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CORPORATE POWER, THE STATE, AND THE POSTCAPITALIST FUTURE

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ABSTRACT This article draws attention to the ways in which the State under late capitalism has been subject to capture by the increasingly concentrated, powerful, and predominantly financial, global corporates through such mechanisms as the ‘revolving door,’ the privatization of state services, the funding of political parties at election time and the increasing links between finance and private and state security agencies. It goes on to put these issues into the context of the broader developments in late advanced capitalist societies, and especially in advanced technologies, which could subvert its very logic and assist the process of popular resistance to state capture in Africa and elsewhere.

Key Words: Concentration; State capture; Revolving door; Inequality; Robots.

INTRODUCTION

In an article in *Agrarian South* in 2012, Sam Moyo and his co-authors declared that the ‘global competition for Africa’s land and natural resources is in full swing’ but that ‘the existence of relatively autonomous capitalist states on the continent …. [has] the potential to resist and form effective alliances on regional, continental, and inter-continental levels’ (Moyo et al., 2012: 182). This paper sets out the ways in which the State in the current phase of capitalism has been subject to capture by the predominantly financial global corporates, thus blurring the boundaries between the State/public and the corporate/private. We argue here that the State, or alliances of States, can no longer be relied on or expected to lead resistance to these global corporate forces and in the case of Africa, prevent land capture either for commercial agriculture or for mineral wealth. Such resistance to these forces will have to come from the mobilization of popular movements both local and international, across Africa, but ultimately across the world.

Capitalism has undergone many changes since it emerged as the dominant mode of production, although its basis has been the need to accumulate capital through maintaining the necessary rates of profit. The capitalism of small firms owned by individuals in a system economists mythologised as ‘perfect competition’ is now the capitalism of global financial corporates. This has been a slow but accelerating process starting from early in the 20th century with increasing monopolisation of production, and later services, within nation states and developing into a concentration of enterprises across the globe. The process of what has been called ‘the financialization of everything’ (Harvey, 2015: 33)
has produced an outcome in which financial corporates dominate the global economy. There was a short period of history during which the State exercised a degree of control over the activities of what used to be known as monopolies, then multinationals and now global corporations. However currently the power of those global corporates is such that they have effectively captured the State and the international financial institutions. Further concentration is likely. This in large part helps to explain why governments, especially radical ones which promise much, are unable to deliver.

This increasing concentration of control in the hands of very few global corporates is paralleled by rapidly growing global inequality, not only between nations but also within them. This is driven by the dictates of the dominant financial institutions whose demand for a rate of profit that matches that which they can achieve through the trading of the financial instruments (‘products’) they issue, forces enterprises in the non-financial sector to squeeze wages and salaries of all but the top executives and worsen conditions of work. This is the race to the bottom where many areas of production migrate to where labour is cheapest and the labour force is unorganised or politically suppressed. Recent research has drawn attention to the way wealth is increasingly concentrated in the hands of the few to the extent that 1% of the world’s population owns approximately 50% of global wealth (Oxfam, 2016). Even within that 1%, there is a further concentration. In the US, for example, the wealth of the top 0.1% is now almost equal to that of the bottom 90% (Saez & Zucman, 2014), something that, according to the authors, has not occurred since the beginning of the last century.

However, there are developments within the system that may make it unsustainable and lead to a new way of organising society and its production of goods and services. Marx’s argument that capitalism would sow the seeds of its own destruction was largely forgotten in the wake of socialist revolutions in Russia and China before capitalism had fully taken root. However the evolution of capitalism as a hegemonic global system, and especially the abundance and cheapening of so many goods and services together with the development of the ‘sharing economy,’ has prompted a return to the notion of the evolutionary demise of capitalism (Mason, 2015).

This article draws together work on the concentration of capital, on the relationship between the State and Corporate Capital and on the future of capitalism all of which demonstrate the possibilities of different futures some less benign than others.

CORPORATE CONCENTRATION AND CONTROL

Capitalism is supposed to generate the most efficient outcomes in terms of minimising the costs of production and, given ‘normal’ profits, minimising the cost of consumption thus maximising consumer welfare. This is achieved by a large number of firms in an industry competing with each other for market
demand, seeking continually to drive costs down in order to maximise profits. However, as is by now well known, this neoclassical economic picture of capitalism probably never existed and certainly does not now. What we observe in all products and services is their production by a small and ever declining number of producers. A good example is illustrated by the chart below which shows that 10 food companies own almost all the well known brands of processed food many of which began their life as independent enterprises before the raft of mergers and acquisitions that produced these global conglomerates (Fig. 1).

