

# STATE OF POWER

2016

*Democracy, sovereignty  
and resistance*



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# INTRODUCTION

*Hilary Wainwright*

## Democracy and power: Democracy is dead, long live democracies!

'Real democracy now!', the demand of the Spanish *indignados* as they occupied the squares of cities across Spain, is the slogan which can best guide us in challenging and escaping the prison of today's power structures. It was not so much a demand, but a rallying cry to people to act now in creating exemplary democracies, and simultaneously a demonstrative exclamation pointing to what they were doing in occupying the square: experimenting with what real democracy could be here and now.

'Real democracy now!' expresses the determined desire of a generation of young Europeans facing a world in which they were brought up to take for granted what they thought was democracy: a society in which dictatorships were past history; in which Apartheid was unacceptable and formal political equality the norm; and in which multi-party democracy and the market had replaced the one-party command economy leading to what was assumed to be democracy in Central and Eastern Europe.<sup>1</sup>

Political democracy, they had been led to expect, would mean universal human rights to full-time or at least secure employment, a home, and security in ill health and old age. Instead they faced and continue to face a future with only precarious employment and the certainty of debt, without hope of a secure home and a precarious, and sometimes scary, future when they or their loved ones became sick or ill. And they found themselves in a political system in which they were in effect without a voice and in which only the rich have a say, and the interests of the banks and shareholders seeking quick returns predominate over the interests of the majority of people.

## Up against financial and corporate tyranny

Several of the essays in this edition of the *State of Power* report analyse the forms of power that have eroded democracy to produce this dismal future. Walden Bello shows how the corrosive processes at work are not simply the operations of the financial markets as an automatic dynamic unleashed by the dismantling of regulatory regimes; they have been, above all, the outcome of the conscious mobilisation of elite financial and political power to block punishment of corporate crime and regulations of the financial industry demanded by citizens and initially promoted by elected representatives – including Barak Obama.

In this sense, the power of financial capital in the USA and in Europe is fundamentally the same, except that the institutions of the European Union (EU), lacking as they do any significant democratic body – in effect ‘post-democratic’ in their original design, as underlined by Yanis Varoufakis in Chapter 1 – the banksters can operate more effectively behind the scene, influencing governments that have strategic continental power, but without facing any democratic counter-power or force of accountability.

In analysing these processes, Bello, along with Yanis Varoufakis (speaking from negotiating for a society at the receiving end of this financial tyranny), Harris Gleckman, and Leigh Phillips are following the strictures of TNI Board President and author Susan George – which have also been a source of inspiration and guidance for the whole concept of the *State of Power* Year Book – when she said in *How the Other Half Dies* (1974):

Study the rich and powerful, not the poor and powerless... Let the poor study themselves. They already know what is wrong with their lives and if you truly want to help them, the best you can do is to give them a clearer idea of how their oppressors are working now and can be expected to work in the future.

This dictum has driven George’s phenomenal output of books that challenge the conventional wisdom about power and help to inspire and intellectually arm those who refuse to accept that elite power is legitimate and who organise to resist it.

Several of the essays in this volume make it clear that their analysis of the powerful leads them to conclude that the institutions of representative democracy are impotent, or have been rendered impotent, in the face of /by the workings of globalised, financialised twenty-first century capitalism. 'This model [based on parliamentary sovereignty] is finished', says Varoufakis. Bello concludes by asking whether the failure of the institutions of liberal democracy to promote a counter movement in the aftermath of 2008, to regulate and curb financial capital, might trigger no less than a fundamental reconfiguration of society's relation to finance capital, indeed, to Capital itself. They converge, more or less, around a common view that deeper, more effective forms of democracy need to be developed. Some point to how these are being developed out of or closely tied to very different kinds of grassroots resistance (Kothari and Das, Postill, George and Gutiérrez). Varoufakis sketches out the attractive possibility for Europeans of an open and not exclusively party-based alliance of all those who want to work for a democratised Europe, regardless of party affiliation.

## The problem of counter power and the power of the oppressed

While Susan George assumes resistance on the part of the oppressed she does not discuss forms of counter power in the context of challenging the powerful. Indeed, she refers to the poor as 'the powerless' – which was entirely understandable in 1974 when there were still real grounds, at least in Europe and North America, for believing that parliamentary democracy was genuinely more or less able to connect citizens and their grievances with government, and that political leadership was more or less responsive to popular protest. Moreover, the widespread assumption was that popular protest could turn resistance into political pressure – sometimes through political parties in which there was still genuine debate and limited but significant channels of influence.<sup>2</sup>

In 2016 we face a new situation, or one could argue a new level of a process that was first marked by the revolts of 1968, to which I will briefly return.

When democracy, through systems of representation, persistently fails, we have to return, in theory and in practice, to the basics, to the *demos*. Yes, as Susan George implies, the *demos* are without state power, *kratos*. And as Varoufakis says, the establishment wishes them to remain so; it has, as he puts it, 'contempt for democracy'. But though the institutions of representation have emanated mainly from those who already were in state power and aimed mainly to limit the encroachments of the *demos*, they have nevertheless been struggled for and have hinged on the franchise. 'One man, later one person, one vote' came to encapsulate democracy. Universal suffrage was understood as both the necessary and the sufficient conditions for popular power.

However, as critics of liberal democracy – from Tom Paine through Marx to C.B. Macpherson, C. Wright Mills and Ralph Miliband – have argued, there is a crack in the foundations of liberal democracy. This flaw is not necessarily terminal, but in circumstances of financialised capitalism it produces further cracks at every level.

The flaw is that so long as the goal of democracy is applied only to political power, understood as separate from economic power, then universal franchise provides only an abstract, formal political equality in a society that is fundamentally unequal. And the more unequal society becomes, the more empty formal political equality appears and the greater the level of disgust with parliamentary politics. Levels of economic equality in the past decade have been at record levels; at the same time we have seen with the indignados, the Arab Spring and Occupy, an unprecedented burst of militant experimentations with new, intentionally more radical and participatory forms of democracy. While these experiments produced no single lasting model, experiences of this mass refusal have led to new innovations – as in Spain, with the new political party Podemos. And their collective self-confidence has been transnationally infectious. For

*The flaw is that so long as the goal of democracy is applied only to political power, understood as separate from economic power, then universal franchise provides only an abstract, formal political equality in a society that is fundamentally unequal.*

example, the Radical Independence Campaign in Scotland drew some of its inspiration from these international examples for a bold campaign for a 'yes' vote as an opportunity to radically rethink the institutions of Scottish political economy.

This fundamental limit to parliamentary democracy can be understood best by remembering the historical context of the early struggles for the vote in the nineteenth century. In this period, perhaps most notably in Britain, many property-less men and women and their allies struggled for the vote, imagining that exposing, challenging and overcoming unequal and exploitative economic relationships would be at the heart of parliamentary politics. For the Chartists and many suffragettes, the vote was the opening of a new phase in this fused political and economic struggle, not a plateau, let alone a separated political plateau on which to remain. Political 'representation' meant for them a means of 'making present' in the political system struggles for social and economic inequality.

The ability of the British establishment, often with the complicity, tacit and overt, of the Labour Party's parliamentary and trade union leaderships, to contain this potential dynamic is only one well documented example of a phenomenon common in different forms to liberal democracies. The result has been a narrow form of representation in which citizens are treated as individuals in an entirely abstract way rather than as part of embedded social, and (increasingly) unequal, relationships. It is a political process which consequently tends to disguise rather than expose inequalities, or worse still, to re-interpret inequality as the fault of those with less power – and to punish them for it; and generally protects rather than challenges private economic power.

Simultaneously, with this obfuscation of the real relations of economic power, the separated processes of political representation also disguise the dependency, especially but not only economic, of the powerful on those whom they exploit or oppress. In his essay on precarity, Tom George highlights this dependency in the service economy with the example of the always-available temporary staff agency 'Kelly Girl'.



This also means, however, that the supposedly powerless, beneath the surface of their acquiescence, actually have levers of power; first, the power of refusal and protest but potentially the power at least to begin to create alternatives.

## The power of ‘the powerless’

In this context, Susan George’s observation becomes important not only to expose injustices of elite power and its exercise, but also as the starting point for identifying how to develop counter power. In other words, when inherited but flawed mechanisms/institutions for calling the powerful to account have been rendered all but useless, what other or new sources of power do people have – those at the receiving end of the powerful’s actions – as a result of their being indispensable to the powerful? To answer this question, we need to investigate exactly how power works.

To put it in the terms of another political analyst and former British MP, Tony Benn, who famously said:

*Benn observed then how sources of power accountable to no one beyond their own shareholders – banks, financial institutions, multinational corporations, media magnates – were wielding increasing and troubling power. Forty years later we see this strangling of democracy before our very eyes.*

There are five questions to ask about the powerful:

- What power have you got?
- Where did you get it from?
- In whose interests do you exercise it?
- To whom are you accountable?
- How can we get rid of you?

In the light of how limited the powers have become of the parliamentary institutions in which Benn so strongly believed and whose strength he was committed to restoring, there are two further questions raised by the essays in this book.

- How does your power (the power of the elite) depend on our acquiescence to (and reproduction of) it?
- How do you retain your power? How do you get away with what you do?

Benn's questions arose from direct experience of government in the 1960s and the 1970s and from the sense this gave him, that representative democracy was not all it claimed to be in terms of holding power to account. He observed then how sources of power accountable to no one beyond their own shareholders - banks, financial institutions, multinational corporations, media magnates - were wielding increasing and troubling power. Forty years later we see this strangling of democracy before our very eyes.

## The search for new sources of power

One response to this is to stiffen the resolve of our representatives and more significantly to internationalise representative democracy, as suggested by Leigh Phillips, but more common is the experimental (including the exploration of historical experiments) search for new sources of power. The essays of Gutiérrez, Postill and George and also, using a more historical perspective, of Kothari and Das, all point to significant examples of people working collectively to create social, economic, cultural and often political power, especially at a local and municipal level.

To understand the potential significance of these new and as yet insufficiently recognised forms of power, two theoretical foundations need to be laid: the first is laid out here by Elaine Coburn in her critique of the separation of the economic and the political, for the way it provided ideological legitimisation of liberal democracy and separated political procedures from material realities and economic power relations of citizens.

The second analytic foundation concerns a distinction between different forms of power.

## Two forms of power

On the one hand, there is 'power over'<sup>3</sup> which could also be described as power-as-domination, involving an asymmetry between those with and those over whom power is exercised. On the other hand is 'power to', 'power to do or transform' or 'power-as-transformative-capacity'. This is the power discovered by social movements as they move beyond protest to proposing practical, prefigurative solutions, from the student movements to the radical workers' movements to the feminist movements.

Frustrated by the workings of power-as-domination exercised by political parties of the traditional Left, these movements took power into their own hands, discovering through collective action various capacities to bring about change. This included women seeking to change their relations with men<sup>4</sup> and with each other, workers collectively improving their working conditions and extending control over the purpose of their labour<sup>5</sup> as well as community movements blocking eviction or land speculation and campaigning for alternative land-use policies for the wellbeing of their communities.

The distinction between the two forms of power is, I would argue, central to the search, illustrated in the essays of Postill, Gutiérrez, George, Kothari and Das, for appropriate forms of transformative democratic political organisation in a context of extreme fragmentation, precarity and dispersion of working people, whether in the Indian sub-continent or among the precarious 'cybertariat'<sup>5</sup> of the Southern and, more recently, Northern hemispheres. It is a search stimulated by the failures of the traditional parties of the Left to bring about the changes in which their supporters had believed and for which they had worked.

Moreover, it is a search taking place simultaneously with attempts by the ruling, market-dominated, order to appropriate and individualise the emancipatory aspirations of social movements. This attempted appropriation produced extensive ambivalence amongst movements in the 1960s and 1970s – over issues from gender and sexuality through to education and health – between personal freedom through market

choice and money on the one hand, and individual self-realisation through collaboration and solidarity in producing a good life for all, on the other. Take for example the women's liberation movement, whose language has been shamelessly plagiarised by commercial advertising to promote, bras, tampons, deodorants, and cars with images and slogans that evoke 'liberation', 'emancipation' and 'freedom'. Gay and lesbian liberation is both a market (as we see with the commercial celebration of the pink pound) and a political culture, and inspiration to political action (see the strong welcome given to *Pride*, the film celebrating the role of the gay liberation movement in solidarity with the 1984/5 miners' strike). The question of what are the conditions for individual realisation through mutuality as distinct from through money and the capitalist market is a theme that will recur as the socially destructive consequences of neoliberal politics becomes clear.

Historically, social-democratic and communist parties have been built around a benevolent version of the understanding of power-as-domination. Their strategies have been based on winning the power to govern and then using the 'levers' of the state apparatus paternalistically to meet what they identify as the needs of the people. The term 'paternalistically' is used here to highlight the social relations involved in the benevolent exercise of power-as-domination: as with the traditional power of the father over the child, the assumption is the inadequate capacity of the people to govern themselves.

The emergence of power-as-transformative-capacity had its contemporary origins in the rebellions of the late 1960s and early 1970s. A central and common theme of these rebellions was a challenge to all conventions and institutions based on deference to authority. The other side of the movements' rejection of these forms of authority was a pervasive and self-confident assertion of their own collaborative capacity.

Along with this self-confidence in their transformative abilities went inventiveness about forms of organisation that would build that capacity. While acknowledging the mixed and uneven legacy of the 1960s and 1970s, the distinctive legacy of these movements, that can help us understand

power-as-transformative-capacity, was their tendency to emphasise *the valuing and sharing of different kinds of knowledge*: practical and experiential as well as theoretical and historical. In their refusal to defer to authority, they broke the unspoken bond between knowledge and authority – the idea that those in power knew best, including what was best for you. The uncertain, experimental process of democratising knowledge, in practice, usually involved an emphasis on decentralised and networked organisational forms, sharing and developing knowledge horizontally and breaking from models that presumed an expert leadership and a more-or-less ignorant membership.

These radically democratic approaches to knowledge laid the organisational and cultural foundations that have underpinned social movements ever since, from the alter-globalisation movement of the late 1990s through to Occupy and the indignados. The emphasis on sharing knowledge and decentralisation also helped to create the conditions for the web – born as it was of the Californian counter-culture of the late 1960s<sup>7</sup> though realised through the genius of Sir Tim Berners-Lee, based in another technological research hub in Geneva and himself driven by the knowledge-sharing aspirations stimulated by the rebellions of the 1960s. This pre-history created a receptivity towards, and creativity with, techno-political tools in the evolution of transformative political organisation and a convergence between generations of activists. The essays of Gutiérrez and Postill highlight the significance of the use of these techno-political tools in confluences between different social movements and emancipatory political traditions.

## Changing nature of political agency

A question that will permeate debates and practical experiments in developing counter power throughout 2016 and beyond, is how far, and under what conditions, power-as-domination (essentially having control over state institutions, national and municipal) can be a *resource* or a source of facilitation for power-as-transformative-capacity. In other words, although there is a sharp distinction between these two types of power, they are not necessarily counter-posed. Power-as-domination

can in theory combine with or be a resource for power-as-transformative-capacity. For example, a change in the balance of power in society – often due in part to the widespread exercise of transformative capacity – can lead to progressive control over the state or progressive shifts within governing parties, which can in turn lead to some form of governmental support for a transformative movement.

Examples of this are evident with the political repercussions of feminism: in the UK, the cultural and social changes brought about by the pervasive impact of the women's liberation movement led to the Equal Pay and Anti-Discrimination Acts of the late 1970s and also to City Council initiatives to create Women's Centres, Rape Crisis Centres, an expansion of community nurseries and other public facilities responding to women's needs. These political achievements and the resources of both legal legitimacy and a redistribution of public resources in favour of women, in turn strengthened women's capacities to bring about further change.

In other words, political facilitation of the autonomous exercise of transformative capacity can lead to deep social changes of a kind that governments or municipal councils on their own, however radical their intent, are incapable.<sup>8</sup>

The character of political agency is complex and plural and its form necessarily varies according to the context and purpose – an election campaign entails a different kind of democratic organisation from that involved in the running of a women's centre.

Historically, the dominant view on the relationship between social movements and political parties was that leftist parties should be the voice of movements whose objectives they shared. A classic example is the Green Party, founded in the 1970s to give the growing anti-nuclear movement and the associated environmental consciousness a political voice. Experiences since of movements like feminism and workplace trade unionism with a strong sense of their autonomy and of political movements-cum-parties like the Workers' Party (Partido dos Trabalhadores, PT) in Brazil, the African National Congress (ANC) in South

Africa and Akbayan in the Philippines led to a recognition that many of the kinds of change that social movements were working for, and the kinds of knowledge, organisation and timetable that they needed are quite different from the imperatives of a political party engaged in electoral politics. Moreover, experience taught that movements' organisation and objectives could easily be compromised if they were subordinated to the imperatives of electoral timetables and disciplines and did not preserve an essential autonomy.

Political organisations, whether political parties or a new kind of political movement, are being experimented with and do not assume that they, through their national electoral aspirations, are the supreme voice of transformative politics. Such organisations tended to see their role as being or aiming to open up the resources of government office with different kinds of agency, whose transformative capacity lies in their roots in society. There is no single fully formed illustration of this – only emerging local experiences like Barcelona En Comu and other urban confluences brought to our attention here by Gutiérrez, or visions of an open, outward-reaching transnational alliance sketched here by Varoufakis.

Such projects are by their very nature fraught with tensions. One flows from the very different conceptions of knowledge underpinning our dominant, and dominating, political systems, and those being generated through the pragmatic day-to-day resistance of social movements. Politics, or rather political parties, seem to have an inherent tendency to close in on themselves - maybe in search of traditional forms of certainty, and linked to this predictability and with it a controlling, monopolistic conception of agency. The innovations, enhanced by the new information and communication technologies, of the new movements (culturally rooted in the 1960s' break of the historic bond between knowledge and authority), has been an ability, creatively to deal with uncertainty, to let go of control without losing the possibility of collaborative agency on the basis of shared principles and a broadly agreed purpose. These essays are intended as an intellectual resource for negotiating this uncertainty with all the critical faculties, openness, curiosity and pluralism that this entails. In other words, democracy is dead! Long live democracies!

## Endnotes

1. Knowledge of Western support for dictatorships where Western interests were at stake such as Saudi Arabia ; of oligarchic, authoritarian rule in Central and Eastern Europe and to the human rights abuses in China has not been widespread, especially in Western Europe and the US.
2. Panitch, L. and Leys, C. 2001. *The End of Parliamentary Socialism*. London: Verso. See for example the struggles led by Tony Benn to democratise the British Labour party, and equivalent processes in the French Socialist Party and the German Social Democratic Party
3. Bhaskar, R. (2008) *Dialectic The Pulse of Freedom* Routledge. London; Holloway, J. (2005) *Changing the World Without Taking Power* Pluto Press. London; Rowlands J (1997) *Questioning Empowerment: Working with Woman in Honduras* .Oxfam. Oxford.
4. Rowbotham,S. (1974) *Women: Resistance and Revolution*. Pelican. London
5. Beynon, H. (1975) *Working for Ford*. London: Penguin; Wainwright, H and Elliott, D. (1982) *The Lucas Story , A New Trade Unionism in the Making*.
6. Huws, U. (2014) *The Cybertariat Comes of Age; Labour in the Digital Economy*. Monthly Review Press New York.
7. Turner, F. (2006) *From Counter-culture to Cyberculture*. Chicago University Press
8. For example, after the passing of the Equal Pay Act of 1970 many women went on strike to insist that their employer comply, thereby exerting an inside power – and transformative capacity – of which government was incapable whatever its legal clout. Similarly, the Women’s Centres and Rape Crisis Centres were managed by women who either had been victims of male violence or through the women’s movement had supported women who had. This and the role of the women’s movement in taking these problems from a hidden private sphere into a public and eventually political sphere is a process distinctive of a social movement sharing the tacit knowledge and experience of women who would not normally lobby government or petition their political representatives.



# DEMOCRACY, POWER AND SOVEREIGNTY IN TODAY'S EUROPE

*Yanis Varoufakis*



## Summary

In a wide-ranging interview, former Greek Finance Minister Yanis Varoufakis, argues that the nation-state is dead and democracy in the EU has been replaced by a toxic algorithmic depoliticisation that, if it is not confronted, will lead to depression, disintegration and possibly war in Europe. He calls for a launch of a pan-European movement to democratise Europe, to save it before it is too late.

### ILLUSTRATION NOTE

*A worker at the workers' controlled Viomichaniki Metalleutiki (Vio.Me) factory in Thessaloniki. Vio.Me workers stopped being paid in May of 2011 and soon after the owners left. After a series of assemblies, the workers decided that together they would run the factory. The factory though continues to face threats of eviction and sale of its property and assets.*

*This interview was carried out by TNI's Nick Buxton with the former Greek Finance Minister Yanis Varoufakis in late December 2015.*

## What do you see as the main threats to democracy today?

The threat to democracy has always been the disdain the establishment has for it. Democracy by its nature is very fragile and the antipathy towards it by the establishment is always extremely pronounced and the establishment has always sought to undo it.

This story goes to back ancient Athens when the challenge to establish democracy was immense. The idea that the free poor, who were the majority, could be put in control of government was always contested. Plato wrote *The Republic* as a treatise against democracy, arguing for a government by the experts.

Similarly in the case of American democracy, if you look at the Federalist Papers and Alexander Hamilton you will see it was an attempt to contain democracy not to bolster it. The idea behind a representative democracy was to have the merchants represent the rest because the plebs weren't considered up to the task of deciding important matters of state.

The examples are countless. Just look at what happened to the Mossadeq government in Iran in the 1950s or the Allende government in Chile. Whenever the ballot box produces a result the establishment doesn't like, the democratic process is either overturned or threatened with being overturned.

So if you are asking who are and have always been the enemies of democracy, the answer is the economically powerful.

*So if you are asking who are and have always been the enemies of democracy, the answer is the economically powerful.*

## This year it seems democracy is under attack from entrenched power more than ever. Is that your perception?

This year is special in this regard as we had the experience in Greece where in the elections the majority of Greeks decided to back an anti-establishment party, Syriza, which came to power ‘speaking truth to power’ and challenging the established order in Europe.

When democracy produces what the establishment likes to hear then democracy is not a threat, but when it produces anti-establishment forces and demands, that’s when democracy becomes a threat. We were elected to challenge the Troika of creditors and it was at that point the Troika asserted quite clearly that democracy cannot be allowed to change anything.

### From your time as Greek Finance Minister, what did the experience reveal to you about the nature of democracy and power? Were the things that surprised you?

I went in with my eyes open. I had no illusions. I always knew that the European Union institutions in Brussels, the European Central Bank and others, were established as democracy-free zones by design. It wasn’t that there was a democracy deficit that crept up on the EU; from the 1950s, it was in fact set up primarily as a cartel of heavy industry, later

*I was astonished to hear the German finance minister say to me, verbatim, that elections cannot be allowed to change established economic policy.*

on co-opting the farmers, primarily the French farmers. And its administration was that of a cartel – it was never meant to be the beginning of a republic or a democracy where ‘we, the people of Europe’ rule the roost.

Regarding your question, a couple of things struck me. The first was the audacity with which it was made clear to me that democracy was considered irrelevant. In the very first

Eurogroup meeting that I attended, when I tried to make a point that I didn’t think would be contested – that I was representing a freshly elected government whose mandate should be respected to some extent, that it should feed into a debate on what economic policies should be applied to Greece – I was astonished to hear the German finance minister say to me, verbatim, that elections cannot be allowed to change established economic policy. In other words, that democracy is fine as long as it does not threaten to change anything! While I was expecting that to be the overall motif, I was not prepared to have it spelled out so bluntly.

The second thing that I would have to say I was less prepared for was, to rephrase Hannah Arendt's famous expression on the banality of evil, was the banality of the bureaucracy. I was expecting that the bureaucrats in Brussels would be quite disdainful of democracy, but I expected them to be suave and to be technically accomplished. Instead I was surprised to see how banal they were, and from a technocratic point of view how second rate they were.

## So how does power operate in the European Union?

The main thing that one should note about the EU is that the whole operation in Brussels is based on a process of depoliticising politics, of taking what are essentially profoundly, irrevocably political decisions and pushing them into the realm of a rules-bound technocracy, an algorithmic approach. This is the pretence that decisions about economies in Europe are simply technical problems in need of technical solutions to be decided by bureaucrats that follow pre-established rules, just like an algorithm.

So when you try to politicise the process, what you end up with is a particularly toxic kind of politics. To give you just one example. In the Eurogroup, we were discussing economic policy pertaining to Greece. The programme I inherited as Finance Minister set a target of a primary budget surplus of 4.5% of GDP, which I considered outrageously high. And I was challenging that on purely technical, macroeconomic theoretical grounds.

So I was immediately asked what would I like the primary surplus to be. And I tried to give an honest response, saying it had to be considered in the light of three key factors and figures: investment in relation to savings, the schedule of debt payments, and the current account deficit or surplus. I tried to explain that if we wanted to make the Greek programme work after five years of catastrophic failure that had led to the loss of almost a third of national income, we would have to look at these variables together.

But I was told that the rules say we should look only at one number. So I replied: 'So what?' If a bad rule is in place, we should change it. The

reply was: 'A rule is a rule!' And I would retort by saying 'Yes, this is a rule, but why should it be a rule?' At that point I received a tautological answer: 'Because it is the rule'. This is what happens when you move away from a political process to a rules-bound process: we end up with a depoliticisation process that leads to toxic politics and bad economics.

Another example I could give you is that, at some point, we were discussing the Greek programme and debating the wording of a communiqué to come out of that Eurogroup meeting. I said okay, let's mention financial stability, fiscal sustainability – all the things that the Troika and others wanted said – but let's also talk about the humanitarian crisis and the fact we are dealing with issues like widespread hunger. The reply I received was that this would be 'too political'. That we can't have such 'political wording' in the communiqué. So data on financial stability and budget surplus was fine, but data on hunger and the number of households without access to electricity and heating in the winter was not okay as it was 'too political'.

*This is what happens when you move away from a political process to a rules-bound process: we end up with a depoliticisation process that leads to toxic politics and bad economics.*

**But isn't this whole attempt at depoliticisation actually deeply political because neoliberalism is a political process?**

But they don't think of it this way. They have convinced themselves that there are certain rules that pertain to natural variables and equations and everything else is neither here nor there. That's how they think of it.

**Was it always doomed to fail or have there been particular processes or instances that have undermined democracy in Europe, such as the Maastricht Treaty?**

What I am about to share is more or less the topic of my book, which is coming out in April and is called *And the weak suffer what they must? Europe's crisis, America's economic future*. The title comes from the

Ancient Greek writer Thucydides and the debate he recounts between the Athenian generals and the defeated Melians, whom the generals eventually crushed.

The point I am making is this. Unlike the American, German or British state that emerged out of centuries of evolution, through which the state evolved as functional instrument for resolving different kinds of social conflicts, this was not true of the EU. For example, if you take the British state, the Glorious Revolution of 1688 was about putting constraints on the power of the monarchy as a result of clashes between the barons and the king, later reforms were the result of conflicts between the aristocrats and the merchants, then between the merchants and the working class. That is how a normal state evolves and it is how liberal democracies came into being.

But the EU didn't evolve like that at all. Its formation, as I was saying before, came about in 1950 as the European Community of Coal and Steel, which was basically a cartel like OPEC. And Brussels was established as the administrator of that cartel. So of course this was very different to a state. It was not about mitigating clashes between social classes and groups. The whole point of a cartel is to stabilise prices and restrict competition between its members.

The challenge for Brussels was initially how to stabilise the price of coal and steel, and then all other commodities and goods, in a cartel that spanned different monetary regimes and therefore six exchange rates. Without stable exchange rates between the currencies of this union, it would have been impossible to stabilise the Europe-wide cartel's prices across its six, initial, members. While the Bretton Woods system functioned (tying exchange rates to the dollar whose value was fixed at \$35 per ounce of gold), keeping European currencies aligned to one another was automatic. But when this system was blown up in 1971 by US Secretary of Treasury John Connally and others, the exchange rates of different European countries became unhinged. Germany's deutschmark started going up, the Italian lira started going down, with the French franc struggling to avoid the lira's path. This engendered huge forces that could tear the EU apart. Brussels could no longer stabilise its cartel. So that is where the need for a common currency emerged.

Since the early 1970s, there were various failed European attempts to replace the fixed exchange rate, which the Americans were managing until then, with a European system. The first was the European Currency Snake in 1972, in the 1990s of course we had the Europe Exchange Rate Mechanism, and then finally in 1992 to 1993, the euro was introduced with the Maastricht Treaty that bound monetarily various European states under one single currency, one money.

*Money is political and can only be political and any attempt to depoliticise it and hand it over to an unelected and unaccountable bunch of bureaucrats in Frankfurt (where the European Central Bank is based) constitutes, in effect, an abdication of democracy.*

But the moment they did that (without having any way of politically managing this currency area), then suddenly the process of depoliticising politics (which was always part and parcel of the European Union) became extremely powerful and started to destroy political sovereignty.

One of the few people who understood this well wasn't from the Left but the Right. It was Margaret Thatcher who led opposition to the Single Currency and actually spelled out the dangers very clearly. I opposed Thatcher on everything else, but on this she was right. She

said the person who controls money, monetary policy, and interest rates, controls the politics of the social economy. Money is political and can only be political and any attempt to depoliticise it and hand it over to an unelected and unaccountable bunch of bureaucrats in Frankfurt (where the European Central Bank is based) constitutes, in effect, an abdication of democracy.

