters and the effects of climate change, the fact that many of them have had no experience of urban life or even settled agriculture, and finally their extremely weak bargaining power vis-à-vis profit-hungry commercial enterprises. Their vulnerability has increased because of climate change and the incursion of large foreign companies taking over their marine resources and disturbing their ecology in various ways. (p. xv)

Much of the discussion about arresting the accumulation of greenhouse gases, the exhaustion of non-renewable resources, reversing the deforestation and soil impoverishment has centred on technical solutions of those problems (see, for example, Sengupta, 2013). We need new techniques for further cheapening the use of solar energy, wind and tide power, capture and storage of carbon and methane and use of geothermal energy in carefully selective ways. But the political imperative is to rein in corporate power, and free humankind from bondage to corporate feudalism. Some put their hope in the resolution of the three-way conflict among two military superpowers, namely, Russia and the USA, and two economic superpowers, namely, the USA and China, with their military clout weakened by challengers of various hues – leftist regimes in Latin America and Islamic militants who, like Frankenstein’s monster,³ have come to haunt the Western powers that conjured them only to cast them out. My hunch is that such a scenario still lacks a proper vision for a liveable future for humanity.

In 2013, in response to a call for ideas about post-Millennium Development Goals⁴, I suggested that the UN seek to persuade its members to adopt the following measures (Bagchi, 2013). They can

- a. ... [b]ring footloose capital under proper global regulation, permitting host governments to introduce requirements of local procurement and utilisation of innovations and adaptations by the private companies as well as publicly funded research;
- b. Limit the patent regime to 7 years for all drug and pharmaceutical companies, and in general, drastically overhaul the extremely unequal World Trade Organization (WTO) treaty;
- c. Put much larger amounts of public funding on research into and investment in renewable resources and organic farming;

- d. Make an enforceable commitment to close down tax havens. Small island economies should have a better future than acting as helpless victims of banana tourists, escapees from laws of their homeland and addresses for funds of drug lords, dictators and corrupt businessmen;
- e. Raise the rate of taxation on income to at least 45% for the rich. Piketty et al. (2011) have argued that the optimal rate of taxation for top incomes is 80%, with no damaging effects on investment and growth. The marginal rate of taxation in the Scandinavian countries used to be 60%. Inheritance taxes and capital gains taxes should form essential components of all tax regimes;⁵
- f. Declare small island economies to be a public good and raise a global fund of at least USD100b for looking after their requirements in sustainable dignity. A confederation of such island nations can be formed through democratic negotiations, and the fund should be under the control of that confederation;
- g. Render ocean floors, mountains and ice caps no-go areas for oil or mineral exploration in general;
- h. Enforce minimum wage legislation and regulations for conferment of gender equality in education, health care and wages in all nations;
- i. Enforce international conventions on refugees and asylum seekers and make maltreatment of migrants justiciable in international courts;
- j. Enforce pro-peasant land reforms wherever there is concentration of land, which in fact is the case in most agrarian economies, including India. It should be recognised that in many economies, women perform the major tasks of agriculture, horticulture and fishing, and their rights should be recognised and protected. Enforcing the Anglo-Saxon (and Code Napoleon) regime of exclusive property rights, and thereby destroying communities of solidarity and trust in island economies and most of Africa and among the First Nations of Canada and Latin America should be disallowed. A similar kind of recognition should be accorded to forest-using peoples all over the world.

Such a programme, setting an agenda for the UN, would be very useful for keeping the basic problems and their possible solutions in public view. But the UN must represent the peoples of the world – and not, as is unfortunately the case for many nations, the rulers who are themselves responsible for putting the future of humankind in the casino of profit and power. That requires building networks of solidarity within and between nations, cutting across lines of ascribed race, religion and nominal income levels. That is a huge task. But the problem before us is also humungous. I end by thanking Steve for starting the ball rolling and Geoff Harcourt and his colleagues for creating a serious atmosphere for conducting this conversation across the seven seas.

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Notes

1. See, for example, Chomsky (2005). Sir John Sulston, genome researcher, is a Nobel laureate and strong advocate of free public access to scientific information. He has argued the

- immorality of patent laws that allow pharmaceutical companies to restrict access to anti-viral drugs, and went surety for Julian Assange.
2. The indigenous minorities of India, Bangladesh and Nepal and the Vedda people of Sri Lanka.
 3. In Mary Shelley's novel, the scientist Frankenstein brought into existence a larger than human scale creature, 'the Adam of your labours', 'your fallen angel', who was forced by rejection to live as a violent outcast.
 4. The eight Millennium Development Goals (MDGs) established by the United Nations in 2000, committed all member states, by 2015, to halving the number of under-nourished people, achieving universal primary education, promoting gender equality, reducing child mortality, improving maternal health, combating HIV/AIDS, malaria and other diseases, promoting environmental sustainability, and creating a global partnership for development. A new agenda-setting Summit is planned for 2015 (United Nations (UN), n.d.).
 5. The background for this exercise is the unprecedented increase in the inequality of incomes analysed in Atkinson et al. (2011).

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Author biography

Amiya Kumar Bagchi is Emeritus Professor, Institute of Development Studies Kolkata specialising in development studies, political economy and the history of Indian banking and finance; he is known for his contribution to the economics of industrialisation and deindustrialisation and to theories of imperialism and underdevelopment. As official historian of the State Bank of India (SBI), he played a leading role in ensuring that its unique archives are preserved for posterity. After retiring as Reserve Bank of India professor from the Centre for Studies in Social Sciences, Calcutta in 2001, he became the founder-director of the Institute of Development Studies Kolkata. He has been a visiting scholar at Cambridge University; Maison des Sciences de l'Homme, Paris; Cornell University; Curtin and Monash Universities, Australia; Naples University; and University of Bristol. He is the author of 10 books, including most recently *Colonialism and Indian Economy* (Oxford University Press, 2010); *Perilous Passage: Mankind and the Global Ascendancy of Capital* (Rowman and Littlefield, Maryland and Oxford, 2005); *The Developmental State in History and in the Twentieth Century* (New Delhi: Regency, 2004); and *Capital and Labour Redefined: India and the Third World* (Anthem Press, London, 2002).