The process of concentration of capital continues and accelerates. In late 2016, global brewers SAB-Miller, an amalgamation of major South African and US brewers and a number of other small brewers around the world, merged with its main global rival, Anheuser-Busch InBev, itself an amalgamation of three major national brewers in Belgium, Brazil and the US, to form a global brewer with over 30% of the world market in bottled and cask beer (Economics Online, 2014). Two of the major media companies in the US, Time Warner and AT&T have announced a plan to merge to create a giant corporation dominating US media and challenging that country’s famed anti-trust laws, although a government suit to prevent this merger is delaying its implementation (Rushe, 2017). This process of mergers and acquisitions has been operating throughout the history of capitalism and looks set to continue. This suggests a further corporate stranglehold leaving the small percentage at the top with even greater power than they already have.

A Swiss team of researchers (Vitali et al., 2011) constructed a global corporate network starting from a list of over 43,000 transnational corporations. They

Fig. 1. Brands of 10 food companies
Source: Oxfam (2013: 8).
found that 737 top holders accumulate 80% of the control over the value of all TNCs, 40% of the control of this network of corporates was held by a group of 147 TNCs in the core, which had almost full control over itself, 75% of the core were financial intermediaries, 75% of the ownership of firms in the core remained in the hands of firms of the core itself and finally, the top 50 (45 of which are financials) have 75% of the core.

The leaders of these corporations along with senior politicians from both centre-left and right, both in government and opposition, can be found at the annual World Economic Forum (WEF) held in Davos in Switzerland and at the meetings of the Bilderberg Group which now seeks to be more transparent with a website that, like Davos, tells us who was there. At the last meetings of WEF at Davos, of the top corporates mentioned above, over one-third were represented by executives at the levels of chair or CEO and just below. The IMF and World Bank heads were there as were several prime ministers, presidents and royal heads of state as well as various security interests—private firms, academic bodies and defence ministries, and senior members of military forces and alliances. Bilderberg is a more restrained event with a much smaller number covering much of the same sets of interests. This is less a conspiracy to maintain the existing power relations than an exercise in solidifying the ‘groupthink’ of those who attend and this effectively defines the limits of state power vis a vis the corporations. Given these relationships, it is hardly surprising that after the financial crisis of 2007–2008, governments rescued the banks and other financial institutions and have allowed them to continue as before by pursuing an economic policy of ‘quantitative easing’ which has allowed them to restore their capital base. As we shall see below, there are other ways in which these corporates ensure that their interests are protected at the political level.

The concentration of corporate power has accelerated a process of state capture which has itself aided the increasing corporate dominance of the system. The election of governments in the late 1970s and during the 1980s and after, which embraced the ideas of what has come to be called ‘neo-liberalism’ has assisted this process in many different ways, not least through limiting the ability of trades unions to protect their members and managing to divide the working population into different and opposing camps. The neoliberal ideology has been promoted in academia and the media and this has ensured that corporate power effectively runs government policy. This policy has accelerated state capture not least by allowing a creeping privatisation of traditionally state-run activities, such as health, education, transport, power and prisons, generally by selling off state-owned assets, or though a system of the sub-contracting of government services to the private-for profit-sector, or the licensing of private for profit companies to run public services in competition with the state sector. This practice has permeated local authorities so that there is no part of the public sector that is not commercialised except for the army and the police services, and even there, the rise of the private security companies is beginning to invade that space.
THE STATE AND THE CORPORATES

The financial crisis and its resolution recalls the observation Marx and Engels made in 1846:

With ........ the development of commerce and industry, individuals grew richer and richer while the state fell ever more deeply into debt. ....... It is therefore obvious that as soon as the bourgeoisie has accumulated money, the state has to beg from the bourgeoisie and in the end it is actually bought up by the latter (Marx & Engels, 1998: 382).

Substitute financialisation for ‘commerce and industry’ and the banks for ‘individuals’ and this summarises neatly what happened after that banking crisis. This is not to say that individuals have not grown richer in the process, as noted above, giving rise to the widely held view that capitalism works for the 1%, or the 0.1% and that the modern state follows suit. Indeed, in spite of the apparently more sophisticated analyses of the State which appeared in the 1970s and after, it would seem that rather than this institution being ‘autonomous’ and independent of class, it has developed to the condition where it conforms to that famous remark about the State in the Communist Manifesto:

The executive of the modern state is nothing but a committee for managing the common affairs of the whole bourgeoisie (Marx & Engels, 1962: 36).

THE REVOLVING DOOR

Over recent years it is becoming clearer how corporate power has captured the State to the extent that the two have formed a symbiotic relationship in which government policy follows the interests of the corporates. The revolving door which sees politicians join the boards of corporates and corporate directors or senior executives recruited to the ‘executive of the modern state’ is now well oiled and has led Transparency International to conclude about the UK that:

Surveys of public perceptions of the most corrupt sections of British public life revealed that a public official taking a job with a company that s/he was previously responsible for regulating was rated as potentially corrupt by 80% of respondents (Transparency International UK, 2010).