**Why was Thatcher a sole voice of opposition given that this protected neoliberal interest, of which she was a very strong advocate?**

Thatcher was a Conservative, a Tory. While she was a pioneer of neoliberalism she also believed in a parliament's sovereignty and control over the political process. For her, neoliberalism was a political process



she believed in, but it was still important to her that the British parliament controlled the politics of neoliberalism. There was no parliament in the Eurozone, the Euro area has no parliament. The European Parliament is a cruel joke, it doesn't function as a proper Parliament. It is, at best, a simulation of parliament, not a real parliament, so for a British Tory, for whom the legitimacy of democracy comes from the legitimacy of sovereign power, from parliament, the euro seemed like a currency area destined to shrivel and die.

Interestingly, one of my greatest supporters while I was Greek Finance Minister was a Thatcher minister and once Tory Chancellor of Exchequer, Norman Lamont. We have even become friends. What we have in common is a commitment to democracy. We have very different views on what policies should be implemented as part of the democratic polity, but he was incensed by the way that unelected officials have run Greece's monetary and fiscal policies and crushed its economy into the ground.

### So, given that the UK stayed out of the euro, is it affected by the politics of the Eurozone?

Well, as we know Britain is going through the first phases of a campaign for a referendum on membership of the EU. It is a highly emotive conversation. I certainly believe that it was wonderful for the Brits that they stayed out of the euro, a stroke of fortune. But having said that, their economy is completely determined by the dungeon of the Eurozone so the notion they can escape its influence by voting to leave the EU is overoptimistic. They cannot leave.

Now, the British Conservatives that are supporting exit from the EU argue that they don't need the European Union; that they can have the Single Market without the straitjacket of Brussels. But this is a highly dubious argument, as the Single Market can't be imagined without common protection for workers, common ways of preventing exploitation of labour, or common standards for the environment or industry. So the idea you can have the Single Market without political union clashes with the political reality that the only way to have free trade these days is by

having common legislation on patents, industry standards, competition rules etc. And how can you have this legislation unless it is controlled by some kind of democratic institution or process that applies to every jurisdiction? So if you reject the possibility of a democratised European Union, you reject the possibility of a sovereign British parliament and you end up with atrocious trade deals, like TTIP.

## Where, then, is power in Europe?

This is an interesting question. On the surface, the only powerful people in Europe are Mario Draghi, head of the European Central Bank, and Angela Merkel, the German Chancellor. But having said that, they are not even that powerful themselves. I have seen Mario Draghi look extremely frustrated in Eurogroup meetings, at what was being said, at his own powerlessness, at having to do things that he thought were terrible for Europe. At the same time, Angela Merkel clearly feels circumscribed by the demands of her own parliament, her own party, on the need to keep a kind of *modus vivendi* with the French that she doesn't agree with.

So the answer to your question is that we have managed to create a monster in Europe, where the Eurozone is supremely powerful as an entity but where no one is in control. The institutions and rules that have been put in place in order to maintain the political equilibrium that set up the whole euro currency project disempowers almost every player that has anything to do with democratic legitimacy.

## But hasn't this process given huge power to the financial markets?

The financial markets don't have more power in Europe than in the USA or anywhere else.

Let's go back to 2008. In that year, after years of profligacy of the financial sector and criminal credit creation on their part, the financial institutions imploded and the captains of finance turned to governments and said 'Save us'. And we did, by transferring huge value from taxpayers to banks. This happened in the USA and in Europe, there was no difference there.

The problem is that the architecture of the EU and the Euro in particular was so terrible that this massive transfer of value from taxpayers, and especially from the weaker sectors of society to the banks, was not enough to stabilise the financial system.

Let me give you an example. Compare Nevada with Ireland. Their weather might be very different, but they are both of equal size in terms of population and have similar economies. Both economies are based on real estate, on the financial sector, on attracting corporations on the basis of very low corporate tax. Following 2008, both economies went into deep recession, primarily affecting the real-estate sector and the construction industry, developers who went bankrupt as house prices collapsed with the sub-prime market and resulting credit crunch.

The difference is how they were able to respond. Imagine the US dollar zones had been constructed in the same way as the Eurozone. Then the state of Nevada would have had to find money to bail out the banks as well as pay the unemployment benefits of the unemployed construction workers – and without the help of the Fed. In other words, Nevada would have had to go cap in hand to borrow from the financial sector. Given that the investors would know that the government of Nevada had no Central Bank to back it they either wouldn't lend to the state or wouldn't lend at reasonable interest rates. So Nevada would go bankrupt and so would its banks and the people of Nevada would lose their unemployment benefits or health and education services. So imagine, then, that the state went to the Federal Bank cap in hand to ask for help. And imagine the Fed said, we will give you a bailout and lend money on the condition that you reduce wages, pensions, unemployment benefits and pensions by 20%. That would allow the state of Nevada to meet payments in short run, but the austerity and reduction in incomes and pensions etc. would reduce Nevada's income so much and increase the debt through the bailout loans that Nevada would be finished. If that had happened in Nevada, it would have happened in Missouri, in Arizona, starting a domino effect across the USA.

So this is what I am saying. There is no difference in terms of the importance of the financial sector and its tyranny over democracy in the USA or Europe, but the difference is that in USA there is a consolidation

of institutions that are better able to deal with crises like these and preventing them from developing into a humanitarian crisis. The Americans learnt their lessons in the 1930s. The New Deal put in place institutions that act as shock absorbers, whereas in Europe we are back to where we were in 1929. We are allowing this competitive austerity together with bailout loans to destroy one country after another until the European Union turns against itself.

### So is it time to advocate for exiting from the euro? Won't returning to a national currency at least give more opportunity for democratic accountability?

This of course is a running battle I have with comrades in Greece. I grew up in a rather isolated Greek peripheral capitalist economy, with our own currency, the drachma, and an economy with quotas and tariffs that prevented the free flow of goods and capital. And I can assure you it was a pretty bleak Greece, certainly no socialist paradise. So the idea that we must recoil to the nation-state in order to create a better society is to me particularly silly and implausible.

Now, I wish we hadn't created the euro, I wish that we had kept our national currencies. It is correct that the euro was a disaster. It created a monetary union that was designed to fail and which guaranteed untold hardship for the peoples of Europe. But having said that, there is a difference in saying we should not have created the euro and saying we should now get out. Because of what we call in mathematics, hysteresis. In other words, getting out won't return us to where we were we would have been before we entered or where we would be had we not entered.

*We are allowing this competitive austerity together with bailout loans to destroy one country after another until the European Union turns against itself.*

Some people talk about the example of Argentina, but Greece was not in the state that Argentina was in 2002. We don't have a currency to devalue vis-à-vis the euro. We have the Euro! To get out of the euro

would mean creating a new currency that takes about a year to do to then devalue it. That would be equivalent to Argentina announcing a devaluation 12 months in advance. This would be catastrophic, because if you gave investors that much notice – or even ordinary citizens – they would liquidate everything, take the money out in the time you have given in anticipation of a devaluation, and there would be nothing left standing in the country.

Even if we could collectively return to our national currencies throughout the Eurozone, countries like Germany, whose currency has been suppressed as a result of euro, would see their exchange rates skyrocket. This would mean that Germany, which has very low unemployment at the moment but a high percentage of high working poor, would see those working poor become unemployed poor. And this would be repeated everywhere in North Eastern and Central Europe, in the Netherlands, Austria, Finland – in what I call the surplus countries. Meanwhile in places like Italy, Portugal and Spain, and France too, there would be simultaneously a very sharp fall in economic activity (because of the crisis in places like Germany) and a large increase in inflation (as new currencies in those countries would devalue very significantly, causing the import prices, of oil, energy and basic goods to take off).

So if we return to the cocoon of the nation-state, we are going to have a fault line somewhere along the River Rhine and the Alps. Everything to the east of the Rhine and north of the Alps would become depressed economies and the rest of the Europe would be in the territory of stagflation economics, of high unemployment and high prices.

This Europe could even produce a major war or, if not an actual war, so much hardship that nations would turn against each other. Either way, Europe would, once again, sink the world economy. China would be devastated by this, and the half-hearted US recovery would be gone. We would have condemned the whole world to at least one lost generation. Out of such an event, I counsel my friends that the Left never benefits. It will always be the ultra-nationalists, the racists, the bigots and Nazis that benefit.

## So can the euro or European Union be democratised?

Let's conflate the two for now. Can Europe be democratised? Yes I think it can. Will it? I suspect it won't. So what will come? If you ask for my prediction, I am very gloomy, pessimistic. I think the democratisation

*I think with issues of society and politics, we have a moral and political duty to be optimistic and to say okay, of all the options available to us, which is the one least likely to cause catastrophe?*

process has a very small chance of success. In which case we will have disintegration and a bleak future. But the difference when we are talking about society or the weather is the weather doesn't give a damn about our predictions, so we can afford to sit back and look at the sky and say I think it will rain because such talk will not influence the probability of rain. But I think with issues of society and politics, we have a moral and political duty to be optimistic and to say okay, of all the options available to us, which is the one least likely to cause catastrophe? For me, that is an attempt

to democratise the European Union. Do I believe we will succeed? I don't know, but unless I have hope that we can I can't get out of bed in the morning and go around do stuff.

## Is democratising Europe a matter of reclaiming fundamental principles or about developing a new concept of sovereignty?

It's both. Nothing is new under the sun. The concept of sovereignty doesn't change, but the ways it is applied to multi-ethnic and multi-jurisdictional areas like Europe has to be rethought. There is an interesting debate that happens mainly in Britain, as the rest of Europe doesn't seem interested. It was always frustrating trying to convince the French and the Germans that there is a profound difference between a Europe of Nations and a European Union. The Brits understand this better, especially the Conservatives, ironically. They are supporters of Edmund Burke, anti-constructivists who believe there has to be a one-to-one mapping between nation, parliament and money: one nation, one parliament, one money.

When I ask my Tory friends, 'But what about Scotland? Are the Scots not a bona fide nation? If so, should they not have a separate state and currency?', the answer I get takes the form: Of course there is a Scottish, Welsh, and English nation and not a UK nation, but there is a common identity, forged as result of wars of conquest, participation in Empire and so on. If that is true, and it may be, then it is possible to say that different nationalities can be bound together by an evolving common identity. So this is how I would like to see it. We are never to going to have a European nation, but we can have a European identity that corresponds to a sovereign European people. So we preserve the old-fashioned concept of sovereignty but we link it to a developing European identity, that is then linked with the single sovereignty and a parliament that keeps checks and balances on executive power at the level of Europe.

At the moment, we have ECOFIN, the Eurogroup, and the European Council making important decisions on behalf of the European people, but these bodies are not answerable to any parliament. It is not good enough to say that *members* of these institutions are answerable to their national parliament, because members of these institutions, when they go back home to appear in front of their national parliament, say 'Don't look at me, I disagreed with everything in Brussels but I didn't have power to effect a decision so I am not responsible for the Eurogroup's or Council's or Ecofin's decision'. Unless institutional bodies can be censured or dismissed *as a body* by one common parliament, you don't have sovereign democracy. So that should be the objective in Europe.

### Some would argue that this would slow down decision-making and make it ineffective.

No, I think it wouldn't slow down decision-making, it would enhance it. At the moment because we don't have this kind of accountability, no decisions are made until it is impossible not to act. They keep delaying, delaying, denying a problem for years and then always fudging a result at the last possible minute. This is the most inefficient system ever.

## You are involved right now in launching a Democracy in Europe Movement. Tell us about that.

The silver lining to the way our government was crushed last summer is that millions of Europeans have been alerted to the way Europe is run. People are very, very angry, even people who disagreed with me and us.

So I am touring Europe now going from one country to the next trying to raise awareness of the common challenges we face and the toxicity that arises from the lack of democracy. That was the first step. The second step has been to put a draft manifesto out there as manifestos are important as they concentrate the mind and can become a focal point for people who are angry and worried and want to participate in a process of democratising Europe.

So in the coming weeks, we will be staging a significant event in Berlin (9 February), held there for obvious symbolic reasons, to launch the manifesto and call upon Europeans from all 28 member states to join us in a movement that has one simple agenda: to either democratise the EU or abolish it. Because if we allow the present undemocratic bureaucratic structures and institutions of Brussels, Frankfurt and Luxemburg to continue to run policies on our behalf we are going to end up in the dystopia I described earlier.

After the Berlin event, we plan a series of events around Europe that will give our movement the necessary impetus. We are not a coalition of political parties. The idea is that anyone can join independently of political party affiliation or ideology because democracy can be a unifying theme. Even my Tory friends can join, or liberals who can see that the EU is not merely insufficiently democratic but, rather, anti-democratic and, for this reason, economically incompetent.

In practical terms, how do we envisage our intervention? The model of politics in Europe has been based on nation-specific political parties. So a political party grows up in a particular country, there is a manifesto that appeals to citizens of that country, then once the party finds itself



in government, only the (as an afterthought) attempts are made to build alliances with like-minded parties in Europe in the European Parliament, Brussels and so on. As far as I am concerned, this model of politics is finished. The sovereignty of parliaments has been dissolved by the Eurozone and the Eurogroup; the capacity to fulfil one's mandate at the level of the nation-state has been eradicated and therefore any manifestos addressed to citizens of a particular member state become theoretical exercises. Electoral mandates are by design now impossible to fulfil.

*To those who want to know what we want now the answer is: Transparency!*

So instead of going from the nation-state level to the European level, we thought we should do it the other way around; that we should build a cross-border pan-European movement, hold a conversation in that space to identify common policies to tackle common problems, and once we have a consensus on common Europe-wide strategies, this consensus can find expression of that at the nation-state and regional and municipal levels. So we are reversing the process, starting at the European level to try to find consensus and then moving downwards. This will be our modus operandi.

As for the timetable, we have split the next decade into different timeframes because we have at most one decade to change Europe. If we fail by 2025 then I don't think there will be a European Union to save or even talk about. To those who want to know what we want *now* the answer is: Transparency! At a minimum, we are demanding that EU Council, ECOFIN and Eurogroup meetings should be livestreamed, European Central Bank minutes published, and documents related to trade negotiations like the Transatlantic Trade and Investment Partnership (TTIP) should be available online. In the short to medium term, we shall be arguing for the redeployment of existing EU institutions, within the existing (however terrible Treaties), with a view to stabilising the ongoing crises in the realms of public debt, underinvestment, banking and increasing poverty. Lastly in the medium to long term, we shall be calling for a Constitutional Assembly to be convened by the peoples of Europe, empowered to decide on a future democratic constitution that will replace all existing European treaties.

We seem to be living in both a hopeful but also difficult time. We see the growing popularity of parties such as Podemos in Spain, the Left in Portugal, Jeremy Corbyn in the UK and so on, but at the same time we have the experience of Syriza being unceremoniously crushed by the Troika. What hope do you hold out for these popular rejections of austerity politics given Syriza's experience?

I think the rise of these anti-austerity parties and movements shows clearly that European peoples, not just in Spain and Greece, have had a gutful of the old kind of politics, the consensus-centred policies that have reproduced the crisis and pushed Europe onto a path that leads to disintegration. There is no doubt about that.

The question is how can we harness that discontent? In our case in Greece we have failed. We have a major disconnect between the leadership of the party and the people who voted for it. So this is why I believe the focus on the nation-state is beyond its sell-by date. If Podemos enter government, they will do so under the same extremely constraining conditions imposed by the Troika – just like the new government under formation in Portugal. Unless such progressive parties are bolstered by a pan-European movement that exerts progressive pressure everywhere and at once, they will end up frustrating their voters, forced to accept all the rules that prevent them from fulfilling their mandates.

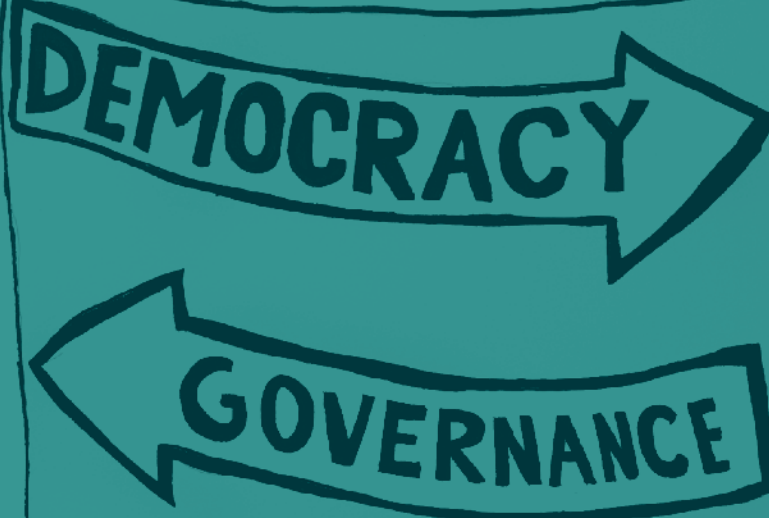
This is why I put my emphasis on building a pan-European movement. It is because the only way of changing Europe is to do this by a groundswell that rises throughout Europe. Otherwise the protest vote manifesting itself in Greece, Spain, the UK, Portugal, if it is not synchronised everywhere, will eventually dissipate, leaving behind it nothing but the bitterness and insecurity produced by Europe's unstoppable fragmentation.



*Yanis Varoufakis is an academic economist and was Greece's Minister of Finance for seven months in 2015. He voted against the terms of the Troika-imposed 3rd Greek bailout agreement in August 2015. He is currently involved in launching a Democracy in Europe movement. Author of many books and texts on the financial crisis, economics and game theory, he is the author of the forthcoming "And the Weak Suffer What They Must? Europe's crisis, America's economic future." New York: Nation Books.*

# A GLOBAL POST- DEMOCRATIC ORDER

*Leigh Phillips*



DEMOCRACY

GOVERNANCE



## Summary

In the era of globalisation, the steady removal of decision-making from democratic chambers by EU elites is serving as a blueprint for post-democratic governance around the world. Progressives must be ambitious and start putting forward ideas for a democratic world government as a viable alternative.

### ILLUSTRATION NOTE

*In 1999 during the World Trade Organization summit held in Seattle, activists scaled a crane and with one banner showing two opposing arrows (one democracy and one WTO) unveiled the beginnings of a global shift to post-democracy. We need global responses to global crises but what would a progressive proposal for global governance look like?*

After the Greek debacle and the taming of the radical left government of Alexis Tsipras's Syriza by the European Union, the debate over the undemocratic nature of the EU and whether there is any potential for progressive reform has now spread across the bloc.

There are, broadly, two main and sharply divided positions on the left in Europe. The first is that, however deplorable the brutalising of Greek democracy by the Troika, this is merely a reflection of the weakness of the left in each of the EU's 28 member states. As a result, the centre-right controls all three main institutions of the EU. If the left were at the helm in more countries and thus in the EU institutions, things would be different. One version of this argument holds that the structures of the EU are not at fault, or at least can be reformed; it is the Eurozone that is responsible for the disaster. Look at all the tremendous environmental, health and safety, and human rights protections that the EU has passed, they argue. Europe must be reformed, of course, but exit or disintegration would be cataclysmic. Such progressives tend to see themselves as internationalists and cosmopolitans and add as a warning that a retreat from the EU would only open the door further to nationalism and the far right.

The British Green MP and former member of the European Parliament (MEP) Caroline Lucas encapsulated this position well early in 2015 when she warned against British progressives adopting a stance in favour of exit, commonly called 'Brexit', from the bloc: "It's easy to blame the EU when free-market economics tramples across our continent's welfare states, but it's governments like our own who have overseen the EU becoming a byword for greater liberalisation, deregulation and privatisation", she said. "The left lost the last election in Britain —giving Tories a seat at the top table in Europe. Perhaps we'd be better off reflecting on our own failings to successfully inspire hope and unity, rather than kicking out at the EU."<sup>1</sup>

Advocates of the 'reform' position add that once outside the EU, markets would hardly be any less vicious towards and disruptive of a country's democracy than the Troika. They are not wrong on this last point.

The second position holds that the Greek debacle is merely the latest episode in a long line of breaches of democratic norms and that the EU is structurally undemocratic and unreformable. As a result, rupture with the EU and retreat to the nation-state is the order of the day.

*In the era of globalisation, the steady removal of decision-making from democratic chambers by EU elites is serving as a blueprint for post-democratic governance around the world.*

The partisans of this position also claim to be internationalists, but for the most part understand the word as meaning solidarity between nations rather than a transcendence of the nation-state. The banners dropped from the Acropolis that read “Peoples of Europe, rise up!” are emblematic of this position. For them, there are only the plural peoples of Europe, not a singular people of Europe. For them, there is no European demos. They cannot imagine one. They do not want one.

Advocates of the ‘rupture’ position also point out that the existence of the EU has hardly prevented the growth of nationalism and the far right. They too are not wrong on this last point.

Both positions, however, ignore the key issue at stake: in the era of globalisation, the steady removal of decision-making from democratic chambers by EU elites is serving as a blueprint for post-democratic governance around the world, at the global, continental, national, and even local level. The rallying cry should go beyond reform (however welcome this might be) or rupture (however necessary this might be), and take up once again the demand of Spanish anti-austerity protesters in 2011, of Real Democracy Now—at all levels throughout society, both within and beyond the nation-state.

## Post-democracy in the EU

First, I want to take apart the idea that the EU only reflects national politics and that it’s the Eurozone that’s the problem. This has things the wrong way round. The problems of the Eurozone flow from an underlying undemocratic structure. A single currency in a genuinely

democratic Europe with cash transfers from rich to poor regions would not cause fiscal imbalances. Focusing on the Eurozone alone is mistaking the symptom for the cause.

The reality is that post-democratic structures that govern the Eurozone also exist across the EU and precede the introduction of the euro. The European Commission is unelected. The members of the Council of Ministers and its top-level incarnation, the European Council, are only indirectly elected and craft laws in secrecy with neither press nor public allowed to witness their proceedings. On a day-to-day basis, those legislating in the Council are not even national ministers, but the haggling diplomats of the Committee of Permanent Representatives (or 'Coreper') and its dozens of subcommittees and working groups who all, again, operate in secret away from the scrutiny of voters.

National parliamentary or congressional committees generally operate in public, with the rare exception of those bodies overseeing the various departments dedicated to foreign espionage, domestic surveillance and war strategy. In other words, the sort of confidential and concealed statecraft historically reserved for the supervision of spies, assassins, chemical and nuclear weapons research, arms procurement, bio-safety and treaty-making with enemy states is now the quotidian norm for European law-making covering agricultural subsidies, regulation of industry and finance, and, above all, labour markets and social programmes.

The president of the European Council—regularly styled European President—is likewise unelected, but selected behind closed doors after hours of horse-trading by the heads of state and government, rather like a secular pope. The sole directly elected institution of the EU legislative sausage factory, the European Parliament, has no right of legislative initiative—that is to say, it cannot propose and pass laws; it can only amend what the Commission and Council send to it for approval. These powers are not nothing, and corporate and NGO lobbyists are as attracted

*the sort of confidential and concealed statecraft historically reserved for the supervision of spies... is now the quotidian norm for European law-making*



to the parliament's twin seats in Brussels and Strasbourg as they are to the US Congress in Washington, but being restricted in this way makes it like no other parliament in the democratic world. MEPs are not the representatives of a sovereign European people, but fart-catchers to the grand functionaries of EU technocracy.

If voters disagree with the policies of this European 'government', there is no way to vote them out, no general election that can 'get rid of the bastards'. Yet if this European government disagrees with the preferences of voters in national elections or consultative processes, it habitually bullies national leaders into annulling the results of elections, referenda or plebiscites that go the 'wrong' way. Irish voters were told they had to vote a second time after they rejected the Nice Treaty, as they were again after they voted down the Lisbon Treaty. And the Lisbon Treaty itself was simply the European Constitution under a different name after it had been rejected by French and Dutch voters in 2005.

Similarly, the drive to remove fiscal policy (and indeed any policy) from the realm of contestatory parliamentary debate and place such policy in the hands of supposed economic 'experts', bureaucrats, diplomats and European Court of Justice judges exists across the EU structures, not merely in the Eurozone. All 28 member states are subject to the neoliberal Stability and Growth Pact that entered into force in 1998 and enforces "fiscal discipline". And since the Eurozone crisis, the EU as a whole, not merely the states within the single currency, have sought and achieved even deeper fiscal policy integration.

Under the European Semester system introduced in 2011 in which domestic fiscal policies are vetted by the EU, all member states—not only those in the Eurozone—must submit their economic plans to Brussels. There are slightly different rules for those who do not use the euro, but these are largely cosmetic. And the severe tightening of economic rules that occurred under 2012's Fiscal Compact, with its stricter supervision and penalties, likewise covers all but three of the non-Eurozone states as well. The Eurozone just gets two extra bits of anti-democratic venality: the unelected monetary lords of the European Central Bank, and the

Eurogroup, a body that does not formally exist in law but is among the most powerful entities in the European system.

In truth, one should not speak of the EU and the Eurozone as two distinct but overlapping entities, but rather of an EU in which there is a spectrum of post-democratic fiscal and monetary integration. There are four different categories of party to the Fiscal Compact, for example: Eurozone members, non-Eurozone members, non-Eurozone members that are bound by the fiscal but not economic-coordination provisions, and non-Eurozone members that are neither bound by the fiscal nor

*These are not merely bad policies that in principle could be undone in the future; they are treaties... that permits neoliberalism to be ratcheted up.*

economic-coordination provisions. The three member states (Croatia, the Czech Republic and the UK) outside the Compact are expected to join at some point in the future, with ongoing pressure to convince them to do so.

These are not merely bad policies that in principle could be undone in the future; they are treaties and treaty-like instruments that transform the very structures of the European

state in such a way that permits neoliberalism to be ratcheted up. This is because these contracts between states trump democracy under the legal principle *Pacta sunt servanda* (agreements must be kept). "Every new government needs to fulfil the contractual agreements of its predecessors", as German finance minister Wolfgang Schäuble put it after Syriza's election victory in January 2015, "Elections change nothing". European Commission President Jean-Claude Juncker said at the same time: "There can be no democratic choice against the European treaties".

## Elections without accountability

Defenders of EU's current structures regularly point to the Council of Ministers/European Council as supposed evidence of its democratic mandate, because ministers and prime ministers or presidents are at least elected in their own countries. Indeed, there is a category of apologist for Angela Merkel and Wolfgang Schäuble who argue that Greek democracy should not trump German democracy, in order to

defend the way that Syriza's electoral mandate was blatantly ignored. But in fact, the Council is the heart of the problem. The Council operates as a senate-like legislative chamber, yet there are no elections to this body. It is as if you were permitted to vote for your local MP, but there were never any general elections.

Why is this such a big problem, though, and why does it result in all these other undemocratic outcomes?

General elections to legislatures, and not merely local elections or an endless series of by-elections, are a primary requirement of a democracy for two reasons. First, voters need a regular chance to 'overthrow' their rulers, not merely their local representative. In a general election, if the elected local candidate is not a member of the party or coalition of parties that wins nationally, local voters may grumble, but they accept that the majority rules, and will now just have to work over the next five years to convince everyone else that they were wrong. This is not possible in the EU. Instead, the newly elected members have no choice but to adapt themselves to the pre-formed consensus.

Second, the parties seeking office need to have a material interest in appealing to every part of the country—or in this case, every part of the Union. Contrast those politicians standing for election in the USA, where both main parties have an interest in appealing to voters in all states, with those German politicians (or diplomats) who sit in the Council, who do not make any appeals to voters in Greece. It simply does not matter to German politicians what happens in Greece, because Greek voters do not vote for them.

These two phenomena are sides of a single coin: accountability, which is the bedrock of representative government. Accountability is not some 'bourgeois concern' or object of fascination to liberal constitutional experts alone and of little interest to progressives or radicals. As governance structures become steadily cut off from democratic restraint, they become much more open to elite capture. Without popular checks on power, citizens begin to feel that there is no way to change who governs them.

The general election offers such a check, permitting the people a regular chance to achieve 'peaceful revolution', if you will. If the opportunity for peaceful revolution is denied, then violent revolution once again becomes the only way to topple our rulers.

## Global post-democracy

Even Pascal Lamy, former head of the World Trade Organization (WTO) and ex-European trade commissioner, recognises this conundrum, not just with the EU but with the full host of transnational governance structures that have emerged in recent decades. He notes a distinction between the primary democratic legitimacy of elections to legislatures and 'secondary legitimacy' of these new bodies.

The legitimacy of international organisations remains intrinsically Westphalian. It is based on state democracy, and only provides for what I call 'secondary legitimacy'—as opposed to the 'primary legitimacy' conferred by the direct participation of citizens. The specific challenge of legitimacy in global governance is to deal with the perceived too-distant, non-accountable and non-directly challengeable decision-making at the international level.<sup>2</sup>

Alongside Lamy's concept of secondary legitimacy, we can add Polish sociologist Zygmunt Bauman's concept of a 'crisis of agency' in international relations to describe the current impasse: "The wedding between power and politics that was signed in Westphalia has been annulled. While politics (the ability to decide which things ought to be done) is confined to the level of the nation-state, power (the ability to get things done) has shifted to a supra-national level. This has resulted in a crisis of agency: States are entangled in international networks and lose their sovereignty, while global markets are cut off from any guidance and supervision", he says. "Closing the gap between the scope of interdependence and the reach of institutions called to service it is the most important challenge of our time."<sup>3</sup>

Such post-democratic international governance structures—electionless intergovernmentalism—are popping up like weeds today in almost

every possible policy area, from the International Monetary Fund (IMF), the UN Security Council and G7, to the WTO and the Transatlantic Trade and Investment Partnership (TTIP), to the United Nations Framework Convention on Climate Change (UNFCCC), the Intergovernmental Platform on Biodiversity and Ecosystem Services, and even the International Whaling Commission. We are living in the era of construction of an architecture of global governance—which is certainly necessary given the global problems we face—but in the absence of, or more often antipathy towards, global democracy.

## What way forward in a post-democratic order?

The EU is the most highly developed of all these bodies suffering from the problem of secondary legitimacy. And as we have seen, the EU, not just the Eurozone, is an affront to parliamentary democratic norms that the left has fought to establish, defend and advance for more than two centuries. Its structures are not reformable; indeed the very structures work to inoculate themselves against progressive reform. If reform is impossible, then overthrow is required. As with the American colonists in 1776, who went from a position of petitioning the king to ridding themselves of him, we must realise that a divorce is necessary. Steps along this line in the case of Greece mean Grexit, and in the UK, Brexit.

Nevertheless, progressives are somewhat stuck. In times of growth, social democratic governments share out the spoils more fairly than do right-wing governments. In times of crisis or stagnation, they share out the pain more fairly. Social democratic parties never ask why there is crisis or stagnation in the first place, for this would require a systemic and extra-national critique, a critique that has been deemed beyond the pale for the last 25 years. Yet at the same time, they understand that they cannot fulfil their historic promise.

In a globalised economy, the type of social democracy that characterised the 1940–1970 period is no longer possible, even in large economies. Capital flight and economic sabotage will quickly tame a left-wing government. We have known this since the early 1980s and the defeat

of Mitterrand's 'Common Programme', the last gasp of post-war high-Keynesianism: a raft of grand public works, a significant increase in social spending, industrial and banking nationalisations, reduction in working hours, increase in paid holiday, retirement at 60, and a solidarity tax on wealth. In very large economies such as the USA, China, or Europe, a traditional social democratic programme may still be viable, able to withstand the slings and arrows of global markets, but we do not know for sure.

The Greek debacle provides evidence that, in a globalised economy, even left-of-social-democracy governments such as Syriza must capitulate. This would be true for a Podemos government in Spain or a Jeremy Corbyn-led government in the UK. And this insurmountable barrier is present also for the extra-parliamentary left; community solidarity efforts are necessary, but they cannot afford to purchase medicines manufactured elsewhere, to give just one example of the concrete limitations of street politics. For Greece, to imagine that outside the Eurozone, markets would be any friendlier than EU structures is a delusion. Catastrophe is assured whether in or outside the euro, whether in or outside the EU. Former Greek finance minister Yanis Varoufakis was absolutely correct to warn of the dangers of Grexit, even as he recognised that at a certain point it may be the only remaining option.

*How, then, are these two facts reconcilable: that nation-based politics is impotent and yet that there must be rupture with the unreformable EU*

How, then, are these two facts reconcilable: that nation-based politics is impotent and yet that there must be rupture with the unreformable EU? It can only follow that there is no use for nation-based politics any more, even of the form of a Syriza or its equivalents elsewhere in Europe, and that over the medium term European parties to the left of social democracy both in and outside the EU must fuse into a single, extra-national party with a common programme: a democratic and social United States of Europe, built afresh from the ground up.

There is no parliamentary forum through which this could be implemented.

The European Parliament, as argued above, has no powers of legislative initiative. The lack of general elections to the Council likewise precludes this body as a venue for reform. It can be achieved only through a decisive pan-European victory of social forces.

## Going global

And we must extend this argument with respect to the emerging network of intergovernmental global governance structures.

The primary argument of campaigners against the TTIP agreement between Europe and the USA, and its 'little brother', the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada, is not that they will work to undermine safety regulations, workers' rights, environmental protection and food standards, although they will indeed do all of that. The argument is that the agreements are a threat to democracy via the inclusion of Investor State Dispute Settlement (ISDS) language like that of Chapter 11 of NAFTA and many other trade deals that in effect establish an extra-national legal system that permits corporations to sue governments if they believe domestic legislation will limit the profits they expected to make. In a recent example of the phenomenon, the Veolia group, a French water services multinational, is currently suing the Egyptian government over a rise in the minimum wage, employing the ISDS language in an investment treaty between France and Egypt in order to do so. The affront here is not the possibility of a reduction in the minimum wage, but that unelected trade tribunal judges, using the provisions of a treaty, have the capacity to overturn democratically enacted legislation.

And here is where we must pause and consider once again the arguments of those who defend the EU out of support for what some consider to be its progressive environmental, health and safety and human rights protections. If the *overturning* of democratically approved legislation is to be opposed, then what is essentially the same thing, the undemocratic *imposition* of legislation, must also be opposed. If something is undemocratic, then it is undemocratic whether we like its results or not.

So when many environmental activists were calling for the outcome of the negotiations of the parties to the UNFCCC held in Paris in December 2015, to be legally binding so that countries would be forced to enact stringent greenhouse-gas mitigation activities (presumably through the imposition of fines upon delinquent states) it may have been understandable why they wanted such a stick. Climate change of course poses a grave threat to our way of life. But in calling for such post-democratic sanction, they are no different from the European Central Bank when it toppled Silvio Berlusconi in 2011. Berlusconi is a villain of the first order, but it was for Italian voters, not unelected bankers, to get rid of him.

Yet climate change, no less than the European economy, and many other policy areas besides, from trade to the internet, to biodiversity, to antibiotic resistance to preventing collisions by near-Earth asteroids, are phenomena that cross many borders. There is a slew of treaties, organisations and agencies that form the scaffolding of the emerging global governance structure regulating and superintending everything from nuclear weapons to the fishing of halibut, and all of them embody electionless intergovernmentalism. The 2007–08 financial crisis saw various iterations of the 'G's, the G7, G8, and G20, and a host of other Groups, Committees and Clubs both formal and informal, attempt to steer the global economy away from the rocks.

And these subjects do need to be governed by legislation. How, then, are we to decide what to do, what policies to adopt, across borders but in a democratic fashion?

There are many who will argue that because of the vital necessity of cross-border governance of these subjects, we have no choice but to accept these post-democratic structures for the time being. There are others who will demand they be torn down precisely because of their post-democratic nature. This binary is the global equivalent of the divergence between those who call for reform of the EU and rupture with the EU.

Here too, as with the call for an overthrow of the EU in order to construct a United States of Europe, we must begin to open ourselves up to grand ambitions. The network of post-democratic intergovernmental structures must be replaced with true global democracy. Elites recognise that there



are many areas beyond the nation-state that need to be governed, but they are loath to subject such decision-making to the democratic process for fear that the people might *vote the wrong way*. It is one thing for the

right to lose a national election; it's another thing entirely for the right to lose the whole world.

*The network of post-democratic intergovernmental structures must be replaced with true global democracy.*

So progressives must begin to match the scale of their ambition, by putting forward ideas for a democratic world *government* to replace post-democratic world *governance*. By definition, it cannot be imposed from above, but must be won from below. The left has for decades, perhaps hundreds of years, argued that one

day, global democracy would be achieved, but until now this has always been something for the far-off future, an abstract dream, a wistful singing of *The Internationale*.

But it is not abstract any more. It's happening. Now is the time to begin discussing what global democracy would look like concretely and to start to build it.

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*This essay involved a reworking and extension of arguments made elsewhere, including in Red Pepper magazine, the Statewatch journal and the EUobserver online newspaper.*

## Endnotes

1. Available at: <http://www.theguardian.com/commentisfree/2015/jul/16/greece-progressive-reform-europe-david-cameron>
2. Speech to the European University Institute in Florence, 19 January 2011, available at: [https://www.wto.org/english/news\\_e/sppl\\_e/sppl187\\_e.htm](https://www.wto.org/english/news_e/sppl_e/sppl187_e.htm)
3. Lecture to the Van Leer Jerusalem Institute, 20 February 2013, available at: <https://www.youtube.com/watch?v=9l4tUtubtqU>

# ECONOMICS AS IDEOLOGY: CHALLENGING EXPERT POLITICAL POWER

*Elaine Coburn*



## Summary

Often, economics appears boring, but this narrow, mostly male dominated profession decides on matters intimately bound up with questions of power, democracy and vital matters of health, education, social welfare and the environment. Meaningful democracy requires the participation of ordinary people in economic debates, so that they can shape their own lives in solidarity with others. As the disability movement reminds us: “Nothing about us, without us!”

### ILLUSTRATION NOTE

*A headline in a financial paper about an “unchanged dividend” at Hoechst pharmaceutical company hides a whole political economy, one in which, for example, the company may draw upon centuries-old traditional knowledge and then patent this as the private “intellectual property” of the Hoechst company.*

Who is an expert about the economy? This question might seem distinct or distant from matters of political power and debates about the best way to encourage participatory, democratic decision-making. Worse, it might seem boring, disconnected from everyday life. Yet the fact that economic questions are often, if not always, considered to be separate from questions of power and democracy and from everyday concerns is itself an ideological achievement. Economic decisions then become technical policy matters decided by certified specialists, typically if not always economists, and finance and trade analysts. In practice, these experts are a narrow social elite: overwhelmingly male, representing a few, powerful countries and typically graduates of a small number of US or European universities. Even when these experts are women or come from more diverse national backgrounds they tend to be educated at the same universities and to operate within a shared, narrow paradigm. In these ways, many economic matters are removed from meaningful, wide-ranging democratic debate and become the special domain of a few, consensual experts. Indeed, economists sometimes compare themselves to physicians with specialised technical knowledge, their expertise no more subject to lay debates than medical diagnoses and treatment.

This situation is a problem for those who believe that ordinary people should have a say in decisions that affect them<sup>1</sup>, because questions that are often construed as narrowly economic matters have consequences for health, education, social welfare and the environment, among other concerns. Moreover, economic policies presented as “technical” solutions are often, in fact, about bringing about politically charged social transformations. These transformations are typically in the interests of a few, powerful actors, popularly referred to as “the 1%”, but legitimated by arguments presenting them as necessary, reasonable and in the interests of all.

There are, however, important challenges to expert policies that further the interests of powerful actors at the expense of the many, as well as to the paradigms underlying such policies. These challenges include initiatives by social movement organisations such as Development Alternatives

with Women for a New Era (DAWN), which emphasises feminist political economy perspectives from the Global South, and Focus on the Global South, which seeks to develop alternatives to “neoliberalism, militarism and corporate-driven globalisation” ([www.focusweb.org](http://www.focusweb.org)) – we refer to both organisations later in this essay. Such initiatives critique an unjust status quo while developing participatory democratic alternatives that, if imperfect, seek to involve ordinary people in political economic decision-making. As such, they are suggestive of broader, transformative social relations towards more democratic, just and ecologically sustainable futures.

## Boredom with the economy

Boredom with the economy may seem a trivial place to begin an essay about the economy, power and democracy, but it is, in fact, politically consequential. Over 30 years ago, feminist political economist Frigga Haug<sup>2</sup> wrote about the problem, observing that she had to oblige herself to read the financial pages of her daily newspaper, given the boredom this provoked. She read a headline, for instance, about a chemical company: “Hoechst announces an unchanged dividend for 1982”. Unconsidered, this statement left her indifferent, in a way that reading the local news, whether it detailed the luxurious lifestyles of the very wealthy or the suicidal despair of a housewife, did not.

Today, many of us feel similarly unmoved by economic analyses, whether journalistic, policy-oriented, academic or activist. Not least, economic news may seem distant from the “local news” that makes up our everyday experiences. The specialised vocabulary used to describe economic developments contributes to the feeling that these events are alien to ordinary life. Here, for instance, are three contemporary descriptions of economic matters, from a range of sources:

*Boredom with the economy may seem a trivial place to begin an essay about the economy, power and democracy, but it is, in fact, politically consequential.*

- A 19 November 2015 *Wall Street Journal* headline asks: “Will ECB (the European Central Bank) live up to Markets’ Big Bang Hopes? The ECB is heading for action in December, but might markets yet be disappointed?”
- The 21 April 2015 *World Economic Outlook* (WEO) report published by the International Monetary Fund (IMF) includes a text box entitled “Global Implications of Exchange Rate Movements” (in Chapter 1) with assertions like: “To the extent that conventional monetary policy space is available, countries experiencing an appreciation respond by easing monetary policy to help support output”.
- The November 2015 issue of the highly-ranked, peer-reviewed *American Economic Review* carries an article about “Fiscal Volatility Shocks and Economic Activity” (vol. 105, no. 11) that proposes to examine how “unexpected changes in uncertainty about fiscal policy affect economic activity”.

Of course, not all economic descriptions and analysis read like this. The same issue of the *American Economic Review*, for instance, includes articles on “neighbourhood choice” and “altruism”, which are more obviously concerned with everyday life (where to live) and moral decisions (self-sacrificing actions for others) that matter to everyone.

If not all economic analyses use a highly abstract vocabulary, these examples of esoteric, specialised language – posing as technical jargon – are far from unusual. Such analyses name a range of actors and processes, including Central Banks, markets (with “hopes”), exchange rate movements, monetary policies, outputs, fiscal volatility shocks and resources. In contrast, human beings, but also the natural world that sustains us all, are absent – or only indirectly named as “resources”. Similarly, other economic texts, including legally binding trade and investment agreements, the conditions of IMF loans, the policies of the World Bank or the announcement of company mergers, among others, are described in ways seemingly removed from ordinary concerns: they may include references to intellectual property, foreign exchange

markets, rapid financing instruments, performance standards for private-sector projects, international market share and so on. Inevitably, these are not texts that many of us read eagerly, out of spontaneous interest.

*The risk is that many of us feel bored and disconnected from critical questions of political economy that fundamentally shape our lives.*

In considering this kind of economic discourse, Frigga Haug concluded that, “from the standpoint of everyday life the crucial questions of the laws governing society are incomprehensible and therefore boring”. Her language about laws is unhelpful, insofar as it suggests immutable tendencies rather than social, hence changeable, relationships. But her more fundamental observation is still relevant: there is a gulf between the language of many economic analyses and everyday understanding. The risk is that many of us feel bored and disconnected from critical questions of political economy that fundamentally shape our lives.

### “The doctor’s prescriptions were correct”

In contrast, for many applied economists, a lack of public interest in the economy is not a problem. After all, we entrust doctors, with their specialised forms of knowledge, equipment and vocabulary, to help us to with serious, even life and death, decisions. Yet there is no expectation that most patients (should) demonstrate significant interest in, much less mastery of, medical knowledge. We may demand clear explanations before giving our informed consent to any particular medical treatments or procedures, but ultimately many of us trust our bodies and even our lives to the knowledge and care of physicians or other health professionals. Trusting trade and financial analysts and economists is no different. They mobilise their specialised knowledge to ensure the smooth functioning of the economy, allowing us to get on with the rest of our lives.



This doctor—patient analogy is not uncommon in applied economic circles, including at important international financial institutions like the IMF.<sup>3</sup> The metaphor is worth exploring in a little detail, because the analogy reveals the ways that some, perhaps many, applied (and some theoretical) economists think about their work. A book edited by two former senior IMF officials, entitled *Successes of the International Monetary Fund: Untold Stories of Cooperation at Work*, for instance, explicitly invokes the physician metaphor. In the case of the IMF intervention in South Korea after the 1997 economic crisis in Asia, one contributing author writes about “the IMF doctors” and concludes that, “the doctor’s prescriptions, overall, were correct”.<sup>4</sup> In a February 2014 interview, the new head of the IMF’s Asia and Pacific Department, Changyong Rhee, used the same metaphor, suggesting that the IMF should no longer be seen as an “emergency doctor” who is consulted only in a crisis. Instead, the IMF should become like the “family doctor who provides ongoing care and candid advice”. Nor are such analogies new. A letter to the editor of *Business Week* in 1992 defending the IMF’s record, written by the former IMF Director of Research Michael Mussa, is introduced with the heading, “The IMF: Doctor, Saviour – or Wastrel?”.<sup>5</sup>

Such medical metaphors borrow from the prestige often associated with physicians. In some national contexts, physicians may be well paid, but they are often understood as selfless, an idea captured in references to health professionals as members of the “caring professions”. Economists at the IMF imagine themselves as similarly engaged in disinterested work for the benefit of others. Finally, the analogy rests at least partly on the assumption that both medical care and economic policies are mainly “technical” interventions. They belong to the realm of science, not of democratic debate. After all, the patient and her family do not democratically come to an agreement about what constitutes medical knowledge. Instead, experts draw on established, empirically tested “best practices” in deciding upon medical care. The same is true, or ought to be true, with respect to economic expertise.

## The Hoechst Chemical Company revisited

Social movement actors, many of them from the Global South challenge such arguments. When scrutinised, as Frigga Haug observes, the “boring” economic headline about the dividends of the Hoechst Chemical Company, for instance, reveals many critical social and political questions

What follows is an ideal-typical sketch.’ By ideal-typical, I mean this is an *imagined*, but plausible account drawing on the realities of many contemporary for-profit pharmaceutical companies. Located in Germany, “Hoechst” may operate a “round the clock” production schedule, divided into shifts of eight hours (or more). This labour represents a third of the full-time workers’ lives and about half of their waking hours, five days a week. In other cases, employees are involuntary in part-time work, putting in 20 hours or less at “Hoechst” in combination with other paid employment. In creating its pharmaceutical products, such a company may use and permanently destroy part of the natural world, understood as privately owned “natural resources”. In producing its pharmaceutical “outputs”, pharmaceutical companies draw upon centuries-old traditional knowledge of remedies, now patented as the private “intellectual property” of the “Hoechst” company. These products are not created in response to global medical needs but to market incentives, specifically the demands of relatively affluent consumers, typically located in the Global North: for instance, treatments to minimise cellulite take priority over developing inexpensive AIDS medications. In routine production, the “Hoechst” company may pollute the environment, make lands unliveable and water undrinkable – although its owners can afford clean living spaces and clean water, often far removed from the company’s industrial sites.

In the meantime, workers’ demands for safety improvements, better wages and extended social benefits would be costly to the company, cutting into profits and dividends available for shareholders. Acceding to workers’ demands would raise “Hoechst Chemical’s” production costs, making the company less attractive in worldwide competition with other pharmaceutical companies. After a failed union drive, employees could be cautious about making workplace demands, for fear that they will be labelled trouble makers and given reduced hours, more

taxing, unpleasant jobs and difficult shifts, or even be fired. Perversely, shareholders who are anxious for greater profits may include other workers, for instance, teachers' pension funds that invest in a range of companies, with the sole criterion of achieving the best returns for their members – a recent motion for one teachers' fund to invest “ethically” and in “social responsible” ways was defeated. In this way, workers who are trying to secure their retirement may be implicated in the exploitation of other workers and in the degradation of the natural environment in which they live. Communities that organise against the environmental damage caused by the pharmaceutical factory are outmanoeuvred by highly paid corporate lawyers and lobbyists. Besides privileged meetings with local politicians to explain their reluctance to invest in equipment to limit local pollution, these representatives distribute flyers warning of immediate local job losses, should the community environmental activists succeed.

*economic language obscures the social relations and ecological concerns implicated in the creation of profit and the distribution of dividends.*

As Haug observes, it may be boring to read about Hoechst Chemical company dividends, but this is only because economic language obscures the social relations and ecological concerns implicated in the creation of profit and the distribution of dividends. In fact, an investigation into the Hoescht Chemical company – or at least a plausible, ideal-typical version of that company – raises many critical political issues, such as:

- the reliance on the profit incentive as a way of directing innovation in the pharmaceutical industry;
- workers' health and safety and their right to organise;
- ecological sustainability and justice;
- economic power and the ways that this translates into political and legal power in confrontations with ordinary citizens;
- the knowledge commons, inherited from previous generations, and the natural commons of the Earth;
- the social institution of private property;
- solidarity – or lack of it – among workers locally and globally.

None of these concerns can be understood as rightly the exclusive realm of a few economic experts, acting on behalf of rest of society. They are about how we prioritise different pursuits for knowledge, the rights to democratic representation by and for the labour force, the role of communities in acting to protect the environment, the ways that economic inequality is associated with political inequality, the social institutions of the commons and of private property, and the possibilities for solidarity, locally and worldwide. Yet economic matters are often written and debated in a specialised language that abstracts from the social and the ecological and hence from political struggles.

## The economist as physician revisited

To critics, the use of the physician analogy to legitimate economic monopolies over economic decision-making is apt – but not for the reasons that many applied economists believe. Specifically, feminist social scientists have long critiqued male medical dominance, observing that history shows how male physicians arduously constructed their professional monopoly in much of the Global North, if not worldwide. Paradigmatically, male physicians medicalised childbirth. If the stated aim and sincere belief of many physicians was and is a disinterested concern for women’s health, historically, the medicalisation of childbirth allowed male physicians to assert control over the competing expertise of mostly female midwives and, more generally, over women-centred processes of childbirth. Countering such tendencies, women demand the right to make critical decisions about their own role in childbirth, not necessarily involving any doctor. In many “developed” countries, midwives once again play an important role in normal childbirth. When economists use physician-centred analogies, however, they ignore histories of male medical dominance, which is not surprising given that the economics profession is male dominated.

Arguably, this metaphorical lapse enables economists to overlook the ways that (male) economists assert their professional monopoly over economic decision-making. Of course, gender inequalities are not unique to the economics profession. Nonetheless, mainstream economics

remains remarkably “pre-feminist”, reflecting the relative absence of women in the profession. Men account, for instance, for 68% of US PhDs in economics.<sup>6</sup> In fact, the total absence of women’s voices concerning key economic questions is not unusual. In 2011, the *American Economic Review* invited six (white) male economists to determine the 20 most influential articles over the last 100 years of the peer-reviewed journal.<sup>7</sup> Of the 30 authors cited in this “top 20”, some more than once, only one is a woman: Anne O. Krueger, a US economist who has held important positions at both the IMF and the World Bank. Along similar lines, in a 2009 article for *The Atlantic* by former IMF Chief Economist Simon Johnson, he names 28 individuals. All 28 are men, whether economists, financiers, politicians or, more unusually in an economic analysis, satirical novelists critiquing the values of finance capital.<sup>8</sup> Importantly, Johnson offers no critical analysis of this gendered power. Rather, he critiques some of these individuals, while enlisting others in his condemnation of what he calls an American financial oligarchy. In other words, the 28 individuals he names represent the universe of those he considers relevant in his contemporary economic history. In the same ways that medicine was once dominated by an “old boys’ network”, economic analysis excludes and includes voices in highly gendered ways.

Of course, there are other, ironic parallels with the physician metaphor. If the IMF is like a physician to a government “patient” then questions arise about the patient’s right to make informed decisions. The days when the patient obediently swallowed medicine, no questions asked, are – or should be – over. The same is true of economic policy administered to governments. Those subject to the policies should be the final decision-makers, in the same way that the patient ultimately decides with respect to her own body. Moreover, in the Global South – and among many racialised and Indigenous populations worldwide – physicians and medical science are synonymous with human “experiments”, including forced sterilisation, drug trials without informed consent, and other human rights violations. Doctors and health professionals do not appear to these populations as heroic figures bringing health, but as arrogant, often dangerous, neocolonial administrators. Arguably, the IMF’s naive use of the physician metaphor ignores such subaltern histories and realities,

which are suggestive of uncomfortable parallels: the experimentation of neoliberal economic policies on subaltern populations by economic policy-makers echoes medical and pharmaceutical experiments on the same populations.<sup>9</sup>

Finally, if not exhaustively, when economists compare themselves to physicians, “the economy” implicitly becomes analogous to the human body. But the body is a genetic, biological and social fact. In contrast, the economy is a *wholly* social fact and therefore subject to transformations in ways that even the most radical body modifications cannot pretend to imitate.

### Economic expertise as patriarchal neo-colonial power

Critics contend that economic decision-making is not about the application of specialised scientific expertise. In fact, it reflects the sedimented power of the former colonial nations, the USA and, as we have already suggested, the patriarchal authority of men, typically from shared upper-class backgrounds.

*Today, 23 of the 25 Executive Directors at the IMF are men and 21 of 25 at the World Bank. 14 of 15 Chairpersons of the General Council at the WTO are men.*

Empirically, this is perhaps most evident in the international financial institutions (IFIs). The highest offices at the IMF, the World Bank and the World Trade Organization (WTO), for instance, have been held exclusively by men – with the sole exception of Christine Lagarde, who has been the Managing Director of the IMF since 2011. Fifteen of the 16 Chief Economists at the IMF and World Bank (combined) have been men.<sup>10</sup> Today, 23 of the 25 Executive Directors

at the IMF are men and 21 of 25 at the World Bank. Fourteen of 15 Chairpersons of the General Council at the WTO are men. Such Directors are often appointees from national finance and trade ministries, which again tend to be dominated by men. Consequently, women hold very few formal, high-level decision-making positions at these IFIs, although women, experience the consequences of such decisions.

With respect to national origin, “by tradition” the head of the IMF is European and the head of the World Bank is a US citizen. Today, these institutions loan mainly to countries in the Global South, which means

that representatives from the nations most subject to IMF and World Bank programmes are “traditionally” excluded from these institutions’ highest office. In keeping with this tradition, the USA has an effective veto in both the IMF and World Bank, with over 16% of voting power. In contrast, at the IMF, China has 3.8% of total voting power and India 2.3%. This is less than the combined voting power of the Netherlands (2.1%), Saudi Arabia (2.8%) and Switzerland (1.4%). Over 20 African nations that are members of the IMF have a combined total of just 3.4% voting power. This reflects the power of creditors in the IMF, so that national economic power formally trumps representative democratic norms of one country, one vote, although it should be observed that such norms are routinely violated, including at the United Nations where the five permanent members of the Security Council are formally invested with special powers. Similar patterns prevail at the World Bank, so that there are persistent charges that these institutions are neocolonial. From the point of view of economic “expertise”, such unequal representation formally marginalises economic proposals initiated by representatives from those countries most likely to be subject to IMF and World Bank programmes: their initiatives must align with the economic perspectives of powerful nations or they may be vetoed.

Further, the highest offices at these IFIs are typically held by men with degrees from a few elite European and US universities. Five of 11 Executive Directors at the IMF were educated at elite French schools, including *l'Ecole nationale de l'administration* (ENA) and *l'Ecole des hautes études commerciales de Paris* (HEC). Five of the last eight Presidents of the World Bank were educated at Harvard. The role of the IMF Chief Economist has been held by six male graduates of just two economics departments, the University of Chicago and MIT. Even if these are centres of economic excellence, “world” economic institutions dominated by graduates from a handful of US and European universities cannot conceivably reflect the full international range of economic perspectives. Finally, at least since sociologist Pierre Bourdieu’s *Les Héritiers*, published in 1962, it is clear that elite schools tend to accept students from families with economic and cultural resources (or “capital”). This suggests that these economic experts tend to share a privileged social class background.

In short, economics tends to “forget” its socially embedded character, pretending to a God’s eye view developed from nowhere. In fact, economics expertise at the IMF, World Bank and similar institutions is sharply and narrowly socially defined. Such a homogenous male, North American and European elite is unlikely to foster wide-ranging, critical debates, even if economic decision-making at these institutions affects people worldwide, especially in the Global South.

## Heterodox economic alternatives

Of course, this elite does not exhaust economic expertise, even as professionally defined. Worldwide, there are feminist and heterodox economists, often women and individuals working from the Global South. These include experts like Bina Agawal, Peggy Antrobus, Diane Elson, Dharam Ghai, Caren Grown, Devaki Jain, Naila Kabeer, Amartya Sen, Gita Sen, Marilyn Waring and so on.<sup>11</sup> Moreover, there are many heterodox economics journals, for instance, including dozens specifically concerning feminist, environmental and socialist economics, among other paradigms, although these are typically lower-ranked than the *American Economic Review* and other “mainstream” economic journals. Such rankings do not reflect excellence, so much as an institutionalised division of labour that constitutes heterodox economics as part of a special field of political economy distinct from economics proper. In applied economics work, a range of “think tanks” worldwide develop alternatives to neoliberal political economies, including ATTAC (*Association pour la taxation des transactions financières et pour l’action citoyenne*), Social Watch, the Council of Canadians, Participatory Research in Asia (PRIA) and Third World Network.

*economics expertise at the IMF, World Bank and similar institutions is sharply and narrowly socially defined.*

Yet often, respectability, prestige and career advancement, not least at institutions like the IMF or at Central Banks, come from demonstrating mastery of influential economists, like those listed in the *American Economic Review*. A serious reputation is established by consulting and meeting with important actors, like the powerful men cited in Simon



Johnson's article. It is at least plausible that Johnson's own stature is enhanced, not harmed, by his suggested proximity to the powerful men he names. Citing Peggy Antrobus, Gita Sen and others is irrelevant in many mainstream economic policy circles. Indeed, so doing might even suggest a lack of seriousness. Sociologist Dorothy Smith, for instance, recounts how, in the 1980s, the US economist Sylvia Ann Hewlett tried to establish a committee on women's concerns as part of the Economic Policy Council in the USA.<sup>12</sup> Both male and female economists declined. One woman argued that it would harm her career to be associated with "messy women's issues" that had little prestige, especially as a woman with a hard-won reputation as a serious scholar and policy-maker. The men, capable of discussing the arcana of international finance, claimed they were incapable of grasping women's issues or uninterested in learning – and it did not hurt them professionally to profess this incapacity and unwillingness. Although feminists have slowly and unevenly succeeded in achieving some gender mainstreaming, such stories remain familiar and illustrate how "heterodox" approaches are reproduced as marginal to mainstream economics.