Indeed a survey conducted by the UK polling company, YouGov, in January 2012 found that 69% of respondents agreed that it was ‘too easy for former ministers to get jobs that allow them to make improper use of their time in government’ (Transparency International UK, 2012). Indeed it is. Fourteen former
ministers set themselves up as consultants in 2010–2011 compared with just one in 2005–2006. One of those, a former Labour Defence Secretary, Geoff Hoon, has helicopter manufacturer Augusta Westland among his consultancy clients. In 2005, while Defence Secretary, he approved a £1 billion contract to this company, which was controversially declared a ‘preferred bidder’ despite claims that other companies could have provided better value-for-money helicopters in a shorter time-frame.

There are many examples of former ministers, civil servants and ambassadors going to well paid jobs or directorships in big banks or other corporates with interests in areas where former politicians might provide useful information from which the corporates might gain. In 2015, the former Health Secretary, Andrew Lansley, a newly elevated member of the House of Lords, and who actively worked towards the further privatisation of the National Health Service, took a job with a US consultancy firm working with healthcare clients. Lansley’s job is to advise corporate clients on healthcare reforms, as these clients become increasingly involved in bidding to run parts of the NHS (Syal & Hughes, 2015). In January 2013, the former head of the UK tax authority, Her Majesty’s Revenue and Customs (HMRC) became an advisor to the Hong Kong and Shanghai Banking Corporation (HSBC)’s Committee on Financial Systems. Four months later the same man joined Deloitte’s, a global accountancy corporate to ‘advise overseas governments on how to implement “effective tax regimes”’ (Neville, 2013). The Director General of Commissioning at the UK Department of Health became the Global Head of Healthcare at the accounting corporate, KPMG, taking him from responsibility for designing new ways of commissioning healthcare to preparing bids for DoH contracts. His successor at the Department followed him to KPMG a year later. KPMG won at least three contracts following these moves (BBC, 2011). Some former ministers are prepared to act more directly in gain income to add to their substantial pension. Two former foreign ministers were secretly filmed offering their services for hire and naming their price. Although this was a newspaper ‘sting,’ it still revealed that these politicians were for hire, after they ceased to be MPs, as long as everything remained confidential (Perraudin, 2015).

The revolving door also sees people moving from the private sector to the civil service. It was reported that John Manzoni the new chief executive of the civil service, would be ‘allowed to keep a £100,000-a-year position on the board of the drinks company SABMiller …he takes his salary in company stock and holds shares worth more than £250,000 in the company.’ The report continued:

A government spokesman said: ‘The Cabinet Office is satisfied there is no conflict of interest.’

Manzoni left the private sector to become chief executive of the Major Projects Authority earlier in the same year and worked in the Cabinet Office with Lord Browne, who was his boss when both worked at BP. Browne is the government’s lead non-executive director and the chairman of Cuadrilla, the chief fracking
company in the UK. He was one of six members of the appointment panel who chose Manzoni for the job (Mason & Campbell, 2014), demonstrating the role of networks and connections, both personal and political.

A more recent example of this revolving door is related to a government decision, after a delay of years, about which of London’s airport should get an additional runway following the recommendation from the Airports Commission set up to look at the options. The chair of the commission, Sir Howard Davies, formerly the first head of the UK’s Financial Services Authority, is also on the board of the Prudential, where he chairs a committee on investment risk. Prudential has spent £300m spending buying properties around Heathrow. Its asset management business, M&G, bought in 2013 the Hilton hotel at Terminal 5 for £21m and received planning permission to build a hotel close the proposed third runway, and two years later bought more property close to Terminal 4.

Questions have been raised about the impartiality of the chair of the Commission given what appears to be a clear conflict of interest (Davies, 2015).

There are many other examples of this close relationship between the supposedly independent civil service and the private sector (Wilks, 2015). Most recently this practice affected the leadership contest in the opposition Labour Party. One of the candidates had worked for Pfizer, the global pharmaceutical corporate and played an important role in its lobbying activities for NHS contracts. This compromised whatever he had to say about reducing the role of the private sector in public health provision, however strongly held his apparent left wing views appeared to be (Watt et al., 2016).

The criticisms of the various cases of the ‘revolving door’ hinge on the notion of a ‘conflict of interest,’ while the defence of such practices is usually that of vouching for the integrity of the person involved who is able to ‘wear different hats’ and resolve any conflict of interest by shutting out other personal interests while pursuing the public interest. However, this apparent conflict could be looked at in another way. The revolving door is about ensuring that the commercial interest becomes the public interest and so then there is no conflict of interest.