Indeed, citing heterodox or feminist economists may be understood, in some circles, as an unacceptable "politicisation" of economic analysis, whereas the economic orthodoxy of mainstream experts is understood as depoliticised, scientific and rigorous. Yet the earlier, post-war hegemony of Keynesianism is suggestive of the ways that economics is less an objective science than a political ideology whose sway ultimately depends upon the balance of broader political forces. Put another way, any historical age has the economists it "deserves". Keynesianism prevailed in a post-war context of relatively strengthened working class power and neoliberal economics prevail when the 1% is particularly powerful.

This does not mean that non-mainstream economists are wholly without influence, but nonetheless the playing field is very unequal. In practice, when heterodox economists are consulted, their power often extends only to the degree to which they temper their views to match prevailing economic common sense. If, as just observed, it was necessary in the

post-war context to be a Keynesian in order to be taken seriously, now it is important to align views with neoliberal commitments to expanded spaces for capitalist markets. Heterodox economists are ejected from decision-making roles when they challenge hegemonic economic ideas. The most notorious recent example is the firing of Joseph Stiglitz as the World Bank's Chief Economist in 1999, despite his stature as a scholar which won him a "Nobel Prize" for Economics<sup>13</sup> following his criticisms of the Bank's (now slightly more nuanced) "one-size-fits-all" policies of privatisation, liberalisation and deregulation. Another well-known case is the resignation of economist Ravi Kanbur, the lead author of the World Bank's 2000-2001 *World Development Report*, which had a special focus on poverty. Kanbur resigned in an effort to ensure the integrity of the Report, which challenged Bank orthodoxy, including by emphasising the problem of powerlessness among the world's poor, especially in a context of huge global inequality. In other cases, heterodox observations are simply ignored. Hence, the ecological economist Herman Daly recounts his efforts to publish a diagram modelling the economy that explicitly recognised that "the economy" exists within the environment, for a 1992 World Development Report on "Development and the Environment".<sup>14</sup> After publishing drafts that contained an unlabelled "box" around "the economy" without any indication that this box represented the natural world in which we all live, Daly protested. The published version omitted the diagram altogether.

This is not to suggest that heterodox economists' voices do not matter. They do, not least in various United Nations' bodies, in many non-governmental organisations (NGOs) and alternative think-tanks. But they matter unequally and they are often marginalised in more powerful decision-making institutions. Ultimately, their relative strength depends upon much broader forces, specifically, the extent to which ordinary people are able to challenge the power of "the 1%", whose concentrated economic wealth goes hand in hand with their concentrated political power. This political power over-determines what political economic ideas seem reasonable: typically, those in the interests of the 1%. Countering that power requires mass, democratic actions that prefigure alternative, more just political economies.

## “Nothing about us, without us”

In thinking through these possibilities, the disability movement (or movements) slogan “Nothing about us, without us!” is instructive. This slogan directly challenges experts who speak and act on behalf of disabled persons.<sup>15</sup> Instead, disability activists argue that they know their own experiences, bodies and minds and have the right to make decisions about their own lives. This includes the intellectually disabled, who organise to speak out, sometimes collectively, by and for themselves.<sup>16</sup> In so doing, disability activists not only challenge medical monopolies,

but any professional or organisations, including charities, that claim to speak on their behalf.

*the disability movement (or movements) slogan “Nothing about us, without us!” is instructive. This slogan directly challenges experts who speak and act on behalf of disabled persons.*

The affirmation, “Nothing about us, without us!” lies at the heart of participatory democratic principles. Like the disability movement, those who hold to this principle reject the idea that experts – or any others – may speak in their place. In other words, for those who value participatory democracy in economic decision-making, the aim is not to replace orthodox economists with heterodox economists in

positions of leadership. Participatory democracy is not about replacing the orthodox neoliberal economist Lawrence Summers, previously Chief Economist at the World Bank, with the heterodox economist of human-centred development and wellbeing, Amartya Sen. Instead, the point of participatory democratic politics is to enable the meaningful, everyday participation of ordinary people in matters that have an impact on their lives. Experts have a role to play in such decisions – it is useful to learn from the ideas of feminist and heterodox economists – but their role is neither exclusive nor privileged.

Practical efforts in this direction include the following kinds of efforts, all of which seek to give ordinary people from the Global South opportunities to reflect and become critically involved with issues of political economy and ecological justice:

- Since 2002, DAWN has invited young women activists and advocates from the Global South to participate in an intensive three-week seminar exploring political economy from the perspective of furthering gender justice.
- Focus on the Global South, based in Bangkok, cooperates with a French and Bolivian association to produce a website “systemic alternatives” in English, French and Spanish (<http://systemicalternatives.org>) offering analyses, alternatives and debates on alternatives, for instance, proposed laws to protect the digital “commons” and provide “shares” in the public commons, including the natural world, to all citizens.
- The Centre for Civil Society, based in Durban, offers six-month scholarships to community activists to facilitate reflection and exchange among them and university researchers concerned with socio-economic and environmental justice.

These examples do not imply that practical knowledge does not matter for political economy analyses, but it reflects the fact that, unlike researchers, ordinary people generally have few opportunities to critically engage with their own practical experiences and exchange with others about them. These organisations open up those spaces, recognising that these interactions keep their own analyses rooted in the realities of everyday experience.

Other prefigurative practices range from the local to the global. Participatory municipal budgets have become popular, if not widespread, since the World Social Forum (WSF) drew attention to experiments in the Brazilian city of Porto Alegre. Workers’ cooperatives are partially democratic, giving workers important power in their workplace. This challenges employers’ power in critical ways, although cooperatives may also be captured by for-profit logics. Workers councils go further, because they recognise that consumers and communities in the environment of a specific workplace should meaningfully participate in economic decisions: what should be produced, how it should be distributed, where the work should be done, etc. Alternative social forums exist in

various sizes and forms. Some seek to seize the agenda away from other economic forums, as with the WSF, which usually convenes in the Global South. The WSF is arguably becoming less relevant but has historical and practical importance, not least in creating links among previously separate movements. In other cases, social forums seek to provide alternatives to an agenda set, for instance, by the WTO. They may face serious repression, but their existence challenges presumptions about a political economic consensus and often dramatically illustrates the closed, elite nature of major international financial institutions.

Inevitably, none of these initiatives is perfect. They may sometimes reproduce inequalities in relation to gender, ethnicity, nationality, disability, age, sexuality and more, even as they try to combat such unjust inequalities. Frequently, they exist on small budgets and significant amounts of “sweat equity”, making participants vulnerable to burnout. This contrasts with the well-funded endeavours of wealthy philanthropists and corporate-funded “think tanks”. But this is not a reason to abandon them. Instead, it is reason to purposefully deepen and widen them. A more just and ecologically sustainable world will never be created by experts, but only by ordinary people given a chance to meaningfully shape their own lives in solidarity with others.



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## Endnotes

1. Individuals should have the right to make decisions in matters that affect them, whether or not they formally hold citizenship status in a given nation. Hence we use the generic term “ordinary people” rather than the narrower language of citizenship.
2. Haug, Frigga. (1987). The Hoechst Chemical Company and Boredom with the Economy. In Hennessy, Rosemary and Ingraham, Chys, (Eds.), (2008). *Materialist Feminism: A Reader in Class, Difference and Women's Lives*. (pp.129-140. New York: Routledge.
3. Today, the IMF provides loans to countries with “temporary” liquidity problems, although in practice IMF programmes may continue for years and even decades. If the IMF is a powerful actor that matters in its own right, especially in the Global South and Central and Eastern Europe, its policy discourse is interesting here insofar as it is symptomatic of logics broadly shared by other applied economic institutions.
4. Kim, Kihwan (2009). The Korean Crisis Ten Years Later: A Success Story. In Eduard Brau and Ian McDonald, (Eds.), *Successes of the International Monetary Fund: Untold Stories of Cooperation at Work*. New York: Palgrave MacMillan. The chapter examines the role of the IMF in Korea following the 1997 “Asian Flu” economic crisis. The author emphasises the independent actions taken by Korea to improve the situation, as well as the role of the IMF, stressing that “the patient” may have something to do with the cure.
5. This letter is reprinted on the IMF website: <https://www.imf.org/external/np/vc/1998/122898a.htm>. *Business Week* is probably responsible for the title, suggestive of the widespread use of the physician metaphor, at least with respect to the IMF.
6. *The Wall Street Journal* (2014). Despite Rising Profile in Economics, Women Still Trail Men in Academia. 8 January. Available at: <http://www.wsj.com/articles/SB10001424052702304887104579304642040783308>.

7. Arrow, Kenneth J., Bernheim, B. Douglas, Feldstein, Martin S., McFadden, Daniel L. Postera, James M. and Solow, Robert M. (2011). 100 Years of the *American Economic Review*: The Top 20 Articles. *American Economic Review*, 101(1): 1-8.
8. Those Johnson identifies by name are: Russian Prime Minister Putin, former Indonesian President Suharto, former US Presidents Reagan, Clinton and George W. Bush, Paul Volcker, J.P. Morgan ("the man", he specifies, not the firm), Jack Abramoff, Robert Rubin, Henry Paulson, John Snow, Dan Quayle, Alan Greenspan, Jon Corzine, Ben Bernanke, Myron Scholes, Robert Merton, Michael Lewis, Michael Milken, Ivan Boesky, Stanley O'Neal, John Thain, Jamie Dimon, Neel Kashkari, Tim Geithner, Teddy Roosevelt, Joseph Schumpeter, and Boris Fyodorov.
9. This is not only colonial history, but contemporary history. For one description and discussion see: [http://www.nytimes.com/2007/07/31/opinion/31washington.html?\\_r=0](http://www.nytimes.com/2007/07/31/opinion/31washington.html?_r=0)
10. The official title of the chief economist at the IMF is "Economic Counsellor".
11. Thanks to the Transnational Institute for insisting on this point.
12. Smith, Dorothy. (2004). *Writing the Social: Critique, Theory and Investigations*. Toronto: University of Toronto. The Hewett example is described and analysed pp.38-40.
13. The so-called Nobel Prize in economics was invented in 1969 by the Swedish Central Bank. The Alfred Nobel family has sought to challenge the association of this economics prize "in memory of Alfred Nobel" with the original awards, established in 1895.
14. Orrell, David. (2010). *Economyths: Ten Ways Economics Gets It Wrong*. Mississauga: Wiley Publishers. This is recounted on page 182.
15. There is no consensus on self-designating terms in the diverse worldwide disability movement. Hence, some insist on "persons with disabilities" or "people with disabilities", so emphasising the *person* first. Others insist on "disabled person" as a *political* term that calls attention to the ways that those with non-normative bodies and minds are actively disabled by societies and infrastructures that refuse to take into account their difference. The latter reject the idea that disabilities are "in" their bodies and minds, instead, disabilities are socially created.
16. The French national association, "Nous aussi!" ("Us too!") is one example of an association by and for those with intellectual disabilities (see: <http://www.nousaussi.org>). The association's clear, easily readable texts, often including illustrations or photos, is a good instance of one kind of popular education, including around political economic decision-making.

# THE TYRANNY OF GLOBAL FINANCE

*Walden Bello*





## Summary

Against all expectations, financial capital has emerged even stronger after the financial crisis having staved off regulation and having successfully put the blame on public spending. But its victory is likely a pyrrhic one as a new crisis looms, one in which the global public could learn from victories such as reforms in Iceland and finally reassert its control over money.

### ILLUSTRATION NOTE

*The Trujillo family in Denver worries about the future after being evicted. 5 million people lost their homes in the US in the first five years after the subprime mortgage crisis as a result of reckless lending and speculation by the US banking industry. Yet reforms of the banking sector have been partial and completely insufficient.*

Nearly eight years after the outbreak of the global financial crisis, it is evident that those who were responsible for bringing it about have managed to go completely scot-free. Not only that, they have been able to get governments to stick the costs of the crisis and the burden of the recovery on their victims.

Finance capital has not simply shrugged off popular anger and staved off government efforts to regulate it, as in the USA. It has also used the power of the state to quell democratic revolts against it, as in Greece. Finance capital has been the single biggest factor discrediting liberal democracy in the last few years. In the face-off between democracy and finance, there have been few instances in which the latter has prevailed, indeed, only one: Iceland.

*“My administration is the only thing that stands between you and the pitchforks”.*

## Wall Street under assault

When the ground from under Wall Street opened up in autumn 2008, there was much talk of letting the banks get their just desserts, jailing the “banksters”, and imposing draconian regulation. There was deep disgust with the massive \$700 billion bailout of the country’s biggest banks by the Bush Administration on the rationale that they were “too big to fail”. The move was rightfully condemned in many quarters as being concocted by Wall Street’s men in Washington, chief of whom was Treasury Secretary Hank Paulson, whose earlier incarnation was CEO of the premier investment bank Goldman Sachs.

There were widespread expectations that with Barack Obama taking over as president in the depths of the crisis and the Democrats winning control of the House and Senate, banking reform was just around the corner. The new president captured the mood of the country when he warned Wall Street, “My administration is the only thing that stands between you and the pitchforks”.<sup>1</sup>

Domestic support in the USA for fundamental financial reform was accompanied by international clamour for tougher regulation of the banks.

When the G-20 met in Pittsburgh in the depths of the financial maelstrom in November 2009, two measures were uppermost in the reform agenda approved by the participants. One was maintaining powerful stimulus programmes to ignite economic recovery. The other was to effectively regulate the financial sector. As the G-20 Leaders' Communiqué put it, "Where reckless behavior and a lack of responsibility led to crisis, we will not allow a return to banking as usual".<sup>2</sup>

## Defensive warfare

Finance capital and its allies were able to contain both thrusts and launch a counter-offensive that made citizens pay the price for the economic mess.

The first line of defence was to get the government to rescue the banks from the financial mess they had created. The banks flatly refused Washington's pressure on them to mount a collective defence with their own resources. Then they got their advocates in Washington to argue that they were "too big to fail" – that is, that any one of them going down would bring the whole global financial system with it. Using the massive collapse of stock prices triggered by Lehman Brothers going under, finance capital's representatives were able to blackmail both liberals and the far-right in Congress to approve the \$700 billion Troubled Asset Relief Program (TARP). Nationalisation of the banks, which could have been an option that would not involve what 'Nobel' Economics Prize winner Joseph Stiglitz would characterise as "a great robbery of the American people"<sup>3</sup> was dismissed as being inconsistent with "American" values.

The incoming Obama Administration promised substantive reform, but by engaging in the defensive anti-regulatory war that they had mastered in Congress over decades, the banks were able, in 2009 and 2010, to gut the Dodd–Frank Wall Street Reform and Consumer Protection Act of three key items that were seen as necessary for genuine reform: downsizing the banks; institutionally separating commercial from investment banking; and banning most derivatives and effectively regulating the so-called "shadow banking system" that had brought on the crisis. According to Cornell University's Jonathan Kirshner,

[The] Dodd Frank regulatory reforms, and provisions such as the Volcker rule, designed to restrict the types of risky investments that banks would be allowed to engage in, have ... been watered down (or at least waterboarded into submission) by a cascade of exceptions, exemptions, qualifications, and vague language... And what few teeth remain are utterly dependent for application on the (very suspect) will of regulators.<sup>4</sup>

Decisive in securing this outcome was what Cornelia Woll termed finance capital's "structural power". One dimension of this power was the \$344 million the industry spent lobbying the US Congress in the first nine months of 2009, when legislators were taking up financial reform.<sup>5</sup>

*More than anyone else, Rubin has, over the last two decades, symbolised the Wall Street–Washington connection that dismantled the New Deal controls on finance capital and paved the way for the 2008 implosion.*

Senator Chris Dodd, the chairman of the Senate Banking Committee, alone received \$2.8 million in contributions from Wall Street in 2007–2008. But perhaps equally powerful as Wall Street's entrenched congressional lobby were powerful voices in the new Obama Administration who were sympathetic to the bankers, notably Treasury Secretary Tim Geithner and Council of Economic Advisors' head Larry Summers, both of whom had served as close associates of Robert Rubin, who had successive incarnations as co-chairman of Goldman Sachs, Bill Clinton's Treasury chief, and chairman and senior

counsellor of Citigroup. More than anyone else, Rubin has, over the last two decades, symbolised the Wall Street–Washington connection that dismantled the New Deal controls on finance capital and paved the way for the 2008 implosion.

Over a period of nearly 20 years, Wall Street had consolidated its control over the US Treasury Department, and the appointment of individuals that had served in Goldman Sachs, the most aggressive investment bank on Wall Street, to high positions became the most visible display of the structural power of finance capital. Rubin and Hank Paulson, George W. Bush's Secretary of the Treasury, were merely the tip of the Goldman Sachs iceberg at the centre of Washington politics.

While traditional fraudsters such as Bernie Madoff were prosecuted and jailed, the chiefs and lieutenants of the biggest financial institutions, who had caused infinitely greater damage, were untouched. The worst punishment that the CEOs of the errant financial institutions got was a few million dollars shaved off their multi-million dollar severance packages.

## Changing the narrative

Finance capital not only successfully resisted effective re-regulation by deploying its structural power. It was also able to successfully wield its ideological power, or perhaps more accurately, it was able to hitch its defence to the dominant neoliberal ideology. Wall Street was able to change the narrative about the causes of the financial crisis, throwing the blame entirely on the state.

This is best illustrated in the case of Europe. As in the USA, the financial crisis in Europe was a supply-driven crisis, as the big European banks sought high-profit, quick-return substitutes for the low returns on investment in industry and agriculture, such as real-estate lending and speculation in financial derivatives, or placed their surplus funds in high-yield bonds sold by governments. This is not to say that there was not an element of irresponsibility on the part of some governments, such as the case of Greece. It is to say, however, that the search for profits by ultra-competitive financial actors was the major driver of capital flows. As Martin Sandbu writes in his superb analysis of the European debt crisis,

From the late 1990's, banks and other financial institutions throughout the world – not just in the Eurozone – engaged in an enormous ramp-up of lending which governments did little to restrain. More than anything, it is this global credit bubble that is to blame for the compression of borrowing costs everywhere, inside the euro and outside it. If financial markets priced a loan to Athens as if it were as safe as one to Berlin, this was because financial actors got caught up in a hunt for returns in which they abandoned any sensitivity to risk.<sup>6</sup>

In the case of Greece, German and French private banks held some 70% of the country's 290 billion euro debt at the beginning of the crisis. German banks were great buyers of the toxic sub-prime assets from US financial institutions, and they applied the same enthusiasm to buying Greek government bonds. For their part, even as the financial crisis unfolded, French banks, according to the Bank of International Settlements, increased their lending to Greece by 23%, to Spain by 11%, and to Portugal by 26%.

Indeed, in their drive to raise more and more profits from lending to governments, local banks, and property developers, Europe's banks poured \$2.5 trillion into Ireland, Greece, Portugal and Spain. It is said that the fact that these countries' were in the Eurozone "deceived" the banks into thinking that their loans were safe since they had embraced the same tough rules for membership in the same currency union to which Europe's strongest economy, Germany, belonged. More likely, however, a government's membership in the Eurozone provided the much-needed justification for unleashing the tremendous surplus funds the banks possessed that would create no profits by simply lying in their vaults.

Besieged as having plunged the world into a financial maelstrom, finance capital was desperate to change the narrative in the aftermath of the financial implosion of 2008. This opportunity emerged with two developments between 2009 and 2010. One was the announcement by Dubai in late 2009 that it could no longer pay the debts it incurred in building its ultra-modern luxury oasis for the global elite in the Persian Gulf. Dubai's default, analyst James Rickards notes, "became contagious, spreading to Europe and Greece in particular".<sup>7</sup> The other event, coming on the heels of the Dubai debacle, was the discovery that Greece, via complex financial deals engineered by the Wall Street firm Goldman Sachs in 2001, had fudged its debt and deficit figures in order keep within the strict rules for Eurozone membership.

Greece's debt in 2007, before the financial crisis, amounted to 290 billion euros, which was equivalent to 107% of its gross domestic product

(GDP). Yet, the banks did not show signs they were particularly worried about it then and continued to pour money into the country. The debt-to-GDP ratio rose to 148% in 2010, bringing the country to the brink of a sovereign debt crisis. Focused on protecting the banks, the European authorities' approach to stabilising Greece's finances was not to penalise the creditors for irresponsible lending but to get citizens to shoulder all the costs of adjustment. Equally important, finance capital and Brussels used Greece's crisis to ram through an assessment that a sovereign debt crisis had also overtaken Ireland, Spain, and Portugal, although these countries had debt-to-GDP ratios that were rather low and, in the case of Spain and Ireland, lower than Germany's.

Sovereign debt is debt that a state is responsible for paying off, whether or not the state took the loan. Ever since the debt crises of the 1980s authorities have enforced the rule that the state must assume responsibility for debt to international creditors that cannot be repaid by its private sector. In his superb book *Austerity*, Mark Blyth writes,

... sovereign debt crises are almost always 'credit booms gone bust.' They develop in the private sector and end up in the public sector. The causation is clear. Banking bubbles and busts cause sovereign debt crises. Period. To reverse the causation and blame the sovereign for the bond market crisis, as policy makers in Europe have repeatedly done to enable a policy of austerity that isn't working, begs the question, why keep doing it.<sup>8</sup>

Why indeed? The answer is that this operation has promoted a strong counter-narrative about the causes of the financial crisis, where the banks are the victims while states are the villains, a narrative that enables the banks to simultaneously escape haircuts for their irresponsible lending and oppose the imposition of state restraints on their activities.

## Painting Greece as America's future

The changed narrative, focusing on the "profligate state" rather than unregulated private finance as the cause of the financial crisis, quickly

made its way to the USA, where it was used not only to derail real banking reform but also to prevent the enactment of an effective stimulus programme in 2010. Brandishing the image of the USA becoming like Greece if the government increased its debt load by going into deficit spending, the Republicans succeeded in bringing about a US version of the austerity programmes that were imposed as the solution in Southern Europe.

Christina Romer, the head of Barack Obama's Council of Economic Advisors, estimated that it would take a \$1.8 trillion to reverse the recession.<sup>9</sup> Obama approved only less than half, or \$787 billion, placating the Republican opposition but preventing an early recovery. Thus the cost of the follies of Wall Street fell not on banks but on ordinary Americans, with the unemployed reaching nearly 10% of the workforce in 2011 and youth unemployment reaching over 20%.

While weak, the Obama stimulus, coupled with aggressive monetary loosening by the Federal Reserve, prevented the economic situation from getting worse, but the recovery of the next few years was extremely fragile. Moreover, Wall Street's hijacking of the crisis discourse convinced some sectors of the population that it was the Obama Administration's pallid Keynesian policies that were responsible for the continuing stagnation.

*The changed narrative, focusing on the “profligate state” rather than unregulated private finance as the cause of the financial crisis, quickly made its way to the USA, where it was used not only to derail real banking reform but also to prevent the enactment of an effective stimulus programme in 2010.*

## Why Wall Street won

The triumph of Wall Street in reversing the popular surge against it following the outbreak of the financial crisis was evident in the run-up to the 2016 presidential elections. The US statistics were clear: 95% of income gains from 2009 to 2012 went to the top 1%; median income was \$4,000 lower in 2014 than in 2000; concentration of financial assets increased after 2009, with the four largest banks owning assets that came to nearly 50% of GDP. Yet regulating Wall Street was not an issue



in the Republican primary debates while in the Democratic debates, it was a side issue, despite the efforts of candidate Bernie Sanders to make it the centre-piece.

In sum, looking back at the evolution of the financial crisis over the last eight years, one can say that finance capital successfully staved off popularly backed efforts on the part of the state to effectively regulate them by resorting to three strategies.

One was blackmail. Basically, Wall Street and its allies in government successfully sold the line to Congress that they were too big to fail, that is, allowing any one of them to go under would bring down the whole global financial system.

Second, by activating its well-entrenched structural power, through massive lobbying of Congress and mobilising its allies in the Executive, Wall Street was able to prevent the Frank–Dodd financial reform act from containing provisions that would effectively control its most dangerous speculative operations.

Third, finance capital successfully deployed the ascendant neoliberal ideology to shift the discourse on the causes of the crisis from a populist one centred on the greed of banks to a neoliberal one focused on “fiscal irresponsibility” on the part of the state. The US fiscal situation, the banks and neoliberals argue, was simply that of Greece writ large.

The political institutions of one of the world’s most advanced liberal democracies were no match for the structural power and ideological resources of the financial establishment. As Cornelia Woll writes, “For the administration and Congress, the main lesson from the financial crisis in 2008 and 2009 was that they had only very limited means to pressure the financial industry into behavior that appeared urgently necessary for the survival of the entire sector and the economy as a whole”.<sup>10</sup>

## Finance capital puts down a popular uprising

The US case is an example of how finance capital has been able to fend off efforts on the part of the state to exercise effective regulation of its

most volatile and dangerous speculative activities, despite massive anger at the banks. In Europe, finance capital showed its most ugly face, where it harnessed the power of the state – indeed, the collective power of 18 Eurozone states led by Germany – to crush peoples’ efforts to control their economic destiny.

More than in the so-called liberal market economies of the USA and UK, the relationships among the state, finance, and industry are exceedingly close in Germany, France, and other European economies that political analysts call “coordinated market economies”.<sup>11</sup>

*The political institutions of one of the world’s most advanced liberal democracies were no match for the structural power and ideological resources of the financial establishment.*

Technocrats, bankers, and industrialists have powerful interwoven interests, with the state prioritising the interests of the financial sector. Thus, it is not surprising that the German government took a leading role in promoting the interests of German finance capital during the struggle between Greece and its creditors. Behind the troika, of the European Central Bank (ECB), the European Commission (EC), and the International Monetary Fund (IMF) that were

formally negotiating with the Greeks, lay the power of the German state, which was principally concerned with salvaging the German banks that had loaned billions of euros to the Greek government and Greek banks.

The conflict between Greece and its creditors finally came to the boil in 2015, when the Troika sought to blackmail Greece into accepting a deal whereby it would get 86 billion euros in return for a set of draconian measures that included deeper wage cuts, bigger pension cuts, more layoffs in government offices, and more cutbacks in government services. The conditions were imposed on an economy that was already in depression. The GDP fell by 25% between 2008 and 2015, one million jobs were lost between 2008 and 2013, unemployment stood at 26% in 2015, with youth unemployment at a mind-numbing 52%. It was clear even to the IMF that the conditions of the new bailout would kill off any rise in domestic demand necessary for the economy to grow. One IMF analysis admitted that the Fund had not anticipated the extent of the

damage wrought by the austerity straitjacket in which the country has been placed since 2010. Another confidential memo acknowledged that what Greece needed most of all was not more austerity but debt relief.<sup>12</sup>

It was, moreover, clear that the 86 billion euro bailout for Greece would be of little help since practically all of it – some 90%, by some estimates – would find its way back to the country's key creditors (the ECB, the IMF and German and French banks) as debt service or for recapitalising Greek banks.<sup>13</sup> Even President Obama had weighed in and called the Eurozone demands untenable: "You cannot keep on squeezing countries that are in the midst of depression...At some point there has to be a growth strategy in order for them to pay off their debts to eliminate some of their deficits".<sup>14</sup>

Given these dire prospects, it is not surprising that the negotiations with the Eurozone countries ended with a Greek revolt, when Prime Minister Alexis Tsipras called in June 2015 for a referendum on the bailout in which over 60% of the Greek people rejected the deal. But in a slap at the democratic will of the badly battered Greeks, the German government, acting to protect the interests of German and European finance capital, warned that it would add further conditions, forcing Tsipras back to the negotiating table. Tsipras, knowing that while the electorate rejected the deal, they would not support a withdrawal from the euro, which would have resulted from rejecting the Eurozone offer was forced into a humiliating surrender.

The tumultuous relationship between the Eurozone authorities and the people of Greece, noted one observer, reflected the "determination to insulate policy from any democratic deliberation".<sup>15</sup>

It was, at best, an infantilization of the Greek people at the hands of Europe's and Greece's own political elite: until citizens were mature enough to support actions to which there was "no alternative," the correct choice would be made for them. This attitude – not so much the primacy of politics over markets as the dominance of technocracy over democracy – would define relations between Greece and the Eurozone...<sup>16</sup>

That democracy was the ultimate casualty of the Eurozone-Greece face-off was also the opinion of the *Financial Times* columnist, Wolfgang Munchau:

By forcing Alexis Tsipras into a humiliating defeat, Greece's creditors have done a lot more than bring about regime change in Greece or endanger its relations with the Eurozone. They have destroyed the Eurozone as we know it and demolished the idea of a monetary union as a step towards a democratic political union. In doing so they reverted to the nationalist European power struggles of the 19th and early 20th century. They demoted the Eurozone into a toxic fixed exchange-rate system, with a shared single currency, run in the interests of Germany, held together by the threat of absolute destitution for those who challenge the prevailing order. The best thing that can be said of the weekend is the brutal honesty of those perpetrating this regime change.<sup>17</sup>

Why the German-led Eurozone imposed a Carthaginian peace on Greece will long be discussed, but it is clear that key motives were to save the European financial elite from the consequences of their irresponsible policies, enforcing the iron principle of full debt repayment, and crucifying Greece to dissuade others, such as the Spaniards, Irish, and Portuguese, from revolting against debt slavery. As Karl Otto Pöhl, a former head of Germany's Bundesbank, admitted some time back, the draconian exercise in Greece was about "protecting German banks, but especially the French banks, from debt write-offs".<sup>18</sup>

The subjugation of the Greeks is the latest victory notched up by finance capital since it began its scorched-earth counter-offensive against forces seeking to constrain and regulate it for bringing about the financial crisis that broke in 2008. Yet, its victory is likely to be Pyrrhic, an extremely costly affair that is likely to lead to a greater disaster.