The case of the UK is replicated in many other countries and groups of countries. The European Union (EU), has drifted from offering the opportunity to have greater control and regulation over the activities of international corporates to being captured by global capital through the same revolving door as evidenced in the UK. The most infamous recent example is that of former EU president Jose Manuel Barroso, who on retirement from that post, joined Goldman Sachs (one of those 50 global corporates) as an non-executive chairman (Dolan, 2016). Former EU staff move from gamekeeping to poaching on a large scale. One former lobbyist for the coal industry joined the EU staff as a coordinator of coal policy. A former MEP who was a supporter of carbon capture and storage, set up his own lobbying consultancy after he left the European Parliament, a consultancy that has as a client a firm that represents the major oil companies, keen on this technology because it safeguards their mineral production (Corporate Europe Observatory, 2015). The former German Chancellor, Gerhard Schröder
while in office championed the Russian-German pipeline. Out of office, he became chairman of the board of the North-European Pipeline Company, majority owned by Gazprom, the giant Russian energy corporate, a post reportedly paying between €200,000 and €1m a year, though Schröder claimed those sums were exaggerated (Harding, 2005). These examples, and there are many more, suggest that the power of the large corporates over states and state groupings through the use of the revolving door is getting stronger. The revolving door and the power of corporate lobbyists has been prevalent in the USA for decades(3) and some of the flavour of practice in that country is given in the following discussion of election funding.

ELECTION FUNDING

The funding of political parties, especially during election campaigns, has been subject to considerable scrutiny and criticism in many countries, not to mention accusations of the corruption of the political process. In the USA, for example, the US presidential campaign of 2016 saw billions of dollars raised in funding for each candidate. Limitations on individual donations directly to political parties and candidates is now overshadowed by the donations to ‘super-PACS’—the political action committees that are prohibited from having direct ties with politicians or their parties but are able to support particular candidates through advertising in newspapers, on television and through electronic media. There is no limit on what they can spend but the money they raise has to be spent independently of the parties and candidates they support. Furthermore, although for-profit corporates are required to declare the source of their contributions to super-PACs, non-profit organisations do not have to do so. Donations from unknown sources, ‘dark money,’ to non-profit organisations allow corporates to donate through the back door and thus swell the coffers of candidates and parties. Up to the middle of October, over $1.5 billion had been raised by the presidential candidates, of which a sixth came from super PACs (Allison et al., 2016). Ironically given the result, Clinton raised twice as much as Trump overall, and three times as much from the super-PACs, which raises questions about the effectiveness of the expenditure of these sums (Open Secrets, 2016).

The funding of candidates for Senate and the House of Representatives raises issues concerning the direct influence of legislation. For example, the largest donors by far to members of the Senate Banking, Housing and Urban Affairs Committee are from the Finance, Insurance and Real Estate sector. Thanks to Wikileaks, we now know that an executive of Citigroup, one of the four big US banks, played a major role in advising newly elected President Obama on his staff and cabinet (Martens & Martens, 2016). Citigroup had to be rescued by the US government in 2008, and as in many other cases of banking failure through corrupt practices, nobody was prosecuted. One of the explanations that has been given for this is the large amount of funding for election campaigns. One insider who became a whistleblower and stood in the recent elections against
a member of the above Senate Committee, has observed that,

The banking and financial industry is the leading financial contributor in this election. Hands down. Banking has the most to lose, said Stern in an interview. So they are trying to buy as many politicians as possible. The banks are very smart. They know that if they get their voices heard in Washington and they buy the politicians they’ll be OK (Hill, 2016).

During 2015–2016, the Finance, Insurance and Real Estate sector contributed over $912 million to election funding, of which just over half went directly to the parties and candidates in the ratio of 58:42 to the Republicans and Democrats respectively. The other half went to ‘Outside Spending Groups,’ the super-PACs. This is by no means the only explanation for the failure to prosecute banking and finance executives for the failures of their institutions, but it is quite a persuasive one. Other explanations are of course plausible. Proving intent to defraud is difficult, proving that sophisticated financial institutions that purchased the toxic assets did not know the risks and relied on the sellers’ honesty is also possibly difficult, and it is also possible that prosecuting senior executives would have further damaged the finance sector and therefore the economy. Prosecutors’ having too much on their plate to investigate and ordering priorities to deal with cases that were easier to prosecute may also explain the senior executives’ escape (Rakoff, 2014). Whatever the case, that politicians can be bought adds to the general discontent with the political systems that allow this kind of influence to be exerted on elected representatives and the governments they support.