## Democracy and finance

In October 2015, Iceland's judicial system sent the heads of the country's biggest banks to jail, along with 23 of their lieutenants. The sentencing was the culmination of a process in which Iceland took a different course from the USA and the rest of Europe. It let the banks go under instead of bailing them out as "too big to fail". It did engage in bailout operations but these were to rescue ordinary citizens rather than bankers, forgiving mortgage debts that went above 110% of the actual value of the home linked to the loan.<sup>19</sup>

The economy of Iceland did not collapse when its biggest banks were allowed to fail. As one article pointed out,

Iceland returned to economic growth much faster than skeptics expected after breaking from the conciliatory approach toward financial industry actors that most countries took in the wake of the global collapse. The tiny economy's growth rate outpaced the average for European countries in 2012. It halved its unemployment rate since the peak of the crisis.<sup>20</sup>

What happened in Iceland commanded attention because it was a contrast to what happened elsewhere. That the country was able to tame the finance industry was perhaps due to several factors. One was the relatively small scale of its democracy. With a population of only 329,000 people, most of them in the capital city, Reykjavik, Iceland's elected officials were susceptible to very direct pressure from the electorate, many of whom had suffered massive losses. Another is that with finance having emerged relatively recently as the main driver of the economy, the financial elite had not achieved the massive structural and ideological power that finance capital had achieved in the USA, the UK and the rest of Europe.

*The subjugation of the Greeks is the latest victory notched up by finance capital since it began its scorched-earth counter-offensive against forces seeking to constrain and regulate it for bringing about the financial crisis that broke in 2008.*

Iceland pointed to the possibilities of democratic control of the banks. But it was the exception to the rule. Elsewhere finance capital got off scot-free.

This is not only unjust and tragic. It is dangerous. Advocates for democratic control of finance have an urgent task of mobilising the people, since without effective regulation the chances of another big financial crisis are exceedingly great.

The combination of deep austerity-induced recession or stagnation that grips much of Europe and the USA and the absence of financial reform is deadly. The prolonged stagnation and the prospect of deflation have discouraged investment in the real economy to expand goods and services. Thus the financial institutions have all the more reason to do what they did prior to 2008 that triggered the current crisis: engage

*Advocates for democratic control of finance have an urgent task of mobilising the people, since without effective regulation the chances of another big financial crisis are exceedingly great.*

in intense speculative operations designed to make super-profits from the difference between the inflated price of assets and derivatives based on assets and the real value of these assets before the law of gravity causes the inevitable crash.

With the move to reregulate finance halted, the creation of new bubbles is more than likely, what with derivatives trading continuing unabated owing to the lack of effective regulation. The

non-transparent derivatives market is now estimated to total \$707 trillion, or significantly higher than the \$548 billion in 2008, according to analyst Jenny Walsh. "The market has grown so unfathomably vast, the global economy is at risk of massive damage should even a small percentage of contracts go sour. Its size and potential influence are difficult just to comprehend, let alone assess."<sup>21</sup> Former US Securities and Exchange Commission Chairman Arthur Levitt, the former chairman of the SEC, agreed, telling one writer that none of the post-2008 reforms has "significantly diminished the likelihood of financial crises".<sup>22</sup>

With the interests of finance capital now the driving force of the big Western democracies, and virtually unchecked, the question then is not if another bubble will burst but when.

Then the next question is, will it take this coming crisis to finally achieve what the reaction of the 2008 financial crisis failed to do – place finance capital under restraints? In his classic book *The Great Transformation*, Karl Polanyi talked about the “double movement” whereby the excesses of capital create a counter-movement among the people, which forces the state to restrain and regulate it.<sup>23</sup> The failure of the current institutional arrangements of liberal democracy to promote the counter-movement in the aftermath of the 2008 crisis probably means that the next crisis might trigger no less than a fundamental institutional reconfiguration of society's relation to finance capital, indeed, to Capital itself.



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# MULTI-STAKEHOLDER GOVERNANCE: A CORPORATE PUSH FOR A NEW FORM OF GLOBAL GOVERNANCE

*Harris Gleckman*



## Summary

The World Economic Forum's Global Redesign Initiative is perhaps the best reflection of how corporations and other elites envision the future of governance. It calls for marginalising intergovernmental decision-making with a system of multi-stakeholder governance, but what does this mean for democracy, accountability and the rule of law?

### ILLUSTRATION NOTE

*There are millions of small-scale farmers who produce most of the world's food but are now squeezed onto less than 25 percent of the world's farmland. A corporate-led multistakeholder approach is leading to a plethora of self-appointed groups at international level, developing proposals and investing in projects that worsen these trends.*

Prompted by the uncertainties about the stability of globalisation, in 2009 the World Economic Forum (WEF) convened an international expert group to formulate a new system of global governance. This project was led by the three most senior leaders of the World Economic Forum (WEF) – Klaus Schwab, its Executive Chairman; Mark Malloch-Brown, then its Vice-Chairman; and Richard Samans, its Managing Director. One of the concepts proposed by WEF for its aptly named Global Redesign Initiative (GRI) is a system of multi-stakeholder governance as a partial replacement for intergovernmental decision-making.<sup>1</sup>

Over the 18 months of the GRI programme, WEF created 40 Global Agenda Councils and industry-sector bodies to craft a range of theme-specific governance proposals. Each Council consisted of a mix of the corporate, academic, government, entertainment, religious, civil society, and academic worlds.<sup>2</sup> Their 600-page report centres on these thematic proposals, plus a series of policy essays and organising principles that lay out the WEF framework for a multi-stakeholder governance system. What is ingenious and disturbing is that the WEF multi-stakeholder governance proposal does not require approval or disapproval by any intergovernmental body. Absent any intergovernmental action the informal transition to MSG as a partial replacement of multilateralism can just happen.

This report also built on WEF's three decades of convening an annual series of elite global and regional multi-stakeholder conferences. In the past 20 years in the intergovernmental arena, multi-stakeholder consultations have gained wide support as an umbrella framework for bringing together diverse constituencies to develop common approaches to contemporary global challenges and to present challenging development projects. Back in 1992 at the Earth Summit in Rio, for example, Agenda 21 recognised nine discrete “non-state” groups, called in UN language, ‘Maine Groups’. These groups were able to engage officially on their own behalf or as part of a multi-stakeholder group with the Rio process and subsequently at the Commission on Sustainable Development and the High Level Political Forum.

Over the same two decades, several instances of programmatic MSG have also begun operating. Some examples are the Marine Stewardship Council, the Forest Stewardship Council, the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Kimberley Process on diamonds mined in conflict areas. Each of these sector-focused organisations has a different configuration of corporations, governments, and civil society participants;<sup>3</sup> each has had a different procedure to set its terms of reference; each has a different set of rules for making decisions and adopting policy statements; and each has achieved a different level of success.

Here the definition of success is obviously crucial. The Kimberley Process has “solved” its original problem but is sharply split internally; the Global Fund has generated considerable new capital for global health but has also threatened the legitimacy of the World Health Organization (WHO); the Forest Stewardship Council has transformed a significant portion of the global timber market but has struggled to keep its governance system vibrant;<sup>4</sup> and the UN Secretary-General’s Partnership Facility is explicitly aligned with the Millennium Development Goals (MDGs) without, however, allowing any explicit intergovernmental oversight.

By 2007, a government-led multi-stakeholder study on global governance summarised the diversity of purposes of multi-stakeholder activities in the following manner:

Numerous past initiatives stand to demonstrate that multi-stakeholder cooperation – bringing together representatives of government, civil society, the private sector, religious organisations, academia and media – may take a range of different forms and contribute to global governance and problem-solving in various ways: [they can] help to broaden discussion and identify global public needs... introduce the element of global issue interest into intergovernmental negotiations, alongside the traditional national interest... help to overcome stalemate in highly conflict-ridden policy arenas... and gather and disseminate knowledge by bringing together actors with different views on and approaches to issues.<sup>5</sup>

Now, everywhere one turns in international relations there are calls for new MSGs. Members of the Organisation for Economic Co-operation and Development (OECD) want them to implement the Sustainable Development Goals (SDGs) (the successor to the MDGs); the UN Security Council wants public-private partnerships (PPPs) in war zones; developed countries expect that MSGs will provide the \$100 billion per year for climate-related issues; the United Nations Framework Convention on Climate Change (UNFCCC) looks to the partnerships with the private sector as key institutional arrangements to implement what is an intergovernmental convention; the UN Secretary-General sponsors UN-business partnerships to provide energy for all;<sup>6</sup> and developing and developed countries call on MSGs to solve “technical” problems with the flow of capital to developing countries.

*What WEF proposes is to take these prior attempts at multi-stakeholder engagement and elevate them into a “multi-stakeholder governance” system.*

What WEF proposes is to take these prior attempts at multi-stakeholder engagement and elevate them into a “multi-stakeholder governance” system. It is not alone in this effort. As noted above, various UN bodies have made recommendations for institutionalising global PPPs. There are, however, sharp differences between multi-stakeholder consultation and multi-stakeholder governance, some of which are often blurred by loose use of the terms “multi-stakeholder” and “partnership”.

There are strong divergences of views between governments and citizens about whether MSGs are near angels who can deliver everything or whether they are inherently dangerous because profitability or business efficiency should not be a necessary condition for “solving” a global crisis. Even given this divergence of views, it is one thing for MSGs to advocate for a position (for instance, to lobby intergovernmental bodies) or provide their knowledge and expertise to governments.<sup>7</sup> It is another thing when the multi-stakeholder consultation format morphs into a multi-stakeholder governance system that silently or not so silently takes over “solving” a global problem.

Frustration with the inadequacies of governments – working bilaterally, regionally or multilaterally – has encouraged a number of civil society organisations (CSOs) to opt to “negotiate” directly with the dominant multinational corporations (MNCs) affecting their issue and, when these “negotiations” result in a joint programme, create institutional governance arrangements to implement the outcome. The leadership of these CSOs, as well as leading academics, are often uncomfortably aware that these partnerships may mean compromises with “the devil”, but see limited opportunities for effective action if they work exclusively with governments and the UN system.

The proliferation of multi-stakeholder governance arrangements has, however, gained credibility without a careful analysis of the democratic and political consequences of these institutions. For the wider public and particularly for grassroots communities affected directly by the issue it seeks to address, it is not then surprising that an announcement that a new MSG is taking a lead on global issues is greeted with a good deal of scepticism and anxiety.

Much of this discomfort comes from the recognition that there is an asymmetry of power in “working with” MNCs and the variety of forms and governance structures used by multi-stakeholder groups. And there is the obvious recognition that any deal with MNCs on a global issue has the potential to further displace governments and the international system as key leaders in global governance. From the WEF perspective, this development is actually a positive outcome. The first transformative step proposed in the GRI report is to

Redefine the international system as constituting a wider, multifaceted system of global cooperation in which intergovernmental legal frameworks and institutions are embedded as a core, but not the sole and sometimes not the most crucial, component.<sup>8</sup>

In any case there are simply no clear rules for MSGs on accountability, responsibility, dispute settlement, and representation – key elements that are otherwise accepted as core principles for a legitimate global governance process.

## WEF's view of stakeholders and multi-stakeholderism

Let's step back and look at WEF's key definitions and assumptions about global democracy. For WEF, the multi-stakeholder concept is centred on the corporation, with stakeholders being constituents associated with the corporation. As WEF founder Klaus Schwab outlined in 1971, and then

*The existing multilateral system of nation-states is fundamentally different than a framework that puts the MNC at the centre of the power.*

reiterated in the organisation's 40th anniversary history book in 2010,<sup>9</sup> the "management of the modern enterprise must serve all stakeholders (*die Interessenten*), acting as their trustee charged with achieving the long-term sustained growth and prosperity of the company". The concept is illustrated with a graphic depicting the company in the centre with ovals from top to bottom that read "shareholders (owners)", "creditors", "customers", "national economy", "government and society", "suppliers" and "collaborators".

The three crucial elements of what WEF means by multi-stakeholder are embedded here. First, that multi-stakeholder structures do not mean equal roles for all stakeholders; second, that the corporation is at the centre of the process; and third, that the list of WEF's multi-stakeholders is principally those with commercial ties to the company: customers, creditors, suppliers, collaborators, owners, and national economies. All the other potential stakeholders are grouped together as "government and society". Note that Schwab says nothing about democracy in this approach to multi-stakeholder activities.

The existing multilateral system of nation-states is fundamentally different than a framework that puts the MNC at the centre of the power. Under WEF's proposal, the selection of key multinational executives for a multi-stakeholder governance arrangement would be done either by the initiating organisation (in the GRI report, typically WEF is cited as the convening body) or by self-selection of leading firms interested in managing a particular global challenge with other constituents. The "flexible" governance system could be used to replace governments when a core group of MNC executives decide they could be effective in their own terms in addressing a global challenge.<sup>10</sup>



## From multi-stakeholder consultations to multi-stakeholder governance

WEF's proposal is to elevate the annual Davos and regional multi-stakeholder meetings and the various experimental forms in multi-stakeholder governance into a new explicit form of global governance. Multi-stakeholder groups, PPPs, or coalitions of the willing and able, as they are variously termed in the GRI report, would be expected to take the lead in addressing unsolved global issues. There is no need to wait for the intergovernmental system to gain universal consensus to act: those MNCs, countries, civil society bodies, academic institutions, and parts of the UN that share a common approach could take it upon themselves to act. The official intergovernmental system can defer to these joint partnerships, provide de facto recognition to a multi-stakeholder process, or provide legality after the fact to the outcomes of a given PPP.

What is left unsaid is that leaving governance to self-selected and potentially self-interested elite bodies also can risk undermining public acceptance and democracy.

As the GRI project directors explain:

While experimentation with individual public—private and multistakeholder partnerships has flourished over the past decade, including in many international organizations, they continue to play an incremental, even experimental, role in the international system rather than a systematic one. For this to change, policy-making processes and institutional structures themselves will need to be adapted and perhaps even fundamentally repositioned with this in mind.

### Issues at stake

Criticisms of this new global governance proposal have been raised in UN official meetings, in scholarly writings, and in statements made by leading members of civil society and social movements. In current debate one hears eight cutting-edge issues and concerns related to

multi-stakeholder global governance groups: (1) how are the categories of actors selected or excluded; (2) how do MSGs address the inherent power balance between actors; (3) who selects the organisations and individuals to represent each participant category; (4) what are the correct standards – or should there be standards – to select appropriate institutional participants for each category; (5) what are the de facto terms of reference for the group; (6) where does the cash involved come from and go to; (7) what is the internal decision-making process for the multi-stakeholder group; and (8) what are its external obligations.

To elaborate on these cutting-edge issues.

## 1. Selection (and exclusion) of categories of participants

In multilateralism the nation-state is the central and key actor. Only governments can vote, only governments can designate representatives to attend official meetings, and only governments can submit conventions to their parliaments for ratification. In a multi-stakeholder arrangement, the designation of key actors becomes ambiguous.<sup>11</sup> A system to select the appropriate category of actors for solving a given global crisis (as distinct from the selection of intergovernmental bodies) has no parallel in multilateralism where governments are the only formal decision-making agents.

Participant categories in existing MSGs include governments (at the national, regional, and municipal levels), CSOs (at the international, regional and national levels), academics, gender-based or other rights groups (such as women's rights organisations or Lesbian, Gay, Bisexual and Transgender (LGBT) rights movements), investors (from insurance firms to individuals with retirement accounts), manufacturing and servicing firms (such as MNCs, or micro- small-, or medium-sized enterprises), indigenous peoples, labour organisations, other Rio Major Group categories and other non-state actors relevant in some way to given global problem (e.g. educators, senior citizens, or nearby residents and communities).

As each MSG addresses a different problem area, the choice of institutional categories of participants will tend to vary dramatically. At the moment, the selection process tends to be biased toward those with an explicit stake in the outcome and other categories of stakeholder who are likely to agree with the approach of the sponsor of the MSG. This means that those categories of stakeholder that are not as cooperative with the sponsors and those categories that will be negatively affected by the likely outcome of the MSG are generally excluded from the start of the process.

## 2. Balancing power between categories of governance actors

All categories of actors in a multi-stakeholder governance system are not created equal. State, non-state, and corporate actors have asymmetric capacities to finance their participation in MSGs, different levels of potential ways to negotiate in a process, a different set of technical skills and clearly different capacities to implement or hinder the outcome of a MSG process. The various actors also vie for the leadership role. In WEF's new governance proposals the state is but one player among many and not necessarily the dominant one.

In multilateral forums, there is a recognition that participants in a decision-making process need to be balanced on geographic, gender, and relative political power grounds. A simple definition of what constitutes an acceptable balanced group gets far more complicated for a multi-stakeholder process. Do geographic, gender, and access-to-resources-to-participate-effectively need to be balanced within each category or across the overall participation in a specific MSG?

*Over the past decades, the multilateral system has evolved structural ways to partially address the asymmetries of power between nation-states. Any new system of global governance that expects to be seen as legitimate will probably take many decades to devise credible ways to balance inherent resource and power differences.*

Over the past decades, the multilateral system has evolved structural ways to partially address the asymmetries of power between nation-states. Any new system of global governance that expects to be seen as legitimate as the UN system will probably take many decades to devise credible ways to balance inherent resource and power differences between categories of actors in a MSG.

### 3. Once the categories are agreed, who selects the organisations to represent each one?

In multilateralism, there are clear rules for how a government designates an individual as an ambassador or representative at an international conference. In a multi-stakeholder governance arrangement, representatives are seldom, if ever, designated by their corporate board, a non-governmental organisation (NGO) board of directors, or university trustees to act on behalf of that institution. Rather they are usually selected on an informal one-to-one basis by the sponsoring organisation. Of course, there are thousands if not millions of individual organisations that could “represent” a given category.

The third cutting-edge issue, then, is who is given the authority to select or approve individual organisations, businesses, and institutions to fill the seats for each category of MSG member. The range of bodies currently used includes a wide diversity of political institutions. There are MSGs created by MNC consortiums, by university-affiliated institutes, by intergovernmental organisations and the UN secretariat. And there are MSGs that were originally multi-stakeholder consultative groups that have morphed into a self-selected governance organisation.

For WEF, the secretariat selects the organisations and individuals who are invited to participate in the next generation of Global Agenda Councils. The original 40 have now become 69 operating Global Agenda Councils, six meta-councils, and 11 regionally focused councils<sup>12</sup> – WEF selects the participants in all these bodies.

## 4. Minimum standards for the selection of individual representatives for each category of participants

All MNCs and all CSOs, to select but two categories, are not blemish-free, but what criteria should be used to select proper and legitimate organisations to participate in global governance system or to work with the UN system? MNCs routinely include such criteria in their supply contracts, due diligence for mergers, and risk assessments for business partners. Criteria could include, for instance, that the organisation works in conformity with the UN Charter and with widely accepted UN principles (such as the Universal Declaration of Human Rights and the SDGs) and is not under indictment for financial or moral matters or working against a Security Council decision.

## 5. Defining the problem/scope of a given MSG

Framing a global issue is generally considered the first step in a political process. Governments often spend considerable time negotiating the wording used to frame an issue. This sometimes ends up in a lengthy resolution reflecting compromises between diverse viewpoints. On other occasions it results in an ambiguous phrase that keeps complex issues open for future negotiations. The reason for these outcomes is that control of over the definition of a problem can give a lead to or place a restriction on the likely outcome of the effort; and it can – explicitly or implicitly – provide an agreement on the obligations and expectations of the participants to the final outcome.

Of course, any group can define an issue in its own frame of reference. What WEF proposes is that when important global issues appear on the international political horizon, a multi-stakeholder group can be quickly created to take the lead in defining the issue, taking that role away from the multilateral process. They may, if the leading MNCs wish, scope the issue very narrowly, or they may, from the outset, frame an issue in a way such that a market-based solution is likely to be the “best” outcome.

## 6. Sources and uses of cash by and for the MSG

The sixth complex issue for any MSG has to do with the flow of cash – namely, which institution or participant is providing the cash to finance the group and which institution or participant is expected to provide the cash to implement its recommendations. Here “cash” is a generic term

that includes direct payments, institutional resources, loaned organisational capacities, and money management.

*Most multi-stakeholder governance groups work with a high degree of internal confidentiality and vagueness about their decision-making rules.*

This issue then entails reconciliation of the differences in access to cash between the participants and the political expectations for internally generated resources (e.g. what wealthier participants will want to fund) and externally supplied resources (e.g. what monies

can be expected from government agencies, foundations, or corporate underwriting). Big issues require big doses of capital, expertise, and political commitments. Basic legitimacy would require at least clarity and good practice on core transparency and accounting principles as well as definitions on how to measure various forms of “cash” that are provided to make the MSG operate and to implement the outcome of its recommendations.

## 7. Internal decision-making processes and relationship to the rule of law

In the UN system there are well-developed rules on voting procedures, on how smaller or weaker nations can engage in issues with a sense of equity, and even on resolving procedural disputes. These rules grew out of 300 years of evolving international law on the responsibilities, obligations, and liabilities of governments.

A multi-stakeholder system disrupts this history.<sup>13</sup> There are no recognised standards governing the internal decision-making process of MSGs or ones that clarify the obligations, responsibilities, and liabilities of these new “governors”. What happens, for example, to the responsibilities of

states when a multi-stakeholder group steps in take the lead over on a specific global issue? Do MNCs and civil society assume some obligations and liabilities, traditionally designated to nation-states, when they start to participate in global governance?

Most multi-stakeholder governance groups work with a high degree of internal confidentiality and vagueness about their decision-making rules. For the Global Agenda Councils, for instance, the agendas are not public, let alone the outcomes.

## 8. External obligations of the participants

In multilateralism, the outcome of a negotiation generally includes a set of instructions to an international body to implement the agreement, plus a funding mechanism to provide the resources to carry out the agreement, or a set of commitments by governments that they will take independent actions to implement it. In most cases, this is done through a clear set of procedures to report back to the capital on the outcome of agreement, arrange funding from national budgets, and, where necessary, seek endorsement by a parliamentary process.

In multi-stakeholder governance, the pressing issue is that there is no obligation for any of the participants to commit resources to implement the outcome of a given undertaking. Nor is there any clarity on the way deliberations and outcomes are shared with the global public; the degree to which each governing actor is obliged to consult with the constituencies that it “represents”, the opportunity the public have to challenge the MSG’s proposals, and the role the MSG might take in orchestrating government and other actors to implement its recommendations.

This opt-in and opt-out approach is the essential component of WEF’s approach to global governance.

## Concluding observations

In none of these areas is there a rule book or even clarity about responsibilities, obligations, or liability under international law. This new terrain of global governance is making up its own rules on the fly or going about its activities without even any regard for rules of procedure. And, as noted earlier, a large component of GRI's multi-stakeholder governance proposals can be implemented without intergovernmental approval.

The World Economic Forum proposals for multi-stakeholder governance are a timely reminder that we need to take a new look at the current rules of engagement in international affairs. It is then timely for a broader range of other social groups, particularly those most adversely affected by globalisation, to re-think how they believe global governance should work.

After World War II, the most powerful governments created the UN Security Council with special seats for themselves, and the Bretton Woods Institutions with special voting powers for themselves. A few years later, in 1948, the UN General Assembly also agreed to the Universal Declaration on Human Rights, putting in place principles to constrain how states should treat their own citizens, and expressing what citizens can appropriately expect from governments.

One association, led by today's powerful corporate actors, has proposed next system of global governance. As with the post-WWII situation, today's powerful actors, MNCs, are recommending how to use their power to establish themselves in crucial governance roles. Governments, which are being bypassed by this WEF governance proposal, and CSOs and other non-state constituency groups, who are being invited on a selective basis in to the new governance system, can – and should – play an essential role in writing the rules of engagement with MNCs and the rules for constraining the worst effects of globalisation.



In my analysis there are four options to control the drive toward multi-stakeholder governance that is acting outside multilateralism. One option is to outlaw MNCs' involvement in global policy-making and programme implementation, as is done in the tobacco convention;<sup>14</sup> a second option is to rebuild the UN system, giving economic, environmental, and social decision-making the same legal mandatory status as decision-making in the Security Council, so that multilateralism could govern globalisation; a third option is to legally recognise the de facto status that civil society and MNCs have in global decision-making and design a new global institution that that incorporates an appropriate political balance between these sectors and supplants the existing government-based UN system; and a fourth option is for governments to adopted a new Vienna Convention specifying the rules for how MSGs could operate as an adjunct part of multilateralism.



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## Endnotes

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# CASE STUDY

## Nutrition and food – how government for and of the people became government for and by the TNCs

*Flavio Luiz Schieck Valente*

One of the most advanced pilots in implementing the GRI principles is in the area of food and nutrition with the establishment of the Global Food, Agriculture and Nutrition Redesign Initiative (GFANRI) in 2010. According to the GRI report “the goal of the GFANRI is to guide the development of food and agriculture policy and supportive multi-stakeholder institutional arrangements that will address current and future food and nutrition requirements within the realm of environmentally sustainable development”. With a declared focus on “children under two years of age and school children” the strategy outlines a set of recommendations to “strengthen small farmers’ productivity, the quality of their products, their access to markets and value chains, and income growth for poverty reduction”, with a strong emphasis on involvement of the private corporate sector, public—private partnerships, and multi-stakeholder initiatives.

Since 2010, GFANRI has integrated several initiatives including the Global Alliance for Improved Nutrition (GAIN), the African Green Revolution Association (AGRA), the G7 New Alliance for Food Security and Nutrition for Africa, the UN Secretary-General’s High-Level Task Force on the Global Food Security Crisis (HLTF) and its parallel G8 public-private partnership (PPP) initiative, the Global Partnership for Agriculture and Food Security and the Scale Up Nutrition (SUN) initiative.

These multi-stakeholder bodies advocate policies based on a belief that the liberalisation of international trade can guarantee global and national food and nutrition security (FNS) with no need for specific global or national governance. They pointedly ignore the impact of structural adjustment, the totally unfair international trade conditions imposed by the USA and the European Union (EU), and the role of neoliberal policies in undermining food security.

These pro-corporate initiatives emerged in the wake of the global food crisis in 2007/2008, but long before this, the richest countries consistently sought to undermine the key multilateral spaces dedicated to food and nutrition. In particular, they fought to: 1) restrict the political mandate of the Food and Agriculture Organization of the United Nations (FAO) to providing agricultural technical assistance; 2) dismantle the Committee on World Food Security (CFS); and 3) close the UN Standing Committee on Nutrition (SCN), the UN harmonizing body of global nutrition.

*This form of corporate capture, therefore, represents a 'life grab'.*

The overall drive has been to progressively transfer governance of "conflicted policy areas" from intergovernmental to multi-stakeholder spaces, strongly influenced, if not led by the agenda and interests of the private corporate sector. This drive excludes those who do not agree, and bypasses legitimately existing one country one vote intergovernmental food and nutrition policy spaces, such as the CFS, the World Health Organization (WHO) and the FAO.

The emergence of a strengthened CFS, with strong civil society participation in the aftermath of the food crisis posed a challenge to this vision and corporate-led process. But the determination to shift to a multi-stakeholder governance forum continues apace, with the theme of nutrition seen as the best entry point for progress.

The SUN initiative is perhaps the most developed of the GRI-promoted stakeholder governance for food and nutrition, with 123 businesses as members. It emerged from a World Bank idea, itself based on several initiatives by the Bill & Melinda Gates Foundation, and intensely promoted by staff of the office of the UN Secretary-General. It has become a powerful institution after the World Bank, UNICEF and rich country governments effectively undermined and then withdrew from the UN Standing Committee on Nutrition.

In November 2014, it was leaked that some UN agency heads were seeking to close down SCN without consulting UN members in anticipation of the launch of a SUN Network Secretariat to be hosted by the World Food Programme (WFP). Throughout 2015, close allies of SUN sought to increase its visibility and role in the FAO Committee on Food Security. Declarations by the G7 in 2015 in support of the SUN agenda,

an increasingly cozy relationship between the CFS secretariat and the Gates Foundation, and the announcement by UN Secretary General that he would nominate a new coordinator of the SUN Movement, who would also hold a UN Assistant Secretary General post, shows how far this agenda has already advanced. This occurred at the same time as private corporations sought (unsuccessfully) to increase their representation in the advisory group to the CFS bureau from one to four members.

The corporate capture of nutrition threatens the achievement of food sovereignty and the full emancipation of women. It brings with it industrialised food supplements, nutrient pills and powders, and other means of food fortification that do not serve public health goals. It instrumentalises women's role as mothers and providers of food to their families. Meanwhile, the efforts of the food sovereignty movement to treat food and nutrition as inseparable, and to link food, health and nutrition with the health of the planet have no place in SUN or other corporate-captured agendas.