THE FINANCIAL-SECURITY COMPLEX AND THE ‘DEEP STATE’

The concentration of economic control in the hands of a small number of corporates, and especially financials, who appear to have the power to guide government policy in directions which suit their interests, together with the heightened levels of security concerns at home and abroad, has given rise to the concept of the financial-security assemblage, to complement the ‘military-industrial complex,’ as the driving force of modern capitalism. This relatively new term in the academic literature embodies both the phenomena of the financialization of the system and the increasing need for the securitisation of the system, not simply in its financial sense but also in the sense that global military and private security needs to expand to ensure that this process of financialization is not disrupted, especially by ‘terrorist funding.’ The effects of ensuring that informal money transfers worldwide, and especially by migrants sending money home, are not being used for funding terrorists, are to draw such transfer arrangements into the formal banking sector where they can be subject to security checks, as well as allow growth in financial activities (Gilbert et al., 2013).

The increase in the surveillance activities of state security agencies and of military interventions in pursuit of terrorists, or of regime change, has occurred
alongside the growth of private security enterprises, not only providing services for the movement of money, the security of shopping malls, sports events and universities, but also working with the military forces involved in the various ‘wars on terror.’ Private security is big global business with one of the best known corporations, G4S, operating in well over 100 countries, and in any one country, a major employer (Abrahamsen & Williams, 2011). Private security now outnumbers the traditional suppliers of personal and public security services, the police force, by ratios of between 2:1 and 10:1 (Abrahamsen & Williams, 2007).

The research suggests that security against terrorism, security for the plutocracy that lives in gated mansions, and security for the financial institutions now underpins the dynamic of global capitalism in which the State is colonised by finance and the military and provides profitable activities for global finance capital. Emerging too from these developments is the ‘Deep State.’ The concept originated in Turkey under military rule and has more recently been broadly defined as representing:

..... the political interplay between unacknowledged or unrecognized factions inside and outside the regular government. The deep state is not an entirely monolithic entity that shadows the bureaucracy, military, or civil society. Rather it is an eclectic, ever-evolving political theatre of competition, one that includes elements both explicitly legal and outlaw in nature. Paramount to the operation and survival of the deep state is the extreme emphasis placed upon state security, a need that places both law enforcement and clandestine agencies in the forefront of both the formulation and execution of state policies (Gingeras, 2011).

This development will further inhibit the possibility of any State policies to counter corporate capture.

THE FUTURE OUT OF THE PRESENT(4)

The concentration of economic power and its capture of the State raises the question of where this is all leading and what is to be done to change the direction of travel. The increasing levels of inequality, the proliferation of low paid jobs and zero hours contracts alongside the huge senior executive salaries and bonuses, the pressure from the private sector to roll back the State’s ability to protect people at the lower end of the pay scale and maintain the quality of public services thus forcing a move to increase privatisation, have all resulted from the pursuit of the neoliberal political economic model over the last four decades. The 2007–2008 financial crisis occurred in spite of the widespread belief among proponents of the system, that such crises could never occur, and that the boom and bust of the system had seen its last as a consequence of the neoliberal revolution. The crisis has further exacerbated the condition of large
proportions of the population in late capitalist societies but has not created the classic revolutionary conditions which accelerate the demise of the system and the rise of its successor, socialism.

The failure of social democratic parties to reverse this process, and their effective co-option by the corporate interests that have colonised the State, have fuelled the now abundant cynicism about governments’ ability to do anything about a system in which they have a vested interest. Lower voter turnout and voter rebellion as manifested in the UK vote to leave the EU and the election of a political outsider to the US presidency, accompanied by a shift to supporting populist parties, mainly of the right, but some of the left, recalls an earlier era of the 1920s and 1930s which ended in a world war.

However, the capitalism of the early 21st century is not the same as that of the 1930s and its development since 1945 and especially after the micro-electronics revolution has prompted the use of the concept of ‘post-capitalism’ to describe the ways in which late capitalism is morphing into something else. Proponents of this thesis argue that the neoliberal model is effectively broken. The assumption that there can be a return to the model that was based on the growth of financial markets is a flawed one as the financial system is fragile and prone to further crises. In any case, the model prior to the crisis depended on private more than public borrowing financed by bank credit. Wage growth was suppressed except for those at the top of private and state enterprises and public bodies. The debt problem became a global one with creditor nations financing borrowers, China lending to the US and Germany to Greece being two examples of these debt relations. Most importantly the rapid development of information technology made many consumer and capital goods much cheaper.