This form of corporate capture, therefore, represents a 'life grab'. The peoples of the world must call on states to reject corporate capture and reaffirm people's sovereignty and human rights as a fundamental step to addressing all forms of inequity, oppression and discrimination, and to democratise national and global societies.



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*"To change the heart and soul"*

# HOW ELITES CONTAINED THE GLOBAL CLIMATE JUSTICE MOVEMENT

*Herbert Docena*



## Summary

Corporate executives and climate skeptics that mobilise against strong international climate change agreements have rightly been the focus of attention of many people concerned about the climate crisis. But another group of elites—those who actually believe in climate change—may paradoxically have done more to block effective solutions to the crisis: By actually trying to regulate the market at the global level, they may have succeeded in containing the only political force that could challenge the system that ultimately causes climate change.

### ILLUSTRATION NOTE

*On 15 August 2015, 1500 activists in an act of civil disobedience peacefully shut down the Garzweiler Lignite Mine in Rhineland, Germany, the largest source of carbon emissions in Europe. There is a growing awareness that corporate-led solutions to climate change won't work and that we need radical systemic change to tackle the climate crisis.*

## *“The object is to change the heart and soul.”*

– Margaret Thatcher

On the final day of the UN summit held in Paris in December 2015, thousands of people defied a ban on public gatherings by converging at a boulevard leading to the business district in La Défense to denounce the new climate agreement that government negotiators were about to sign and celebrate at the conference venue in Le Bourget, 20 kilometres away.

Hoping to counter governments' attempts to control the narrative regarding the summit, they gathered behind giant inflatable 'cobblestones' and a red banner proclaiming "System change not climate change!" Departing from some other environmentalist groups, they held placards criticising the undemocratic ways in which decisions regarding our relationship to nature are ultimately made only by capitalists and other powerful groups in the current global capitalist system. In different ways, they put forward a more democratic alternative: a system in which 'the people' decide on important questions such as what sources of energy to use and what activities to power and for whose benefit, how many trees to fell and to produce what goods for whom or, more generally, how to organise our relationship to nature and in pursuit of what ends.

Broad and as defiant as the action turned out to be, however, it was still not as large or as confrontational as some of the organisers had hoped. Unable to rally more people behind them, the radical anti-capitalists had little choice but to abandon their original plan to barricade Le Bourget and also ruled out marching on La Défense. In the end, the protesters could only gather, lobbing their 'cobblestones' in the air, aimed at no targets. Meanwhile, the popping of champagne corks in Le Bourget or La Défense went undisturbed.

Why, as this particular but not uncommon episode indicates, are activists struggling for a more democratic system unable to attract more people to their side? Or why, despite the intensifying ecological crisis caused by capitalism, is the movement for radical system change still confined to the margins?



Part of the answer surely has to do with how the world's elites have increasingly resorted to more coercive measures to keep people off the streets or prevent them from conceiving or expressing anti-systemic demands. But – as shown by the large number of people who refused to be cowed by the threat of force or to buy into the governments' discourse in Paris and beyond – it is not merely the presence or absence of physical or ideological repression that determine people's willingness to take on the powerful. Indeed, it pushes us to ask why more people are not willing to defy repression to fight for a democratic system.

This essay seeks to contribute to understanding the causes of the movement's weakness by drawing attention to another, typically overlooked, way by which the dominant seek to contain challenges to their undemocratic rule other than by trying to repress people's bodies in order to dissuade or restrain them from overthrowing the system: that of trying to mould people's very subjectivities – how they see their identities, how they make sense of their life situations, what they aspire

to, whom they consider their 'friends' or their 'enemies' – in order to persuade people to actively defend the system.

*it is not merely the presence or absence of physical or ideological repression that determine people's willingness to take on the powerful.*

I argue that part of the reason why activists struggling for a democratic alternative to capitalism find it difficult to draw more people to their cause is because a section of the world's dominant classes have been waging what we

can think of, extending Gramsci, as a kind of global "passive revolution": an attempt to re-construct or secure (global) hegemony by attempting to fundamentally reform global capitalism in order to partially grant the demands of subordinate groups. I show how, by purportedly trying to 'change the system', a particular section of the world's elites have achieved some success in countering radicals' attempts to reshape people's subjectivities, thus preventing them from fighting for a radically democratic system.

## A resurgent global counter-hegemonic movement

To better understand how world elites seek to contain counter-hegemonic challenges to their rule, it is useful to go back to the late 1960s when new radical movements, including those mobilising around ecological issues, burst onto the world stage as part of a broader resurgence of radicalism.

Even before then, a growing number of people in industrialised countries and also in the 'Third World' had been increasingly concerned about their deteriorating living conditions as a result of the ecological degradation that came with capitalism's renewed post-war global expansion. Before the 1960s, many people still typically thought of these ecological problems and the impacts these had on their lives to be the result of others' 'bad personal habits', 'unscientific management' of resources, or insufficient regulation of 'big business'. They therefore generally thought that these problems could be solved and their suffering ended by the inculcation of better personal habits, more 'scientific management' of resources, or greater checks on big business. Consequently, few directed their anger at the world's dominant classes in response to ecological degradation. While there would be a growing number of protests as people 'spontaneously' defended themselves against direct attacks on their wellbeing, they did not amount to the kind of organised and sustained resistance that threatened the ruling classes in earlier revolutionary upheavals in various countries.<sup>1</sup>

Starting in the 1960s, however, various intellectuals began to advance a different way of making sense of, and responding to, ecological problems. Herbert Marcuse, Barry Commoner, Murray Bookchin, or Chico Mendes, along with other scientists, journalists, writers, and organisers, began drawing not only from Marx but also from Morris, Kropotkin, Weber, and other critical thinkers to popularise new ways of looking at the world that challenged not just the dominant worldviews but even those propagated by so-called 'Old Left' activists.

Calling on 'the people' as members of exploited classes and other dominated groups whose interests were antagonistic to those of the world's elites, they argued that deteriorating living conditions were not just

because of bad habits, poor management, or the insufficient regulation of big business by governments, but because of the historically-specific property relations under capitalism. They revealed how capitalism drives capitalists, or those who own land, factories, power plants and other “means of production” and who therefore monopolise social decisions over production, to constantly intensify their exploitation of both workers and nature so as to maximise profits.

To overcome their suffering, they argued that reforms such as regulating big business – while not necessarily wrong – would not suffice; they needed to challenge nothing less than capitalism, patriarchy, racism, and other forms of domination. Though they did not necessarily agree on how to go about it, they urged them to end what Marx once called the “dictatorship of the bourgeoisie”, or the system of rule in which only those who own the means of production ultimately make production decisions. This would involve fighting for the abolition of private property relations and building a society in which everyone collectively and democratically own the means of production and therefore have a say in making decisions about how to organise production. Only then, they argued, would it be possible to prioritise people’s welfare and the planet’s well-being over the need to constantly maximise profits.

Through their myriad efforts to propagate these new ways of making sense of and acting upon ‘ecological’ problems, these radical intellectuals began to reshape people’s subjectivities by providing alternative ways of looking at the world, of understanding their identities, of diagnosing and overcoming their suffering.

As indicated by the growing membership and supporters of radical anti-capitalist ‘environmental’ organisations or movements that were concerned with ‘environmental’ questions, ever more people would begin to see themselves and the environmental problems they suffered in a new light.<sup>2</sup> Many started to think of themselves as members of oppressed and exploited classes and also began to connect ‘environmental problems’ and their social impacts to capitalist, patriarchal, colonial, racial or other forms of domination. As one activist who came of age during

this period put it: “a complete disaffection with ‘the system’... resonated deeply between East and West, North and South”.<sup>3</sup> Protesters moved beyond critiques of particular aspects of capitalism and “challenged the very essence of capitalism”, according to the environmental historian, John McCormick. Many began to aspire to a post-capitalist, if not socialist, society. And they recognised the need to confront and overthrow the ruling classes and other dominant groups determined to perpetuate capitalism. “Whatever the cause”, notes McCormick, “by 1970, there had been a revolution in environmental attitudes”.<sup>4</sup>

With these changed subjectivities, people connected the struggle around ‘environmental’ problems to broader struggles for social justice and equality and channelled their anger about ecological degradation away from fighting other individuals or other subordinate groups towards the dominant classes, their allies in the state apparatus, and other influential groups. Struggles around pollution, nuclear power, pesticides, and so on would become central to a reinvigorated global radical anti-capitalist bloc and re-ignited something that world elites thought they had ended: a “global civil war”.<sup>5</sup>

Although they did not necessarily succeed in – or did not even attempt to – seize state power, their actions, the historian Eric Hobsbawm argued, were still revolutionary “in both the ancient utopian sense of seeking a permanent reversal of values, a new and perfect society, and in the operational sense of seeking to achieve it by action on streets and barricades”.<sup>6</sup> Or, as geographer Michael Watts noted of the uprisings that swept the world in 1968, they were revolutionary not “because governments were, or might have been, overthrown but because a defining characteristic of revolution is that it abruptly calls into question existing society and presses people into action”.<sup>7</sup> Critical of ‘existing society’ and pressed into action, a growing number of people began fighting for what later activists called ‘system change’ to address ecological problems.

*Struggles around pollution, nuclear power, pesticides, and so on would become central to a reinvigorated global radical anti-capitalist bloc and re-ignited something that world elites thought they had ended: a “global civil war”.*

## Intra-elite struggles

This resurgence of radical environmentalism in particular and of radicalism in general troubled those intellectuals drawn from or aligned with the world's dominant classes in the United States and other advanced industrialised countries. Barraged with unrelenting criticism – pickets, protests, boycotts, direct actions – and besieged by demands for stronger regulation and ‘system change,’ many US business leaders felt under attack. One executive probably captured the mood when he said in jest: “At this rate business can soon expect support from the environmentalists. We can get them to put the corporation on the endangered species list”.<sup>8</sup> Not since the Great Depression and the New Deal, notes political scientist David Vogel, did US capitalists feel so “politically vulnerable”. Although the exact conditions varied, the situation was similar in other countries where radical movements emerged.

Under siege, many dominant intellectuals and corporate elites struggled to understand what was going on, how to define their interests in the face of it, and how to react. Many thought that the so-called ‘environmental problems’ were not ‘problems’ at all or that they could be solved through the normal workings of the market or through existing institutions.<sup>9</sup> Insofar as they acknowledged the problem, many perceived only a threat to their company’s or their industry’s interests and sought to protect them by simply rejecting the grievances aired by subordinate groups, killing their proposals, and resorting to coercive measures to intimidate or discredit their proponents.<sup>10</sup>

But there were other intellectuals who pursued and advocated an altogether different response.

Unlike most reactionary elites, these reformists were typically from patrician or bourgeois families in their respective countries. Others were from less privileged backgrounds but had assumed high government office or positions in ‘civil society’ organisations, most notably the philanthropic foundations. But unlike government officials, they were what Weber called the “notables”: those who lived *for* rather than *off* politics.<sup>11</sup>

Among those from such backgrounds who would play leading roles on climate-related issues would be people like Laurence and David Rockefeller, of the famous dynasty's younger generation; Robert O. Anderson, owner of the oil giant Atlantic Richfield; McGeorge Bundy, the former dean of Harvard and National Security adviser and later president of the Ford Foundation; Robert McNamara, former CEO of Ford Motors, Defense Secretary, World Bank President, and Ford Foundation trustee.

In other countries across Europe, Latin America and Asia, they included those with very similar backgrounds to their US counterparts. Among them were the likes of Giovanni Agnelli, chairman of Italian car company Fiat; Aurelio Peccei, former president of Olivetti and convenor of the Club of Rome; Alexander King, an influential British scientist; Maurice Strong, former president of a large Canadian oil company and later head of the United Nations Environment Programme (UNEP); Barbara Ward, a British economist and best-selling author, and adviser to numerous world leaders; Canadian prime minister Pierre Trudeau; Indira Gandhi, prime minister of India; Gamani Corea, secretary-general of the United Nations Conference on Trade and Development (UNCTAD), from Sri Lanka; Mahbub ul-Haq, World Bank vice president from Pakistan; and numerous other 'gentlemen lawyers' and 'learned cosmopolitans'.

Though they came from different countries, had their own specific interests, and pursued different and not always congruent projects, this loose network of elite intellectuals often pursued the same actions or took the same positions on particular issues. This was not because they were engaged in a 'conspiracy' but because their background meant that they generally thought about and acted upon global ecological issues through the lens of a common worldview.<sup>12</sup>

Unlike other elites, they were generally more open to the view that global warming and other ecological changes were indeed happening. Thus, for example, the oilman-turned-philanthropist who funded some of the key organisations that would push for action on climate change, Robert O. Anderson, called for a "steady mid-course between doom and gloom alarmists and those who resist acknowledging the clear danger to which

the human environment is being subjected".<sup>13</sup> Similarly, the industrialists, executives, and scientists gathered in the Club of Rome would portray the environmental issue as nothing less than a "global crisis".<sup>14</sup>

And, unlike other elites, they thought that the problem involved far larger threats than simply the diminution of specific firms' prerogatives or countries' economic competitiveness. They worried about pollution impairing their access to raw materials, intensifying international competition and prompting protectionism, and potentially even igniting inter-capitalist wars, such as World War I and World War II, that could once again fragment the global market and impede capitalist expansion. But more than that, they also worried that environmental degradation would further fuel public dissatisfaction and anger and therefore encourage support for radicalism.

*Breaking with other elites, they effectively concluded that in order to defuse such a threat... something that could be done only by fundamentally reforming global capitalism.*

Breaking with other elites, they effectively concluded that in order to defuse such a threat, at least some of the grievances and demands of subordinate groups needed to be addressed – something that could be done only by fundamentally reforming global capitalism.

Bound by these common views, these "enlightened reactionaries" – to use Karl Polanyi's label – set out to build a transnational reformist movement or "bloc from above", bringing together otherwise isolated elites and drawing in members of other classes to push for their project of 'changing the system.' They did this despite more conservative elites who wanted no change at all, and of course, against the radicals who wanted a very different kind of system change.

Undertaking parallel, sometimes even clashing initiatives, they deployed their vast economic resources and social connections – straddling the worlds of business, politics and science – to build this movement's capacity to engage in ideological and political struggle on the world stage.

## Radical language, reformist ends

To attract support, they advocated a different way of making sense of, and, thus, of thinking, talking, and acting about 'global environmental change' that absorbed certain elements proposed by radicals while departing from them on the most fundamental questions.

Like radicals, they sometimes called upon or "interpellated" members of subordinate groups as belonging to the 'poor' as opposed to the 'rich', and sometimes even borrowed from radicals in designating them as part of the 'periphery' as opposed to the 'core'. But they studiously avoided calling them members of exploited or dominated classes whose interests are in conflict with those of the exploiting or dominant classes; instead, they preferred to emphasise their identity as members of one "mankind" whose interests are not at odds with the interests of the world's elites – all inhabitants of *Only One Earth*, as the title of Ward's bestselling 1972 book for the first UN conference on the environment put it.

Echoing radicals, they told people that global ecological problems had less to do with 'bad personal habits' and more to do with the broader political and economic system. As the 1974 Cocoyoc Declaration, a follow-up to the 1972 Stockholm declaration written by Ward, ul-Haq, and others, put it: "[M]ankind's predicament is rooted primarily in economic and social structures and behavior within and between countries". But unlike radicals, they stressed that the problem was not the system as such but rather the lack of regulation and inadequate 'scientific management' of the system at the global level. Though they would disagree over what counts as "excessive", all saw ecological problems as "evils which flow from excessive reliance on the market system", in the words of the Cocoyoc Declaration.

So, like radicals, they explained to people that they could only alleviate their suffering by pushing for what radicals called 'system change'. But against radicals, they told people that changing the system did not entail overthrowing capitalism, but rather enhancing the global regulation of capitalism through what the Club of Rome called "radical reform of institutions and political processes at all levels". Countering



both conservatives and radicals, they argued for the need neither to keep the system nor to junk it altogether but to improve it by reducing the “excessive reliance on the market” and by moving towards what the Cocoyoc Declaration calls the “management of resources and the environment on a global scale”. The Club of Rome, for example, called for a “world resource management plan”<sup>15</sup> while the Trilateral Commission advocated “international policy coordination” for managing the “global commons”<sup>16</sup> in order to correct market failures, minimise inefficiencies, foster competition, and redistribute wealth in order to reduce poverty and mitigate ecological degradation. These proposals were what later scholars would call “international ecological managerialism”, or global “ecological modernization”.<sup>17</sup>

Put differently, they told people that they should aspire not to the creation of a post-capitalist society but to a greener, more regulated, capitalist society. For only by perpetuating reformed ‘green’ capitalism, pursuing more trade, more growth and ‘sustainable development’ could ‘mankind’ solve ecological problems, address social grievances, and realise the vision of the good life. As the Founex Declaration put it: “development” – meaning capitalist development – is the “cure” for the environmental problems facing the poor.

Consequently, against radicals who urge people to view the dominant classes as their oppressors and the targets of opposition, they urged the public to focus their anger only on particular members of the dominant group – i.e. ‘bad capitalists’ or those ‘bad elites’ (variously, the USA, the advanced economies, big business, the oil corporations, the Republicans, and so on). At the same time, they called upon the public to join the moral, responsible elites as ‘partners’ in pushing for and bringing about ‘system change.’ Much of what succeeding reformists would say and prescribe from the 1970s through to the 2000s essentially built on these recurring discursive or ideological themes.

## Building their movement's capacity

Reformist intellectuals did not, however, stop at rallying people to their side and exhorting them to fight for their cause. Often in coordination, but also sometimes competing with each other, they mobilised to equip their supporters with cutting-edge knowledge on global environmental problems – and with ‘policy options’ for managing them – by funding or otherwise supporting hundreds if not thousands of universities and government or inter-governmental research departments and think-tanks.

Thus, for example, the Ford Foundation financed a whole battalion of academic centres, research departments and scientific networks such as the Aspen Institute, the International Institute for Environment and Development (IIED), the Brookings Institute, the International Union for the Conservation of Nature (IUCN), Trilateral Commission “study groups”, and many other outfits. The Volkswagen Foundation funded the Club of Rome’s *Limits to Growth* study. McNamara transformed the World Bank into the world’s largest centre for research on the relationship between environment and development. As its first Executive Director, Maurice Strong established UNEP as one of the key initiators of large-scale collaborative research on the ozone hole, biodiversity loss, and climate change. Reformists in developing countries formed the South Centre, a think-tank that became a key source of analysis for government officials from the South.<sup>18</sup>

This is not to say that they merely funded research with which they would agree. Indeed, probably as a result of their own lack of knowledge, uncertainties, or internal tensions, they chose, or at least strove, to ‘diversify their portfolios’ by supporting different researchers approaching the problem from dissimilar perspectives, including those they would subsequently disagree with.

To improve their ability to advocate for the reforms they wanted, they also undertook various initiatives to identify and groom scores of highly educated middle-class professionals – lawyers, economists and scientists – who were supportive of their reformist vision, and devoted considerable

resources and energy towards promoting the 'professionalisation' of their activism. Ford, Rockefeller, Anderson and others, for example, bankrolled the formation of the Environmental Defense Fund (EDF), Natural Resources Defense Council (NRDC), and possibly thousands of other moderate or non-radical groups across the world.<sup>19</sup>

These 'capacity-building' efforts extended to a wide range of organisations, in part because of a deliberate strategy of taking risks and finding innovative people. Ford, even as it supported more moderate or even more conservative reformists, also funded 'public interest' organisations that were more critical of 'big business' and more inclined to raise questions of social justice.

Through such investments in generating knowledge and building movements, they assembled a loose, decentralised, transnational network of highly-trained reformists, occupying strategic positions in various governments, international organisations and civil society groups worldwide, which then pushed the world's governments to adopt a raft of far-reaching environmental measures to address global environmental problems at the local and global levels.

Thus, for example, equipped with research confirming global warming and with studies assessing possible policy options, this global network of reformists mobilised to raise the alarm and push for unprecedented global regulatory interventions to address climate change. It was UNEP, for example, that encouraged scientists to speak up and to push for an internationally coordinated response. Scientists and activists associated with EDF and other reformist groups organised a flurry of international conferences on the issue and pressed the world's governments to commence negotiations on an agreement. And it was EDF and others that spearheaded the formation of the Climate Action Network (CAN), which would go on to become the world's largest network of NGOs calling for government "action" on climate change.<sup>20</sup> Simply put, if it had not been for the independent but converging initiatives of these reformists – and the elites that supported them – the UN negotiations on climate change might never have happened.

Although they did not necessarily agree on all the details, they did converge in pushing for a strong, legally-binding international climate agreements. They united behind demands for unprecedented internationally coordinated interventions in the global economy that could oblige certain countries and industries to drastically reduce their emissions and for establishing a kind of de facto global 'welfare scheme' that could compel some countries to transfer finance and technology to others.

## A global battle for hearts and souls

Thanks to all these investments in political and ideological mobilisation, the reformist movement was able to go on the offensive from the 1970s onwards. Effectively backed by the threat of the more radical alternatives posed by the movements to their left, it succeeded in overcoming conservative resistance and incrementally put in place a range of ambitious and far-reaching environmental regulatory measures in many countries, such as the National Environmental Policy Act and the Clean Water Act approved in the USA in the 1970s. At the international level, this reformist bloc secured agreements tackling global environmental problems such as the ozone hole, biodiversity loss, desertification, and climate change. These measures, as limited as they may have been, likely prevented even worse outcomes had reformists not pushed for them.

*...if it had not been for the independent but converging initiatives of these reformists—and the elites that supported them—the UN negotiations on climate change might never have happened.*

In so doing, reformist elites did more than just deliver limited relief and material concessions to members of the dominated classes; they also countered radicals' attempts to reshape their subjectivities and succeeded in dispelling their attempts to channel people's anger and anxiety towards fighting for radical system change.

This is because, by appearing to change the system and channelling limited benefits or advantages to subordinate groups, they undermined radicals' capacity to convince people to diagnose their suffering as the inevitable result of capitalism and to see themselves as members of antagonistic classes whose interests are always incompatible with the dominant classes.

And, as an increasing number of people came to see themselves as members of harmonious communities, to believe that their suffering is caused only or primarily by the lack of regulation of capitalism, to conclude that they could improve their conditions without going so far as having to overthrow capitalism, and to view at least some elites as 'partners' or 'leaders' to support, so ever fewer would therefore be motivated to defy the powerful and to cast their lot with movements fighting for radical system change.

For this and other reasons, radicals worldwide have not only found it harder to gain new adherents from the 1970s on, but even once committed fighters would either lay down their arms or 'defect' altogether.<sup>21</sup> Once on the upsurge, radical anti-capitalist movements would consequently be on the defensive, continuing to organise but increasingly pushed to the margins. In the USA, Europe, and probably in other countries where the radical environmentalist message had only a few years before gained traction, radical critique would "fizzle out" and anti-capitalist environmentalism would suffer a "precipitous decline".<sup>22</sup>

## Conclusion

Thus, without always deploying the violence they constantly keep in the background, the more forward-looking of the world's elites have at the very least been able to dissuade people from struggling to replace capitalism with a different, radically democratic system; at most, they have been able to persuade or motivate them to actively fight to 'improve' an inherently undemocratic system in order to prevent it from being overthrown. By organising and mobilising a transnational movement from above to wage a global "passive revolution" in favour of regulating

the market, they have been able to defuse the class antagonisms that the radical intellectuals had sought to kindle. By so doing, they have not only prevented or restrained people from expressing or venting their anger, but have been able to harness that anger towards tinkering with the system in order to keep it the same.

Had these reformist elites not mounted this global passive revolution, it is unlikely that the world's governments would have attempted to establish global-level regulation to address global ecological problems. And had the world's governments not acted, it is unlikely that they would have staved off a global counter-hegemonic challenge to capitalism.

And yet, it is also important to stress that, as indicated by the willingness of a significant number of people to engage in mass civil disobedience action on the final day of the latest UN climate summit in Paris and the growing radicalisation of many climate activists worldwide, they still have not succeeded in completely defeating or eliminating this challenge altogether. For reasons that have to do in part with leading reformists' decision to accommodate conservative elites' demands to weaken their proposed reforms, our movement has not only survived the reformist offensive but in recent years, we have even become resurgent again.

But whether we will do more than survive ultimately depends on whether we can counter these more forward-looking elites' sophisticated and well-organised attempts to change the hearts and souls of those we seek to draw to our side. This does not necessarily mean always opposing the reforms and concessions that the more 'radical' among the reformists are promoting, or refusing to work with them. But it does mean constantly subverting their attempts to channel people's anger to only their chosen enemies and to confine them to just aspiring for a greener, more ecologically-conscious 'dictatorship of the bourgeoisie.' Put differently, it means pushing people to go beyond the horizon that the reformists seek to restrict them to, and to help empower them to dream of a democratic, because socialist, alternative.

The alternative is that we just remain stuck in place without being able to march forward.



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# PRECARITY, POWER AND DEMOCRACY

*Tom George*



## Summary

The increasingly precarious nature of work and life poses a serious threat to democracy as it undermines our social fabric, atomizes individuals and seeks to personalize blame for economic insecurity. What potential is there for 'the precariat' to become a new kind of social movement with a collective vision to reimagine contemporary life?

### ILLUSTRATION NOTE

*On September 2014, fast food workers in precarious working conditions walked off the job in 159 cities demanding higher wages and the right to unionise. The movement for proper wages and dignified work continues to build.*

Through a dismantling and remodelling of the post-war welfare state, and the democratic rights associated with it, neoliberal globalisation has unleashed what might be called capitalism's law of increasing precarity. In this sense, precarity describes "a generalised state of insecurity, cutting across traditional social status traditions".<sup>1</sup> It is synonymous with the vulnerabilities that arise from the adoption of neoliberal economic reforms, whereby life is subject to instability and endangerment.

While precarity is increasing across the Global North, it is the rapid and systematic nature of the threat to existing social protection that makes the United Kingdom an exemplar case. Often understood as having shifted from an institutionalised model based on social rights to a neoliberal, market-based model, the UK's convergence with US policies following the dominance of 'New Right' thinking during the Reagan and Thatcher years has led to dramatic consequences relating to inequalities and poverty. Unprecedented cuts to public services and education, austerity measures and debt-crisis management have become the rule, rather than an exception.

This is not simply a passing or episodic condition, a necessary period of 'belt tightening' or 'pulling up one's socks'. What is unique about the production and management of precarity is that it has become central to a much wider range of apparatus that characterise *this* historical 'moment', designed to serve the purpose of capitalist accumulation and control. As such, precarity is essential to understanding contemporary politics and economics.

The concept of precarity originated in the 1990s in European sociology amidst explicit fears that mass individualisation, the promotion of market solutions and the nature of 'flexible' and increasingly precarious employment conditions would erode any possibility of collective action. Perhaps most notably, however, precarity has proved to be a mobilising focus for political organisation across Europe, which some theorists see as manifesting a new political subject, the precariat. Guy Standing's widely read and reviewed book, *The Precariat: The*

New Dangerous Class, has helped to draw popular attention to the term. For Standing, the precariat is “globalisation’s child”, striving for “control over life, a revival of social solidarity and a sustainable autonomy, while rejecting old labourist forms of security and state paternalism”.

On the ground, precarity has become entrenched in experiences of life and work. Although the current UK government continues to laud its ‘success’ in lowering unemployment rates and increasing (weak) economic growth, this has been accompanied by a rise in temporary, insecure and precarious work for British and migrant workers, and draconian cuts to public services. The resulting competition for security and status promotes individualistic opportunism and a lack of solidarity, meaning that the precarious are not only isolated and dispersed but also that they are vying against each other.

Attempts to understand this phenomenon have often resulted in crude formulations of populations into distinct political types as a way to delineate or determine those who are ‘most’ precarious. Perhaps most significantly, neologisms and quarrels about demarcations between social groups or ‘classes’ have restricted rather than facilitated political organisation. The term ‘precariat’ has traversed the boundaries of social sciences<sup>2</sup> and global activist networks and features prominently in the mainstream media. Following the appropriation of the term in *The Great British Class Survey*,<sup>3</sup> where the precariat featured at the bottom of a new seven-tier class structure, the precariat has been depicted particularly in the right-wing press as the new ‘doomed’ and ‘unrespectable’ class that you must avoid falling into. This is encapsulated in a ‘rate your vulnerability’-style survey with the headline *Elite or Precariat? So which class are YOU? Unsure of your place in the new pecking order? Then try our (very cheeky) quiz...*

*The resulting competition for security and status promotes individualistic opportunism and a lack of solidarity, meaning that the precarious are not only isolated and dispersed but also that they are vying against each other.*

“If you answered: **‘Mostly F – You are teetering on the edge of society**

**PRECARIAT** – a term so *appalling* that it could only have been thought up by a smarty-pants member of the Elite. The Precariat are the opposite of the Technical Middle – instead of having money but no interests, they have all sorts of things they’d like to do, but they can’t do any of them because they have no money. Insecure lives, and usually *trapped* in old industrial parts of Britain.”<sup>4</sup>

The victimising effects of this kind of socioeconomic classification become an instrument of power, much like the stigma associated with terms such as ‘underclass’. The concept of the precariat in this sense is both negative and attributed to personal failure rather than to systemic contradiction. There is no mention of resistance or rejection. Rather, a group of people are deemed irresponsible, and subject to increasing state control, as if they didn’t ‘allow’ themselves to be neoliberally governed. Crass distinctions do little more than demonise and alienate increasingly vulnerable people, pitting groups against each other and, crucially, undermining an understanding of precarity as a condition that cuts across all social strata.

As I will argue in this essay, the production of precarity is based on new forms of power and exploitation that have become central to the neoliberal logic, according to which the organisation of social and economic ‘security’ requires precarity as a way of life, both undermining social justice and eroding the core of democracy itself. The first part of the essay addresses the production of precarity and how it undermines democracy and political organisation. The second highlights spaces of hope, the unique political position of the precariat and the use of precarity as a starting point for mobilisation and collective alternative visions.

## Precarity and democracy

The challenge neoliberal advocates have of managing the threshold between maximum precarisation (an amorphous and incalculable ‘ideal’ to maximise freedom for capital) and minimum safeguards can be seen as a balancing act between precarity and security.

As labour studies academic David Neilson explains:

Optimal social conditions for promoting ontological security are centrally about solidarity defined as a cooperative unity, mutuality, co-dependency, and collective responsibility; while inversely, division, competition, and individualism accord with conditions promoting existential anxiety.<sup>5</sup>

Indeed, in order to maintain new forms of hardship at a 'tolerable' level, that is, without risking insurrection, neoliberal advocates need institutions of the welfare state to create the appearance of shared responsibility. One of the main ways in which precarisation shapes struggles for democracy is the way in which it makes risk and responsibility an individual matter, undermining collective responsibility and solidarity among citizens. This essay focuses on two themes that highlight how precarity is incongruent with democracy, namely, its relation to the precarisation and of *work* and its relation to *citizenship* (and its counter, *denizenship*).<sup>6</sup>

Here I deal with the (re)organisation of work, of labour, and of social life – as well as their blurring. Precarious work does not merely affect material life (though its effects are severe), but includes subjective and emotional experiences.

Claire gets the call on Tuesday. Can she do Thursday night? She's got to wear her black trousers, white shirt and black tie. She knows the uniform: the one she had to buy for herself when she signed the contract that didn't actually guarantee any work. She'll have to scrape her long hair up into a bun and look exactly like the other waiters, so that the people she serves won't have to see her. It will be three hours at minimum wage, except it will work out slightly less than minimum wage because they'll offer her a dinner at the end of the shift. The food won't be great so she'll probably just pick up something to eat on the way home. She says yes to this one because there's just enough time - after she finishes in the office - to get to the venue across town. She says yes at all because there's no other way to pay down her student debt.<sup>7</sup>



The evolution of a globalised labour market over the last few decades has contributed to the prevalence of casual and increasingly informal labour, at the same time as state welfare provisions have been greatly curtailed. It is possible to see the origins of precarious work in the sexist origins of the US temping industry. In 1971, this is epitomised by the *Kelly Girl Services* creation of 'The Never-Never Girl'. With ads appearing in HR publications and the establishment of agency work and temping as a legitimate part of the economy, the temping industry was able to sell the idea that all employees could be replaced by temps. In turn, and in the context of cutting costs, this promoted the belief that employees are a burden and a cost that could be minimised. In this vision, only the *product* of labour has value, and in shifting economic 'risks' onto the lives and minds of workers, they fostered a new cultural consensus about the world of work.

Never takes a vacation or holiday. Never asks for a raise. Never costs you a dime for slack time. (When the workload drops, you drop her.) Never has a cold, slipped disc or loose tooth. (Not on your time anyway!) Never costs you for unemployment taxes and social security payments. (None of the paperwork, either!) Never costs you for fringe benefits. (They add up to 30% of ever payroll dollar.) Never fails to please. (If our Kelly Girl employee doesn't work out, you don't pay. We're that sure of all our girls.)<sup>8</sup>

Today, we see this articulation of work and life reaching new extremes. For example, the normalisation of indebtedness compels people to find any paid work, a process largely motivated through the manipulation of guilt and fear that contributes to how we organise and perceive ourselves. Increased competitiveness and job scarcity have engendered a culture of working-in-order-to-labour, as well as labouring for free. Central to this is the de-socialisation of labour. This includes the increased division between working relationships such as employer/employed, manager/employee, but also includes a focus on targets, performance, and piecework that foster job insecurity and a lack of control in the workplace. Under the guise of making the economy more dynamic, and an alleged absence of conceivable alternatives, cordons have been placed around

trade unions and employers have been permitted to remove work-related benefits, such as final salary scheme pension plans or health benefits. Security of tenure, let alone guaranteed working hours, have greatly diminished.

Every instance of deregulation, for example, the case of zero-hour contracts, is articulated and sold as a benefit to flexible individuals, who are free to 'pick-and-mix' in the temping agencies' sweet shop. Zero-

*by placing risks and responsibilities on the individual that ought to be shared by all members of society, such as the right to work, precarisation negates the notion of shared responsibility that is integral to democracy.*

hour contracts mean that employees are under contract, but work only when they are needed. This frees the employer of any obligation to offer work, and the employees get paid for exactly how many hours they do. In September 2015, the Office for National Statistics reported that the number of people employed on such contracts in the UK has reached 744,000, a 19% increase in one year.<sup>9</sup> The proliferation of these contracts has led to new exploitative lows. For instance, some restaurant employees<sup>10</sup> have to pay to work, handing over their tips at the end of the shift (if they have made enough)

and if not, having to cough up a percentage of their service out of their own pockets. The multiplication of zero-hour contracts, freelancing, and unpaid internships are concrete examples of the normalisation of insecurity.

Clearly, by placing risks and responsibilities on the individual that ought to be shared by all members of society, such as the right to work, precarisation negates the notion of shared responsibility that is integral to democracy. This is also evident in the reformulation of what it means to be a citizen. Citizens in countries that used to have a welfare state and universal benefits can no longer trust in the right to social security. Indeed, citizenship is undergoing a new stratification and 'denizenship' is taking its place.<sup>11</sup>

Sociologist Zygmunt Bauman captures this new world where blame for social insecurity is individualised:

If they fall ill, it is because they were not resolute or industrious enough in following a health regime. If they stay unemployed, it is because they failed to learn the skills of winning an interview or because they did not try hard enough to find a job or because they are, purely and simply, work-shy. If they are not sure about their career prospects and agonise about their future, it is because they are not good enough at winning friends and influencing people and have failed to learn as they should the arts of self-expression and impressing others ... Risks and contradictions go on being socially produced; it is just the duty and the necessity to cope with them that is being individualised.<sup>12</sup>

Neoliberalism's role in creating the context for this kind of citizenship can be seen in Foucault's description of 'economic man'; the economisation of everything and everyone in the image of *homo oeconomicus*.<sup>32</sup> In this sense, the individual becomes 'an entrepreneur' of their self, a form of 'human capital' made through investments, at the very level of human being.<sup>14</sup> The functioning of power, and the obligation to choose, as previously mentioned, lies in the need to actively choose different ways of investing in ourselves. For Foucault, governing and power structures how we act, pushing us towards 'naturally' competing for security and status. The vaunting of freedom of choice in neoliberal times and the operations of power that produce precarity are the same as those that produce *homo oeconomicus*, the governable and self-governing subject.

The institutional mantra of 'freedom of choice' is then about making the 'right' choices in the face of instability. Not only this but securing one's own well-being becomes a process of competing against others, for status and for position, making the individual personally responsible for failure, success, well-being and happiness.

While universal suffrage, human rights and welfare entitlements are compatible with democracy, institutionalised individualisation is not. Modern institutions provide little or no protection from vulnerability and

uncertainty. When risk becomes a 'daily necessity', and the removal of social safety nets occurs alongside the promotion of a perverse politics of responsibility – a duty for *everybody* to work, as part of a reconceptualised notion of citizenship, whereby benefit claimants are 'scroungers', or welfare is rearticulated alongside images of a culture of 'worklessness' – it soon becomes clear why the result is an extreme and brutal neglect of vulnerable people.

This is most recently evidenced in those who, because of lack of support and awareness, have been deemed 'fit for work' when they are not, causing distress, suffering and in extreme cases, fatal consequences.<sup>15</sup> Those subjected to these processes are stripped of their rights through coercive means. In the UK, the normalising of insecurity, through the very institutions designed to provide welfare and support, is also highlighted in the punitive assessments of those who receive social benefits and the frequent sanctions imposed that withdraw benefit from vulnerable people. In one perverse case, the Department of Work and Pensions was revealed to have invented case-studies and quotes that suggested that sanctions have helped benefit claimants 'get back on their feet' and 'ready to work'.<sup>16</sup> Mechanistic work capability assessments can be restrictive and force people to take the only jobs they can get. The distinction between 'work' and 'labour' here is key because the 'right to work' is meaningful only if all forms of work are treated with equal respect.

*“The best way to get people not to be political is to make them precarious.”*

With new forms of individualisation and the closure of potential avenues for organisation and collective struggle, conventional modes of coming together have become constricted, and people have had to operate outside electoral politics, trade unions and traditional representations of interest. There are no lobbies or forms of representation for the precarious.<sup>17</sup> Precarity has therefore not only become a form of governance but has also made resistance itself precarious, as it restricts collective solidarity and collective visions and thereby negates democracy.<sup>18</sup>

## Precarity and resistance

*"The best way to get people not to be political is to make them precarious."<sup>19</sup>*

In the face of fragmentation and dispersal, what is needed is a perspective that begins with connections with others. This becomes a possibility only when precarisation is not understood solely in terms of threat, lack, coercion or fear; it is possible when "the entire ensemble of the precarious is taken into consideration and the current domination-securing functions and subjective experiences of precarisation are taken as a starting-point for political struggles".<sup>20</sup> In this way, precarisation could open up new possibilities for resistance and transformation. If precarity becomes the foundation of a political constitution, then it is no longer limited to hopelessness, isolation and lack. It allows for moving beyond the demand for a politics of 'de-precarisation', which is no longer meaningful in its own terms, not least because traditional collective security systems have been rebuilt to normalise insecurity. It enables a politics of the precarious, able to challenge and undermine neoliberal logic, to highlight the role of precarity and precarisation as 'instruments of domination', and to call for new ways of ending precarity, that go beyond a reformulation of traditional systems of social protection. This can be achieved only through a recognition of the "ineluctable state of precariousness".<sup>21</sup>

The strategies adopted by the EuroMayDay<sup>22</sup> movement are crucial here. In 2004, they declared:

We are those precarious people. We are the women of Europe in a feminised workforce and economy that nevertheless reserves to xx people more discriminatory pay and roles than to domineering xypeople. We are the consumerised younger generation left out of the political and social design of a gerontocratic and technocratic Europe. We are the first-generation Europeans coming from the five continents and, most crucially, the seven seas. We are the middle-aged being laid off from once secure jobs in industry and services. We are the people that don't have (and mostly don't want) long-term jobs, and so are deprived of basic social rights

such as maternity or sick leave or the luxury of paid holidays. We are hireable on demand, available on call, exploitable at will, and fireable at whim. We are the precariat.<sup>23</sup>

The term 'precariat', as activists initially used it, connected those interested in organising around and against "generalised social precarity and singularised job precariousness" (ibid.) and did so outside traditional forms of labour organisation because these were deemed insufficient for building the resistance and counter-power necessary to establish political agency in neoliberal conditions. Despite the lengthy history of the precarious nature of capitalism, the precariat movement is often said to have 'found its wings' in the Milan May Day in 2001 and has gained increased momentum in subsequent EuroMayDay protests since 2005, where it now gathers over 100,000 people, and many more worldwide. Organised by a network of labour collectives, students, migrant groups and others across myriad social, political, economic and cultural spheres, the heterogeneous precariat in many European cities seeks to "organise the unorganisable" on May Day and beyond; demanding universal rights for workers, open migration policies and a universal basic income, and expressing solidarity with precarious people everywhere.

EuroMayDay has had an international orientation from the start, seeking to address precarisation as a transnational problem. The EuroMayDay parades have not only revolutionised the traditions of 1<sup>st</sup> May, which traditionally relate to Labour Day or International Workers' Day, through direct action, it opposes the privatisation of the public sphere with "bodies, images, signs and statements".<sup>24</sup> "This kind of reappropriation of the city is consistently played out without stages and podiums, in the endeavour to counter the paradigm of representation with the paradigm of the event".

Antonio Negri asserts that the EuroMayDay movement is an autonomous process, united by a demand for a universal approach and radical alternative practices that transcend its appearance as a simultaneous series of parades. "For me, the precariat isn't made up only of egoistical beings, nor merely of individuals. [...] On the contrary, the revolutionary recomposition of subjects is occurring a little everywhere, in terms of

the construction of the common".<sup>25</sup> It is this construction of the common that remains the focus for members such as Alex Foti, a Milan-based EuroMayDay activist: "We are all either precaires or cognitaires and we all need to work to make ends meet", the idea being "to build social self-representation through metropolitan activism by federating autonomist collectives and local unions around the social organisation of the precariat".<sup>26</sup>

Austrian philosopher Gerald Raunig's<sup>27</sup> conception of the social movement as 'machine' is useful here as it helps us understand that the EuroMayDay machine is a constant process, a struggle; it does not consist only of the

*EuroMayDay has challenged precarious living and working conditions through relative and symbolic repertoires, and in doing so, has repeatedly negotiated cultural and political fields.*

event, as in the demonstrations on 1<sup>st</sup> May, but the 'instiuent' and surrounding practices that unite and make that event possible. Here we can see the connection between "the machine as movement against structuralisation" and the "machine as social productive force", in other words the power of the movement to resist and to construct new ways of being and doing. The significance of organising for 1<sup>st</sup> May should not be understated, but it is only one part of a wider process of micro-actions and discursive events, online communication and

meetings as well as everyday subversion. Due to the hard work of time-stricken activists, an increasingly dense network of addressing the issue of precarisation is growing, and it is traversing and conversing across borders significantly, not only in Europe.

The spirit of EuroMayDay has traversed to London, and as far afield as Tokyo, and the activists involved in the network continue to challenge their situations and experiences, through practices that confront traditional identity and representative politics. This social movement has challenged precarious living and working conditions through relative and symbolic repertoires, and in doing so, has repeatedly negotiated cultural and political fields. In the attempt to politically organise the precarious with a view to facilitating a new politics, these exchanges have frequently

taken place in art institutions or social centres rather than in political or even university contexts. This is only one aspect in the search for collective visions that have become difficult in their traditional form.<sup>28</sup>

This certainly should not be understood as a failure. The MayDay movements' search for new political forms that have foreshadowed and influenced other movements (such as the UK university occupations in 2008/2009 or the Occupy movement in 2011). They have also acted as information campaigns about issues of precarisation, building collective knowledge production on contemporary ways of living and working.<sup>29</sup> This creative tension between the precariat as victims "penalised and demonised by mainstream institutions and policies" and the precariat as heroes "rejecting those institutions in a concerted act of intellectual and emotional defiance" is important, not least because the victim/hero dualism goes some way towards empowering the otherwise disempowered. As Guy Standing notes, by 2008, the EuroMayDay movement "demonstrations were dwarfing the trade union marches on the same day",<sup>30</sup> which is hugely significant given that the only thing that 'unites' and 'integrates' this 'variegated aggregate' is the shared "condition of extreme disintegration, pulverization, [and] atomization"<sup>31</sup> and an attempt to find common ground around the term 'precariat'.

While the precariat as a social movement is still emerging, what is so promising about the evolving vision is that there is no intention to negate differences among the precarious, yet nevertheless common visions are being found in the midst of differences in strategies and alliances. This demonstrates the unifying potential of precarity, as well as of specific projects such as demands for a universal basic income. We must be aware of and attuned to the potential for organisation and, in the spirit of the movements that are seeking a better world for all, seek to preserve rather than quash its heterogeneity. I hope that through an engagement with the networks, organisations, and collectives that are facilitating and enabling unity, that precarisation can become a starting point for political struggles, uniquely positioned to resist and strong enough to reject division. It is, after all, collective action and a re-articulation of the conditions in which we live that will represent the most honourable manifestation of support for these ideas.





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# FREEDOM TECHNOLOGISTS AND THE FUTURE OF GLOBAL JUSTICE

*Dr John Postill*



## Summary

In the wake of early 2010s upheavals such as the Arab Spring, Spain's indignados, or the global Occupy movement, many commentators were quick to either invoke the presumed tech-savvy of 'digital natives' or the purported 'cyber-utopianism' of net freedom advocates who supported the protests. But what role have internet freedom activists – or 'freedom technologists' – played in ongoing struggles for progressive political change around the world and how can the pursuit of liberty be combined with the struggle for social justice?

### ILLUSTRATION NOTE

*Tawakkol Abdel-Salam Karman, featured at the front, is a Yemeni journalist, politician and human rights activist who led a group "Women Journalists Without Chains that was part of the 'Arab Spring' uprisings.*

The past five or six years have seen an explosion of political initiatives around the globe in which tech-minded actors of various kinds (including geeks, hackers, bloggers, tech journalists, digital rights lawyers, and Pirate politicians) have played leading parts. From whistleblowing to online protests, from occupied squares to anti-establishment parties, their political actions can no longer be ignored, particularly following Edward Snowden's revelations about the mass digital surveillance capabilities of the US National Security Agency (NSA) and allied agencies.<sup>1</sup>

In my writings, I use the term *freedom technologists* to refer to those political actors – both individual and collective – who combine technological know-how with political acumen to pursue greater digital and democratic freedoms. Indeed, freedom technologists regard the fate of the internet and of human freedom as being inextricably entwined. Far from being the techno-utopian dreamers or ineffectual “slacktivists” of a certain strand of internet punditry, my anthropological research shows that most of them are, in fact, techno-pragmatists; that is, they take a highly practical view of the limits and possibilities of new technologies for political change.

In the wake of popular uprisings such as the Arab Spring, Spain's *indignados*, or the global Occupy movement, many commentators were quick to either invoke the presumed tech-savvy of “digital natives” or the purported “cyber-utopianism” of net freedom advocates who supported the protests. Yet not enough serious attention has been paid to the contribution of freedom technologists to ongoing struggles for progressive political change around the world. To address this neglect, in this essay I review some of the recent political successes and setbacks of freedom technologists of various kinds (geeks, hackers, online journalists, digital rights lawyers, Pirate politicians, etc.) in three countries that experienced mass protests following the global financial crisis of 2008: Iceland, Tunisia and Spain. I conclude by drawing attention to an unresolved issue in most freedom technologists' projects – namely how to reconcile the pursuit of liberty with that of social justice – with Spain as a curious exception worthy of closer inspection.

## From WikiLeaks to media freedom laws

A good place to start our enquiry into the contribution, if any, of freedom technologists to progressive political change is Iceland.

One October morning in 2008 Icelanders awoke to the shattering reality that their seemingly prosperous country was bankrupt. In other words, Iceland could no longer pay back its external debts and its currency, the *krona*, had become valueless.<sup>2</sup> It soon emerged that Icelandic banks had been making staggeringly large loans to their own shareholders. As a result of this “huge scam”, over 50,000 people – or one sixth of Iceland’s population of 320,000 – lost their savings. It also transpired that a financial clique of about 30 people controlled the country’s economy through a “revolving door between finance, politics and the media”. Not surprisingly, a deep crisis of legitimacy ensued after long decades of citizens’ faith in a political system customarily hailed as being among the most transparent and advanced in the world. As the information freedom activist Heather Brooke aptly put it, Iceland was “ripe for reform”.

A key turning point came on 1 August 2009. The then unknown WikiLeaks had obtained documentation that exposed the tight grip of cronyism on the country’s financial system. When the bankers realised that this documentation had been posted online, they forced the Icelandic judiciary to impose an unprecedented gagging order on the news media. Undeterred, the state TV news anchor, Bogi Ágústsson, circumvented this order by simply directing viewers to the WikiLeaks website. This incident made WikiLeaks an instant phenomenon in Iceland. Shortly thereafter its spokespersons, Julian Assange and Daniel Domscheit-Berg, were welcomed to Iceland as heroes. Interviewed on the nation’s most popular TV chat show, a cheerful Assange proposed that Iceland become an information freedom haven: “A crisis is a terrible thing

*Iceland needed to change, and it would only take a few committed activists, particularly when they had technological skill and political currency, to change society in a profound way.*

to waste and Iceland has a lot of opportunity to redefine its standards and its legislation”, argued Assange. The message from WikiLeaks was that

Iceland needed to change, and it would only take a few committed activists, particularly when they had technological skill and political currency, to change society in a profound way.

Inspired by this message, a team of Icelandic and foreign freedom technologists – predominantly hackers, geeks, lawyers, journalists and politicians – launched the Icelandic Modern Media Initiative (IMMI). The aim of IMMI was to strengthen information freedom both in Iceland and globally, particularly “the rights of journalists, publishers and bloggers”.

The team’s techno-pragmatism was in evidence from the outset. Thus one of its leaders, the self-defined computer “nerd”, poet, and MP Birgitta Jónsdóttir explained how “we went on a scouting mission looking for the best [information freedom] laws, not just laws that looked good on paper, but that actually worked in reality”.<sup>3</sup>

To their delight, on 16 June 2010 the Icelandic parliament unanimously passed IMMI as a resolution. However, the process of translating the resolution into legislation is proving to be long and tortuous. While some provisions are now law (e.g. source protection), others are currently pending, and still others are on hold. An added hurdle is IMMI’s realisation since Edward Snowden’s NSA revelations that legal innovations may not be sufficient to protect whistle-blowers and other sources from the digital prying of powerful states and corporations. This led to calls for greater support for privacy technologies in view of the fact that “legalistic schemes are never going to work” as powerful governments can always “flaunt [sic] international law”.

In 2013 Birgitta Jónsdóttir became the leader of Iceland’s Pirate Party, which holds only three seats of the national parliament’s 63 but currently leads the polls in voting intentions for 2017. Instead of a populist revolution, she calls for a gradual “rEvolution” while advocating for greater digital freedoms and direct democracy tools, describing herself

as a “pragmatic anarchist”, Jónsdóttir believes her mixed background as a geeky poet gives her a different perspective on democratic reform to that of mainstream politicians. For people like her, all systems, including political systems, are there to be continually tinkered with – i.e. hacked – so that they can be improved.<sup>4</sup>

## Framing the revolution

In contrast to Iceland’s slow process of techno-political reform, in late 2010 Tunisia experienced a swift uprising that put an end to the autocratic regime of Ben Ali, ushering in a new constitution and parliamentary democracy. Tunisia’s revolution was counterintuitive, for it took place in a hitherto stable country governed by lifelong presidents.

The revolution can be divided into two main phases: before and after the Kasserine massacre of 8-12 January 2011 – with freedom technologists playing a particularly important role during the first phase. Let us begin, then, with the pre-Kasserine events. The December 2010 uprising resulted from two separate histories of struggle converging for the first time, namely the labour struggles of impoverished “inland Tunisians” (*Nuzuh*) and the internet activism of the urban middle classes living in the capital, Tunis, and other affluent areas at home and abroad. Online bloggers and activists had long contended with one of the world’s harshest internet censorship regimes and felt closer to global outfits such as WikiLeaks, Reporters without Borders or Global Voices than to the plight of Tunisia’s working classes.

As in the Spanish protests reviewed below, WikiLeaks’ release of US diplomatic cables helped to prepare the protest ground. On 28 November 2010, within hours of the original WikiLeaks release, a first batch of 17 cables undermining the Tunisian government was published by Nawaat.org, a site set up in 2004 by the constitutional lawyer and blogger Riadh Guerfali. The leaks, amplified by Al Jazeera TV, gave many Tunisian activists the false – yet consequential – impression that the international community, and particularly the USA, now supported their struggle.



The trigger for the protests was the self-immolation of a young street vendor, Mohamed Bouazizi, in the town of Sidi Bouzid after being reportedly humiliated by a female government official. Unlike previous self-immolations, this one was filmed. The veteran activist Ali Bouazizi, a distant cousin of the victim, recorded it on his Samsung mobile, edited it with technical help from a friend, and shared it via Facebook where it was discovered by journalists from Al Jazeera – banned from entering Tunisia – and broadcast to the nation. Al Jazeera journalists

*Mohamed Bouazizi no longer represented the uneducated poor who struggle to provide food on the table, but represented all young people of Tunisia whose rights and freedom were denied.*

relied on information shared on social media by Tunisian activists and other citizens to bypass the official restrictions and report on the fast-moving events on the ground. When the government censored Facebook, the online group Anonymous launched Operation Tunisia, carrying attacks against government websites via dial-up connections provided by Tunisian citizens.

Much has been made of how the video of Mohamad Bouazizi's death "went viral", triggering numerous "multi-channel" protests across the country that the Tunisian government was unable to stifle. Far less well known, however, is the fact that his cousin Ali Bouazizi added two "white lies" to the story that accompanied the video, namely the notion that Mohamed was a university graduate (in fact, he never completed high school) and the scene in which a woman slapped him in the face (we now know that this humiliating event never took place). As the internet scholar Merlyna Lim explains:

By adding these two ingredients – a university graduate and a slap – to the story, Ali rendered Mohamed's burning body political, affixing to it the political body of a citizen whose rights were denied. Mohamed Bouazizi no longer represented the uneducated poor who struggle to provide food on the table, but represented all young people of Tunisia whose rights and freedom were denied.

For Lim, this compelling story functioned as a “bridging frame” that appealed to all Tunisians, becoming the endlessly rehearsed “master frame” of the uprising both domestically and internationally. Also important in this connection were the framing activities of the country’s lawyers. Thus the Association of Tunisian Lawyers backed the protests from an early stage, as did many lawyers in a personal capacity. For instance, the “lawyer-turned-activist” Leila Den Debba portrayed the events as “a revolution where the young people did not rally for food but for a dignified life”.

The turning point came on 8–12 January 2011 with the massacring of protesters in Kassarine, in central Tunisia. This slaughter led to mass protests in the capital, with the national workers’ union (UGTT) and the urban middle classes now conspicuously present, and the military exerting pressure on Ben Ali to step down. In his final speech of 13 January, the tyrant declared an end to the firing of “real bullets”. But it was too late to save his regime and he was forced to flee to Saudi Arabia with his family.

Standard journalistic accounts of the Tunisian uprising have it that the country’s youth forced a regime change. In fact, as the above sketch suggests, the reality is far more complex, and it involves journalists themselves. While young street protesters were indeed a powerful force, we should not neglect the contribution of less visible protest agents. Thus, during the pre-Kasserine phase three familiar types of freedom technologist (hackers/geeks, lawyers, and journalists) from WikiLeaks, Anonymous, Al Jazeera, Nawaat.org and other sundry outlets played crucial roles in framing the issue, aided by a broad band of other specialists and a sizeable portion of the population led by impoverished youths. This ad-hoc coalition dramatically expanded after the Kasserine massacre when two powerful non-netizen forces, namely the trade unions and the military, entered the fray, along with the vast majority of the Tunisian population. This spelled the end of Ben Ali’s regime.

Five years on, Tunisia is unique in the Arab world for having a working democracy, a new constitution based on human rights, a national unity government made up of secularists and Islamists, and a truth and

reconciliation process. Yet despite these advances, Tunisia remains a deeply divided country, with the urban “digerati” enjoying unprecedented freedoms while the rural population still suffers from economic deprivation as violent jihadist cells seek to fill the void.<sup>5</sup>

## From “Yes we camp!” to “Yes we can!”

Meanwhile, in nearby Spain, local and foreign commentators concur that the *indignados* (15M) protests of 2011 were long overdue. Spain’s housing market “bubble” had burst in 2008, leaving almost half of the country’s young people unemployed and millions more citizens in a precarious situation. In addition, a series of high-profile corruption scandals had discredited its political class, as had an electoral law seen as perpetuating a two-party system. The vast pool of qualified young (and not so young) middle-class Spaniards unable to find jobs or further their careers enjoyed a surplus of free time while still living “at home”. Many were therefore in an ideal position to join the fledgling movement. This was also a period of rapid growth in the uptake of social and mobile media in Spain, with a dramatic increase (65%) in mobile internet usage between 2010 and 2011. With the precedent of popular revolts in Tunisia and Egypt fresh in people’s minds, the scene was set for a Spring of discontent. Lastly, Spain had a proud history of internet activism whose personnel, ideals and practices were not dissimilar to those that had been used in North Africa to great effect.

The connections and overlaps between Spain’s digital freedom scene and its *indignados* (or 15M) movement are numerous. Indeed, free culture activists played a crucial role in the movement’s conception, gestation, birth and growth. Spain has boasted an active netizen (in Spanish, *internauta*) scene since the 1990s. In December 2009, a manifesto in defence of fundamental digital rights was published in opposition to the so-called *Ley Sinde*, a proposed bill aimed at curtailing “internet piracy”. Other protest methods included DDoS attacks, Twitter hashtags and offline actions. In December 2010, a group of tech lawyers and other freedom technologists launched a successful online mobilisation against the bill, now renamed *Ley Biden-Sinde* in honour of the US Vice President Joe

Biden. This renaming came after WikiLeaks confirmed that the bill was drafted under pressure from the US government and its culture industry lobby. The mobilisation was supported by Anonymous, Hacktivistas.net and other hacker formations, and widely covered by both mainstream and alternative news media. For hacktivists like Margarita Padilla, the *Ley Sinde* struggle brought together networked “swarms” such as Anonymous and traditional movements, forging “monstrous alliances” that presaged the *indignados* movement.