The financial crisis demonstrated that, contrary to the view of 19th century economic liberalism, and 20th century neo-liberalism, markets allowed to operate freely would self-correct, but they clearly did not. The response to the financial crisis and the subsequent increase in state expenditure to rescue the banks and mitigate the economic and social consequences of the crisis, was austerity, driving down wages so that at some point in the future they would match those of countries in the Far East as those countries’ wages rose. Mason refers to a report of a speech by the then CEO of Prudential, Tidjane Thiam, now CEO of Credit Suisse (no 14 in the league of those 50 corporates listed above), in Davos in 2012. Thiam argued that ‘Unions are the “enemy of young people” and the minimum wage is “a machine to destroy jobs.” Minimum wages made “the workforce more precarious” and reinforced the protectionist nature of trade unions which “represent people already in jobs so they always support minimum wages. That crowds out the unemployed. People can’t get full time employment”’ (Mason, 2015: 4). A liberated labour market would no doubt find market clearing wages where everyone would have a job, though what those wages would be is another matter.

Postcapitalism is not socialism as in the classical Marxist trajectory in which capitalism sows the seeds of its own destruction and the proletariat effect a revolution, although the process postcapitalism theorists describe bears a strong
resemblance to that Marxist trope. It could lead to socialism, but it is beyond capitalism. However, it is a process which arises out of the contradictions of capitalism and contains the seeds of a new relationship between social relations and an economy dominated by information technology. While capitalism’s persistent tendency to crisis, such as the financial one of 2007–2008, encourages the belief that the system is unsustainable, postcapitalist theorists accept the system’s unsustainability because there is a disjunction between the changed social relations (no longer characterised by a capitalist class and an industrial proletariat) and the changed technological level (forces of production in Marxist terminology) which has created free goods, zero prices and zero work.

Going beyond this critique postcapitalist theorists argue that that the latest technological developments are going to create an abundance of goods whose production costs tend to zero and whose prices tend to zero. Markets in the sense of institutions which fix a price that satisfies both producers and consumers, cannot operate at a zero price. Furthermore, markets cannot deal with climate change, nor with the current migrant and refugee crisis. Increasing automation now using robots is reducing the amount of work that needs to be done by human beings. Ironically, given the potential of IT, Mason argues that ‘instead of rapidly automating work out of existence, we are reduced to creating bullshit jobs on low pay, and many economies are stagnating’ (Mason, 2015: 242). However, information technology is also driving down marginal costs, and prices, towards zero and thus together with other non-market developments, ‘corroding market mechanisms, eroding property rights and destroying the old relationship between wages, work and profit,’ ‘leading towards a post-capitalist economy’ (Mason, 2015: 112). As it now well recognised, advanced capitalist economies have seen the decline in the relative importance of manufacturing as the economy of retail and financial services has rapidly developed. Financial services no longer simply provide credit to the other two sectors, but develop a life of their own with an array of financial ‘products,’ some of which were a direct cause of the 2007–2008 crash. Automation accelerated by developments in IT has accentuated the decline in the relative position of manufacturing by reducing the size of the manufacturing labour force. The labour force in general is better educated and has seen the emergence of what Mason calls ‘the universal educated person’ who now works in networks, not factories.

The emergence of the ‘knowledge economy’ is another key development. A good part of it is free to access. Wikipedia operates on the basis that the information it contains is free to access and is produced (and corrected) for free by those with the knowledge. Free open source software can be improved by those who use it. Indeed it would seem that charging and thus restricting the use of this software makes it less valuable. IT software is now added to the content of physical goods thus reducing the costs of production towards zero and creating ‘a world of free stuff’ (Mason, 2015: 142).

If this is really the way capitalism is developing in a way which will see it destroyed by the ‘world of free stuff,’ then how do we get there? Mason schematizes the following paths. First, we should and will engage in more
collaborative work which would involve the creation of more cooperatives coordinated by an Office of the Non Market Economy, the socialization or suppression of monopolies, the gradual disappearance of market forces, as the myth of the free market is exposed through its erosion, the socialization of finance as it is returned to its original purposes of holding accounts and lending money, and last but not least, the institutionalization of a basic income for everyone. To achieve all this it is necessary to ‘unleash the network’ (Mason, 2015: 286): IT enables the production of an abundance of goods, everyone has a basic income which allows them to access these goods, while they contribute to society freely in exchange.

The abundance of production and the sharing of consumption according to need and on the basis of the contribution to society being based on ability is of course not new and an outcome envisaged by Marx after the transition from socialism to communism. Mason has effectively updated this vision in the light of the possibilities which IT offers to make what appeared to be a Utopian fairy story into a reality for the future. A future in which work to earn the means of subsistence is no longer the central purpose of living is now possible. A combination of a universal basic income and the option of a reduction in working hours to zero would mean that people could choose how much work they wanted to do and the boring and mundane jobs could increasingly be done by robots. However the question of exactly how this transition can occur and through which human agency remains. How are people to believe that society is moving in this direction and that they have to push it that way? If the agent of change is to be the State, as Mason suggests, then the State has to be liberated from the corporates and the famous 1%, or even 0.1% have to be liberated too, and not just of their wealth. Srnicek & Williams (2016) offer a more detailed discussion of who might be ‘the active agent of a post-work project’ (p. 156). They opt for a populist movement organised around ‘an ecology of organisations’ (p. 163) to counter the hegemonic ‘common sense’ of neo-liberalism with a hegemonic common sense of a vision of a post-work society. The organisations could encompass political parties and campaigning organisations, local and national with the common vision of a post-work society given the unsustainability of capitalism as it now exists. Much of this discussion of the transition to a postcapitalist world does not raise the issue of the place of the Global South in relation to the automated global North with zero work, and is yet another question that needs more thought than yet given to it by the postcapitalist theorists.

STATE CAPTURE IN AFRICA

Although this article has been concerned with State-Capital relations at the centres of late capitalism, the evidence of a process of state capture in the Global north will no doubt resonate with citizens of African countries who have witnessed similar connections between corporate capital and the State. The
publication of a report, on alleged links between a particular corporate and
government ministers, by South Africa’s former Public Protector (Madonsela,
2016) raises issues not unfamiliar to citizens of many other African countries,
even if it only deals with one very public case, rather than the more pervasive
issues of revolving doors and political connections.

More widely in South Africa, there is evidence of a revolving door which
takes former ministers into senior positions in major corporates and in the case
of the new President of the country, Cyril Ramaphosa, from politician to corporate
business and back. He was leader of the National Union of Mineworkers, chief
ANC negotiator with the apartheid government and Mandela’s preferred choice
as deputy. After losing out to Thabo Mbeki, he went on to develop business
interests before re-entering politics, by which time he was the 12th richest person
in South Africa, and brother in law of the sixth richest (Bracking, 2016). These
business interests included being a director of Lonmin at the time of the massacre
of striking miners at Lonmin’s Marikana mine in which he reputedly played a
role in instigating the police action, although he was exonerated by the
Commission of Inquiry (Smith, 2015). The former Finance Minister, Trevor
Manuel, became deputy chair of Rothschild South Africa and later acquired a
non-executive directorship of Old Mutual, South Africa’s largest insurance
company, later becoming chair of its emerging markets business.(7)

Elsewhere in Africa there is increasing evidence of the merging of state and
private interests and the mutual enrichment of a political and business elite. This
process of enrichment is particularly evident in countries with high value minerals.
So for example, Angolan and Namibian ruling parties have set up a myriad of
offshore bodies (Bracking, 2016) which channel the vast profits from mining
away from much needed investment in national productive activities into the
pockets of the elites. Bracking cites the example of Namibia Finance, set up in the
Dutch tax haven of Curaçao in 1990 and moved in 1997 to the Portuguese tax haven
of Funchal, Madeira, comprising ‘over 100 entities of Namibian mining trading
companies at Banif Bank alone, and 2178 companies with “African roots” registered
by Madeira’s fiduciary trusts’ (Bracking, 2016: 10). It would seem that the blurring
of the boundaries between private and public in favour of the private is resulting
in vast outflows of funds from Africa. The Paradise papers give the example
that $3bn of Angola’s sovereign wealth fund has been given to a company
owned and controlled by a Swiss-Angolan from which he personally and his
company will benefit (Pegg, 2017).

The blurring of the boundaries between the State and private interests can
take other, more classically corrupt forms, and even when exposed, reinforce
the position of what can only be called a kleptocracy. There is evidence that
the Museveni regime in Uganda has not only tried to cover up the misuse of
public funds but has punished those who blow the whistle. Bracking, citing
work by Asiimwe (2013) reports the case of the current Ugandan Prime Minister
and the current Finance Minister who together with a private businessman, all
benefiting from the National Social Security Fund’s (NSSF) purchase of land
owned by the businessman’s company and held by the National Bank of
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Commerce, in which they all had shares. When the NSSF managing director blew the whistle on this deal, President Museveni intervened with the result that the Ministers went free and the whistleblower went to jail (Bracking, 2016).

There is a growing literature on the ways in which ‘land grabs’ in Africa such as the one above are facilitated by African governments or by private sector interests with good government connections through ex-politicians coming through the revolving door. For example there is the case of AgroMoz in Mozambique, a reportedly joint venture between the Grupo Américo Amorim of Portugal, a holding company of Portugal’s richest man Américo Amorim, and Intelec, again reportedly, former President Guebuza’s investment vehicle. AgroMoz is part of AGS Moçambique, SA., a Mozambican company owned by two Portuguese subsidiaries of Grupo Amorim (Solfim SGPS and Sotomar—Empreendimentos Industriais e Imobiliários, S.A.) and ESF Participaçoes, a subsidiary of ESF Investimentos. This latter is owned by Intelec and SF Holdings and Guebuza’s main business partner Salimo Abdul heads both of them. It is not difficult to see how with those connections the company quickly acquired land rights in the Nacala corridor from the authorities resulting in the eviction of more than a thousand peasants from their lands thus potentially creating a source of supply for company workers. The company expanded form the initially stated 200 ha to over 2,000 ha a year later, cultivating soyabeans and rice. Compensation was derisory though other land was made available elsewhere for those displaced. The promised clinic and school was not constructed, while crop spraying affected the health of the workers and destroyed their crops. In spite of these experiences with AgroMoz, the Government authorized a DUAT (Direito do Uso e Aproveitamento da Terra) for another 9,000 hectares—this was while Guebuza, one of the investors in AgroMoz, was still president of the country (GRAIN, 2015).

Perhaps the most significant revolving door in the case of African governments pursuing economic policies likely to aid corporate investment, is that between them and the International Financial Institutions (The World Bank, the International Monetary Fund and the World Trade Organisation). In 2012, it was found that 20 per cent of the Finance Ministers of the 47 African countries then aided by the World Bank, had previously worked for the Bank or the IMF (Bretton Woods Project, 2014), returning to their countries to implement policies that would promote the interests of the corporates—privatisation and the alienation of land for prospecting for minerals or for growing industrial or high value food crops (the ‘land grabs’). How far in African countries, corporate power and political connections have pushed policy in the interests of corporate capital, or how far this is a systemic consequence of neoliberalism will always be a matter of some debate and in any case requires further research.

ANOTHER FUTURE?

The increase in inequality and the concentration of capital has resulted in what has become a global plutocracy with increasing control over what
governments can do. More especially there are increasing limits to what governments are able to do for the growing numbers of people in precarious existence without upsetting ‘the markets.’ This is also the case in Africa which now has its billionaires, too, with equally growing power over governments as they occupy the State’s space, and live in protected communities, while a large proportion of the population becomes part of a growing ‘precariat.’ All of these aspects of capitalist disorder show no signs of being dealt with and look like they might get a lot worse.

Where are the movements seeking to reverse this process? There are now radical left movements in western Europe such as Syriza and Podemos as well as radical libertarian movements, who might shift popular opinion in the direction of the change to a post-capitalist future that Mason and others predict. However, there is also the parallel rise, in Europe especially, of right wing populism, including elements of fascism, which offer a challenge to this IT-inspired collaborative, dare one say, socialist future. Indeed this is a reminder that morphing into socialism is not the only direction that capitalism can take. There are an increasing number of examples of a ‘disordered future’ (Streeck, 2014). The current refugee crisis in Europe and the Middle East, the EU crisis which is not simply about ‘Brexit,’ but about its very existence, the various political crises of around the world, the failure of the United Nations to become an institution of world governance, and now with Donald Trump in the White House, the certain US withdrawal from the various proposed free trade treaties which corporate power needs for its economic health but which also embody provisions which ensure it gains even more power. The era of growth which characterised the neoliberal renaissance of the late 20th century has given way to a decline in growth, even negative growth at some points, the increasing concentration of oligarchic power, and the rolling back and disempowerment of the State and its provision of public services. The State in this scenario becomes solely the provider of security for the private sector as more and more of its service activities become privatised. The rise of neo-fascist parties could well provide the repressive state security backdrop to the maintenance of the power of the plutocracy. While the future is uncertain the present corporate capture of the State is clear and we are no closer to dealing with it or its consequences.

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Conference: Global Transformations Consequences and Alternatives, Budapest, October 29–31, 2015. The presentation titled ‘Be Outraged’ by Jolly et al. at the same session of the conference as this one suggested that this paper should be re-titled ‘Be Afraid.’ Recent events in Europe and the US confirm this view but the original title remains because that describes the paper more explicitly.

NOTES

(1) This is another example of the revolving door. After chairing the Airports Commission, Davies moved on to chair the Royal Bank of Scotland, technically state-owned after being bailed out in the financial crash of 2008.

(2) Ironically, the one member of the Commission who was forced to resign because of a conflict of interest was the former chief executive of Manchester Airports Group, which owns the third London airport at Stansted, and which seems to have been out of the running very early on.


(4) The following account of postcapitalism and its future is heavily based on: Mason (2015) and Srnicek & Williams (2016).


(6) The reduction in the working week and the emancipation of people from ‘psychologically unproductive labour time within necessary labour time’ was part of the East German thinker, Rudolf Bahro’s vision of a different future (Bahro, 1978).


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