Disregarding the netizen outcry, on 15 February 2011 Spain’s ruling socialist (PSOE) government, backed by Spain’s other major parties, went ahead and passed the anti-piracy bill under US pressure. Very shortly thereafter, the internet lawyer Sánchez Almeida with fellow freedom technologists created *No Les Votes*, an online formation that called on Spaniards to respond to this betrayal by not voting for any of the major parties in the coming municipal and regional elections. *No Les Votes* marked a radical break, a schism, between Spain’s netizens and its political class that would shape subsequent events. It soon joined forces with Anonymous, *Juventud Sin Futuro* (Youth Without a Future), *Democracia Real Ya* (DRY) (Real Democracy Now) and other platforms to call for mass demonstrations across Spain on 15 May 2011 under the slogan “Real democracy now! We are not commodities in the hands of politicians and bankers”.

The marches were well attended but they failed to achieve the media visibility protesters had hoped for. However, a small group of protesters in Madrid decided to spend the night at Puerta del Sol, the city’s main square. Freedom technologists were well represented among these “first 40” campers, including an “Anon” who had broken into the Goya award ceremony, a copyleft lawyer formerly employed by a leading law firm, and a member of the hacktivist group, Isaac Hacksimov, who described the occupation as “a gesture that broke the collective mental block”.

*Although the role played by hackers and other computer experts in lending the indignados (15M) movement its strong free culture character is crucial, it is important not to overlook the part played by both amateur and professional journalists.*

By 17 May the number of occupiers had grown to 200 and by 20 May nearly 30,000 people had taken the square in full view of the national and international media, with dozens of squares across Spain following suit in rapid succession.

Although the role played by hackers and other computer experts in lending the *indignados* (15M) movement its strong free culture character is crucial, it is important not to overlook the part played by both amateur and professional journalists. In the 15M discourse the mainstream news media were often portrayed as an integral part of a monolithic “system” hostile to the protesters, while “citizen journalism” and other form of “horizontal” and “networked” communication were celebrated. In fact, without the support of sympathetic journalists and editors from major news organisations, it is unlikely that the campers would have reached such wide publics during the month-long occupation of Spain’s squares and their aftermath. For instance, Joseba Elola, a journalist with the centre-left daily *El País*, could barely contain his emotion when reporting from the Sol encampments, portraying the occupiers as “young people conscious of their civil liberties who have risen to head a protest in search of a great change”. It is telling that it was precisely Elola who secured the participation of *El País* in the global release of WikiLeaks’ US diplomatic cables in November 2010, following a secret meeting with Assange in London. This experience changed Elola’s professional outlook. He came to realise that the news media had been “a little bit asleep” and that WikiLeaks had “brought something really good for journalism and for society”.

Let us fast-forward to early 2014, when a number of new political parties in Spain announced their intention to campaign in the European elections of 25 May 2014. The pioneer was *Partido X*, a “citizen network” (*red ciudadana*) created in early 2013 by the same group of Barcelona freedom technologists behind DRY. *Partido X* is no ordinary party, for it draws on hacker/free culture principles and practices and regards itself as a “methodology” for political change that can be freely borrowed and remixed by other parties – as long as the borrowing is publicly acknowledged. Indeed, soon after the new political party *Podemos*

("We Can") was founded in early 2014, its leaders announced that they would borrow some of *Partido X's* techno-political methods. *Podemos* was one of the biggest surprises in the European elections, obtaining 8 per cent of the vote in Spain and five seats in the European Parliament.

*Podemos* is a leftist formation rooted in the *indignados* (15M) movement and led by the charismatic political scientist Pablo Iglesias, aged 37. For its European campaign it carried out a successful hybrid media (or transmedia) strategy right across the establishment vs. civic media divide by banking on its telegenic leader. In contrast, *Partido X* relied heavily on social media and opted for not playing the charismatic leader game, paying dearly for it at the ballot box, for they did not win any European seats. Iglesias became a masterful practitioner of Spain's *tertulia* genre. *Tertulias* are popular TV and radio panel shows devoted to discussing current affairs. These media sites would often become arenas in which Iglesias often emerged victorious.

Exactly a year later, on 24 May 2015, local elections were held across Spain. In Madrid, Barcelona, Valencia and other major cities, new anti-establishment candidates either won or came very close to winning, signalling a major change in the country's political landscape. In Barcelona, a new municipalist platform named *Barcelona en Comú* ('Barcelona in Common'), derived from the anti-eviction group PAH, gained power. Like Pablo Iglesias before her, its popular leader, Ada Colau, opted for a low-budget but highly effective transmedia strategy. Their electoral programme, drafted by over 5,000 people, was based on input from both online platforms and open assemblies.<sup>6</sup> The new platform also gave birth to *SomComuns*, a network of internet activists campaigning on social media, as well as a collective of designers and artists calling for the "graphic liberation" of Barcelona. *SomComuns* volunteers were free to experiment with language and media formats. As one of its initiators put it, "If a message works, we promote it, regardless of who created it. In fact, some of our top virals were made by anonymous people". An example of this "new electoral narrative" is the video "*El run run*" ("The buzz"), featuring a joyful Ada Colau. Not only did "*El run run*" strike a chord with Colau's supporters, it also found its way into the mainstream media.

For Carlos Delclós, the success of *Barcelona en Comú* and similar platforms marks the rise of a “new municipal agenda” in Spain. This agenda echoes the ideas of the founding father of libertarian municipalism, Murray Bookchin, who identified its four main features: “a revival of the citizens’ assembly, the need for confederation with other municipalities, grassroots politics as a school of genuine citizenship and the municipalisation of the

*It is the coming together of everyday people, technology nerds and other political actors via social media, mainstream media and in physical settings such as streets and squares that drives processes of change.*

economy”. Underlying this programme, argues Delclós, is “a recovery of a new participatory politics structured around free, self-empowered and active citizens”.<sup>7</sup>

In late October 2015, *Barcelona en Comú* announced it would join *Podemos* to stand in Spain’s general elections on the coming 20 December<sup>8</sup>. As expected, their joint campaign displayed a rare admixture of techno-political savvy and neo-leftist/social justice ideals.

Together, they came first in Catalonia, securing almost 25% of the vote and 12 MPs from Catalonia’s share of the Spanish parliament. Nationally, *Podemos* became the third political force in Spain with over five million votes, surging to 20.66% of the total vote, which gave the new political party 69 MPs and put an end to the country’s two-party system, in place throughout the post-Franco era.

## Digital rights are social rights

Beyond the specificities of each national context, success in the application of techno-political ideals and practices to democratic transformation consists of three main elements: a deep economic crisis, interdisciplinary expertise, and grassroots populism. First, it is no coincidence that countries that managed to weather the post-2008 economic storm (such as Germany, Norway, Singapore or Indonesia) did not experience mass protest movements in which freedom technologists could play an important role. By the same token, it was countries like Iceland, Tunisia, Egypt, Spain or the USA – i.e. those worst hit by the global financial crisis – that saw a spectacular growth of political contention. Second, no

techno-political project can have societal impact if it is founded solely on the IT expertise of hackers and geeks – it must be an interdisciplinary endeavour. To succeed politically, these specialists have to join forces with other technology experts (such as digital rights lawyers, online journalists, geeky politicians) as well as non-technological experts (for instance, artists, intellectuals, social scientists) and ordinary citizens with no specialist knowledge through inclusive initiatives where all can make a contribution. It is the coming together of everyday people, technology nerds and other political actors via social media, mainstream media and in physical settings such as streets and squares that drives processes of change. To achieve this convergence, would-be democratic reformers (and revolutionaries) must find innovative ways of bridging the chasm between the frames and interests of the middle and lower classes through grassroots populism. We saw this most dramatically in the martyrdom story of Mohamad Bouazizi, which served as a “bridging frame” that appealed to both working- and middle-class Tunisians, in the Occupy movement’s “We are the 99%” slogan, and in Spain’s “We are not commodities in the hands of politicians and bankers”.

In this connection, it is worth noting that Spain – a country that is far from being a global technology leader – currently boasts what is arguably the world’s most advanced techno-political field. Even more remarkable, Spain’s civil society has achieved this leading position while pursuing agendas that are as much concerned with social justice as they are with liberty. In contrast, the techno-political scene in the rest of Europe is dominated by Pirate Parties with “pro-social” agendas (such as. guaranteeing citizens a basic income or free health and education) but who seem unwilling, to quote Bart Cammaerts, “to clarify the[ir] ideological position and the precise relationship between a libertarian freedom-related agenda and a social justice agenda”.<sup>9</sup>

The problem is even more acute outside Europe, where freedom technologists rarely make the link between liberty and social justice. Take, for instance, the case of Southeast Asia. This is a pioneering region in the use of information technologies for political change following the 1997 Asian financial crisis, which led to the birth of new pro-democracy



movements across the region, most notably in Indonesia, Malaysia and the Philippines.

A personal research experience will drive this point home. In March 2015 I was in the Philippine capital, Manila, to attend the fourth RightsCon meeting as a participant-observer. According to its organisers, this series of digital rights conferences, usually held in Silicon Valley, seeks “to advance solutions to human rights challenges by concentrating on the possibilities within the tech sector”. All in all, RightsCon 2015 was a successful event. As its organisers noted during the closing ceremony, the Manila conference provided a safe, gender-balanced space for civil society and technology actors from numerous countries to meet and network.

Yet something about this event kept nagging at me as the sessions passed by, namely its inattention to social inequality. This global issue is glaringly obvious as soon as one steps out of the comforts of an international hotel to walk the streets of Manila (or London, for that matter). By way of an experiment I attempted to enter a beautiful gated community aptly named “Arcadia”, located across the road from the conference venue. Disappointingly, I was refused access by the security guards for not having a contact name and address inside the vast compound. “Sorry sir”, one of them apologised, “it’s SOP, Standard Operating Procedure”. Meanwhile, Arcadia’s army of workers streamed out on foot, while the occasional luxury vehicle was allowed entrance through the gates.

Economic inequality has been on the rise worldwide for decades, which have witnessed the concomitant emergence of a global plutocracy and the consolidation of corporate “illegitimate power”.<sup>10</sup> In the opening ceremony, “structural inequality” was identified as one of the conference’s main concerns, yet little was said about it in the remainder of the conference.

*the most urgent issue to tackle in these and other digital rights events is precisely how to use our collective techno-political and research savvy to address the present global system’s grotesque inequalities.*

Arguably, the most urgent issue to tackle in these and other digital rights events is precisely how to use our collective techno-political and research savvy to address the present global system's grotesque inequalities. There is a crucial debate to be had between freedom technologists who argue for multi-stakeholder approaches to the future of the internet<sup>11</sup> and those like Aral Balkan who advocate a post-plutocratic world order in which the internet is a global public good, not a corporate and state battlefield. A case in point is the problematic sponsorship of these events by giant Silicon Valley corporations. As Balkan tweeted in connection to RightsCon 2015:

Having #rightscon sponsored by Facebook, Google, & Microsoft is like having #healthcon sponsored by McDonald's, Coke, and Lucky Strike.

But how can the social justice impasse be overcome beyond these small internet freedom circles? First, academics, public intellectuals, mainstream journalists and others have a crucial part to play in exploring the relationship between freedom in its various forms – including its technological dimensions – and social justice. They should do this through evidence-based public discussions across a range of media and physical settings, taking care not to assume that Silicon Valley's venture capitalism is the only technological business model available to us. Second, we must start thinking of what a post-venture capitalism age of socio-technical innovation might look like, and how it could contribute to democratic renewal in different cultural contexts. Third, it is amply clear by now that the so-called digital divide cannot be bridged through technological means alone, as it must be understood within broader systems of entrenched social and economic exclusion. Digital rights are not only human rights, as we often hear in net freedom circles: *digital rights are social rights*.



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## Endnotes

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# THE OPEN SOURCE CITY AS THE TRANSNATIONAL DEMOCRATIC FUTURE

*Bernardo Gutierrez*



## Summary

Experiences and experiments in Spain, Brazil, Istanbul and other cities suggest that a transnational municipalism, based on concepts of an open source city (free online tools and active citizen participation), has the potential to regenerate democracy and build a geopolitics of the commons against neoliberalism.

### ILLUSTRATION NOTE

*Ada Colau is currently mayor of Barcelona and part of a wave of Spanish cities experimenting with new forms of participatory democracy and solidarity economics. Prior to her election, Colau was one of the founding members and spokespeople of the Plataforma de Afectados por la Hipoteca (PAH) (Platform for People Affected by Mortgages), set up to oppose evictions caused by the collapse of the Spanish property market in the wake of the 2008 financial crisis.*

*Spanish municipalism is building a new model of a city based on collective intelligence and collaboration between citizens that will challenge the hegemony of the large neoliberal corporations with their concept of the 'smart city'.*

In June 2015, a 25-year-old called Pedro Kumamoto became Mexico's first member of parliament to win a seat without belonging to a political party. His collective, Wikipolítica, which emerged out of Mexico's versions of Occupy Wall Street, decided to get involved in the politics of representative democracy, taking advantage of a new law that allows independent candidates to stand for election. The first election slogan chosen by Wikipolítica had a strong urban focus: "Occupy the city, inhabit politics".

Kumamoto and his team decided to canvass door-to-door in district 10 in the state of Jalisco, calling on people to participate and appealing to their sense of belonging to a local community. The progressive, anti-neoliberal Pedro Kumamoto managed to win a historically conservative district that was deeply disenchanted with the traditional political parties. Kumamoto says that "his work as an MP will rely heavily on the city – in his case Guadalajara and Zapopan – and the territory".<sup>1</sup>

The surge in support for Pedro Kumamoto's Wikipolítica was matched at a state-wide level by the Citizens' Movement, a new political party that won control of 24 local councils. An MP's official powers are not always sufficient to influence city government, but Pedro Kumamoto plans to set up local citizen laboratories to work towards his policy positions from the municipal angle to help overcome this. One of Wikipolítica's priorities in Jalisco is to find spaces and ways to facilitate local-level political dialogue. Eli Parra, from Wikipolítica's technology commission, underlines the importance of face-to-face conversations: "Talking to people face to face is a luxury we can't do without". The challenge, for Eli Parra, is how to transfer the conditions and atmosphere of the ideal face-to-face conversation to the digital terrain: "*Technologically speaking, what is the ongoing group conversation via the latest instant messaging going to look like?*"

On the other side of the Atlantic, in Spain, we find a similar situation with new municipal governments whose ambition is likewise to go beyond their established powers. The explosion of what is known as Spanish 'municipalism' represents the most visible face of the growing role of cities and local governments around the world. In May 2015, in Spain's greatest political surprise in decades, citizens' groups won local government elections in cities as important as Madrid, Barcelona and Zaragoza.<sup>2</sup> British journalist Paul Mason<sup>3</sup> argues that Spanish municipalism is building a new model of a city based on collective intelligence and collaboration between citizens that will challenge the hegemony of the large neoliberal corporations with their concept of the 'smart city'.

Spanish municipalism has certainly succeeded in channelling much of the spirit and symbolism of 2011's 15M-Indignados movement into the politics of representative democracy, which used to be its main enemy and taboo. Thus, "made in Spain municipalism" has become the first of a series of networked rebellions started by the Arab Spring, where a movement first resisted the politics of representation and then sought to transform it. Second, inspired by the forms of organisation developed by 15M, Spanish municipalism has invented a political format known as "*confluencia*", which is "neither a coalition nor an alphabet soup of political parties, and transcends the sum of the parts that comprise it".<sup>4</sup>

There is, however, another aspect of Spanish municipalism that has not been highlighted by the mass media: their ambition to set the agenda on issues that go beyond the traditional powers of municipal governments. When the new *Ahora Madrid*<sup>5</sup> government declared the city of Madrid a GM-free zone, joining a European network of 200 regions and 4,500 local authorities, it was a far from insignificant act. The network of cities that welcome refugees,<sup>6</sup> proposed by the mayor of Barcelona, Ada Colau, grew from a Facebook post that went viral to a reality that many other cities in Europe have adopted. The ability for cities to change certain laws and practices exceeds municipal powers, but cities can activate mechanisms, find legal loopholes and – above all – develop a narrative

of resistance and joint action. The fact that cities have managed to lead on refugee issues at a time of ineffective European Union-level political responses is a clear example of cities' potential in an unstable global macro-political ecosystem.

The municipal-level ambition of the Mexican MP Pedro Kumamoto and the global vocation of the confluences governing Spain's main cities are two sides of the same coin: the growing role of cities in taking political governance in new directions. These two cases also open up the possibility of a global network of cities working for the commons and challenging the neoliberal order. The hyper-local is gradually becoming globally reconnected in a new world ecosystem in which the superstructures that represent nation-states have ever less influence over policy. What should the twenty-first century model city look like? What are the challenges in a world where nation-states are being decimated by the global economic order?

*The hyper-local is gradually becoming globally reconnected in a new world ecosystem in which the superstructures that represent nation-states have ever less influence over policy.*

## A network of cities against the nation-state

In *City of fears, City of hope*<sup>7</sup> (2003), Zygmunt Bauman talks about two important concepts related to the modern city: mixophobia (the fear used by institutions to discourage the use of the public space) and mixophilia (human and cultural mixing in cities). His main conclusion, however, is that nation-states are in decline and cities are our era's principal political space.

The financial crisis that destabilised the global economy in 2008 led some leading economists such as Joseph Stiglitz to predict the end of neoliberalism and the resurgence of public investment, but exactly the opposite has occurred.<sup>8</sup> All states have done is feed the spiralling public debt, hand over public funds to the private banking system and downsize themselves through austerity policies. The ability of nation-states to determine their own economic policy has continued to decline, while



the influence of supra-state institutions at the service of neoliberalism such as the Troika has increased. The result of the Troika<sup>9</sup> negotiations with the Greek government under Alexis Tsipras confirms the weakness of national governments' room for manoeuvre against international capital.

In this context, authors such as Benjamin Barber<sup>10</sup> argue that the world would be a fairer and more equitable place if it were governed by mayors. Of course, the law does not give cities enough power to change the economic policy order designed by global neoliberalism, however I believe cities can develop a different policy agenda and a new type of politics with the help and collaboration of social movements and empowered citizens.

So, what is the real role and/or potential of twenty-first century cities? Part of the answer may be found in history. The ancient Phoenicians, Greeks and Carthaginians built networks of cities whose organisation did not follow or refer to the nation-state format. The same was true of the network of Italian cities that emerged from the eleventh century onwards, or the Hanseatic cities, which had no civil servants or army. These networks of cities were not so much city-states as cities against the state, as their set-up enabled them to avoid being caught up in the state mosaic.

In the twenty-first century, nation-states and institutions tend to deploy all sorts of legal restrictions that exacerbate mixophobia. Cities can, however, encourage mixophilia from the 'inside' (through municipal action) and from the 'outside' (through citizens acting autonomously). City councils can, like Madrid, be aggressively anti-GM, bringing about a shift in the terms of the debate: the most important thing is not to determine whether GM food is harmful to health, but to challenge the capitalism of the agro-industrial multinationals that are devastating people's lives and the environment. By championing causes that go beyond their own powers, cities are opening the way for new policies, laws, practices and tools.

The Greek cities that are disobeying the Troika by refusing to implement the electricity tax hike are another good example: they forced a change (the reformulation of the tax) after Alexis Tsipras became president. The book *La apuesta municipalista*,<sup>11</sup> which sets out the theoretical foundations of the Spanish “confluences”, argues in favour of “the politics

*The mutation of the global city into the global street is a desirable political agenda for the planet.*

of the local space” against the state. It builds on an intuition about the global “outside” that has existed since the social uprisings of 2011: the urban space can be the lever of change. The concept of the ‘Right to the City’, formulated by Henry Lefebvre in 1968, has been in vogue for some years: it concerns the right to the urban space that belongs to us. In his recent

publications, the Marxist David Harvey has gone further than the World Charter on the Right to the City<sup>12</sup> that emerged from the World Social Forum (WSF). His book *Rebel Cities*,<sup>13</sup> published in the heat of Occupy Wall Street, gives the idea a masterly new twist: the right to the city becomes “the right to modify the city collectively” and “to change ourselves” in the process.

## The global street

The year 2011, which saw the largest number of rebellions around the world in recent times, reconfigured the urban space as a new interface of political action and creativity. The format of the street camp, exported from the Arab Spring to Spain’s 15M and Occupy Wall Street, shook up the “protest” format. Even Saskia Sassen, who coined the term “global city” as one where international financial markets are present, adapted her own theory following the occupation of Tahrir Square in Cairo. She started to talk about the “global street” as a “hard space” where “the powerless” manage to “do politics”.

The mutation of the global city into the global street is a desirable political agenda for the planet. The global street (a space both physical and semantic) and the rebel cities (as a combative remixing of the right to the city) have become narrative expressions of the global “outside”. Indeed, some of the most important social uprisings in recent times, such as the

Gezi Park revolt in Turkey, the Movimento Passe Livre (MPL) in Brazil and the Gamonal protest in Burgos (Spain), have had the urban space as their initial cause. The city is also the setting for the continuation of many revolts: in Augusta Park in São Paulo, Can Batlló in Barcelona or the community-managed Embros Theatre in Athens, among many others.

The city is the battleground for many movements opposing neoliberalism. “To fight for a city we can live in is a form of dissidence”, they say in Temblor, the Spanish arm of the Radical Democracy: Reclaiming the Commons project.<sup>14</sup> In a way, some of the occupations of city squares in recent years function as a metaphor for the ideal city for which the diverse “outside” is fighting.

These revolts have also allowed for constructing new models of participation and governance. During the *Acampada Sol* camp-out by Spain’s 15M in Madrid, which lasted for several weeks in May and June 2011, an online tool called Propongo<sup>15</sup> was developed to allow anyone to make policy proposals. Although these policy proposals did not necessarily translate into policy changes, the online tool, whose source code was later used by the government of Rio Grande do Sul in Brazil, revealed society’s longing for participatory democracy. The occupation of Gezi Park in Istanbul in May–June 2013 likewise fought for urban common goods under the banner of “citizen self-organisation and the desire for direct democracy”. Similarly the occupation of Augusta Park in São Paulo created a space of collective resistance to neoliberalism and gentrification, as well as non-hierarchical policy-making. Through assemblies, meetings and events, the participants in the Augusta Park movement and occupation took charge of the collective management of the park for months, without depending on the São Paulo city council or the market. The movement sought to place the commons at the epicentre of the struggle, arguing that “A public park is a common good that belongs to the city’s social network and must not remain under the control of private or speculative interests”.<sup>16</sup>

What lessons can local governments learn from these revolts? What do the protagonists of these revolts and the governors of cities have in common? Is there any possibility of a shared agenda? Which of the new

movements' participatory methodologies and tools can be taken up by local governments?

## Open source code as a model for the city

Writer Matthew Fuller and architect Usman Haque, both from the UK, have been studying the relationship between the so-called hacker ethics and cities for several years. Inspired by the *copyleft* movement, which emerged with the free software movement,<sup>17</sup> Matthew and Usman set out to craft a licence for the building and design of open source cities: the Urban Versioning System 1.0.1 (UVS).<sup>18</sup>

In it the authors argue that *copyleft*, which lifts restrictions on the copying and re-use of codes, is the best tool for ending a model of exhibitionist architecture and closed-formula proprietorial urban planning which restricts citizen collaboration. They argue that

*People will, collaboratively, take a design in directions you could never have imagined*

citizen collaboration based on free technology, collaboration, shared information and collective practices can lead to radical transformations of our urban space: "UVS recognises that the world is constructed by its inhabitants, at every moment"; "People will, collaboratively, take a design in directions you could never have imagined"; "Only a mode of construction that is capable of losing the plot is adequate".

The model city proposed by Fuller and Haque seeks to open up its operating system's code, which might be legal, architectural or information-based (data, content). The change is radical: the city would thus be transformed into a democratic artefact in every sphere. Citizens would be able to participate in the processes of constructing the city, managing its data or changing its laws, among other things. The city would cease to be an artefact designed from the top down and would become one that everyone can alter by means of certain bottom-up processes. The architect Doménico di Siena also theorises about the open source city and considers it vital to shift from urban models "based on the creation

of efficient products and services that force us to be constantly on the move (and constantly consuming), to models based on information management and knowledge production (self-organisation)".<sup>19</sup>

The open source city clashes head-on with the paradigm of the *smart city* based on proprietary technology and mass surveillance, which prevails today. The smart city model created by the big multinationals sees the city's data as a commercial product. Furthermore, the way this data is managed is opaque and lacks transparency. The relationship between the multinationals and local governments also tends to be strictly commercial, which contradicts the spirit and practices of public services. The alternative, as articulated by Paul Mason, is of a non-neoliberal city based on "three principles not welcome in the world of high-profit tech companies: openness, democratic participation and a clear policy that data generated from public services should be publicly owned". Mason points to the new municipal government of Madrid, which has launched the deliberative democracy website *Decide Madrid*,<sup>20</sup> as a model of radical urban democracy based on free technology: "Instead of seeing the city as a 'system', to be automated and controlled, the vision being mulled in the Spanish capital conceives of the city as an 'ecosystem' of diverse, competing and uncontrolled human networks".

A few practical examples are the best way to understand the potential of open source code in urban settings. The independent initiative DCDCity-Aire Madrid is one of the best examples of the direction cities could take by following open source ideas and practices.<sup>21</sup> DCDCity-Aire Madrid was the first application of the theoretical and practical framework proposed by "The Data Citizen Driven City", a project designed by Madrid's MediaLab Prado. Instead of relying on sensors installed by the tech companies and a centralised and closed form of data management, the project saw each citizen as a potential data producer. Thanks to the proliferation of smart phones and the profusion of free technologies, each and every citizen can become a data-gatherer. A simple Arduino circuit board (free hardware), connected to a mobile phone with the Android operating system, is sufficient to enable a citizen to gather data on the functioning of the city.

DCDCity-Aire Madridt aspired to build a community around the problem of air quality in Madrid through participatory data-collection using patent-free technology. The way in which the project came about reflects the importance of a synergy between the public sphere and citizen autonomy that activates processes independently of governments. The

*A society's operating system would therefore be a series of common practices and human relationships, not just a set of online platforms.*

support of MediaLab Prado, a publicly financed laboratory, was vital for DCDCity-Aire Madrid to take off. The Medialab hosted both the wiki and the online community, strengthened by private initiatives such as the Internet of Things Meet Up Madrid. In the course of one day's work, a prototype and ten devices for measuring air quality had been built, with the hope that further systems could be replicated

to cover other types of data concerning the city. While lack of funding at the time brought the project to a temporary halt, the new Ahora Madrid government has the potential to re-initiate funding and help to build an alternative model of urban data-gathering that takes advantage of the collective intelligence of a widespread citizen network. Furthermore, a working model of open data management could introduce a new type of relationship between the public and the commons and lay the foundations for other cities to follow.

Interestingly, the free software approach, with code-sharing repositories and networked cooperation among a wide range of actors, facilitated the rise of municipalist candidates who ended up taking power. The citizen platform, Ahora Madrid, for example took advantage of the source code used by Zaragoza en Común to design its election manifesto collaboratively.<sup>22</sup> Open source is thus part of the DNA of Spain's municipalist candidates. Now in power, they are starting to promote the same idea of cooperating cities that encourage free technology, commons-oriented practices and collective action protocols. As we will see, Decide Madrid, the deliberative democracy platform launched by Ahora Madrid, is now being replicated by other cities.

## Beyond technology to building social relations

In order, however, to arrive at a model based on citizen intelligence we must open up the definition of technology. Ted Nelson, one of the pioneers of digital culture, maintains that “our social behaviour is the software and our bodies are the hardware”. A society’s operating system would therefore be a series of common practices and human relationships, not just a set of online platforms. Open source code goes beyond the technology itself. The open source city is in tune with the concept of the “relational city”.<sup>23</sup> The model of the relational city proposes meetings, relationships and dialogue to counter the model of mass surveillance and centralised data control represented by the smart city. “In the relational model, security depends above all on recreating social ties. It doesn’t mean emptying the streets but quite the opposite: repopulating the streets with neighbourly relations, including neighbourliness between strangers.”<sup>24</sup> The open source relational city aspires to be a source code that can constantly be modified by the collective intelligence.

The experience of El Campo de Cebada in Madrid, a self-managed space that has had the legal support of the city council for five years, is a good example. While DCDCity-Aire Madrid exemplifies the way forward for collaborative collection of data and information, El Campo de Cebada illustrates how open source ideas and practices can relate to the physical space. El Campo de Cebada occupies a 5,500 square metre plot of land where the city council was supposed to have built a sports complex in 2009. The economic crisis meant the space was left empty. As a result, since 2010, local residents of all ages have transformed it into a community meeting, events and learning space. Eventually, the city council signed an agreement with local residents and community groups to cede the space to them temporarily. With the support and energy of young architect collectives and inspired by the community assemblies that emerged during 2011’s 15M, El Campo de Cebada became a site for all sorts of community initiatives including self-build furniture projects, permaculture and daily community-organised cultural activities<sup>25</sup>. In 2013, El Campo de Cebada won the prestigious Golden Nica prize at the

Ars Electronica festival, in the “digital communities” category. The fact that El Campo de Cebada, an initiative with an extremely strong territorial component, was recognised for its management of online communities is symptomatic of a new era in which digital networks and territory merge in a new hybrid space that is more democratic and participatory.

It is important to note, however, that El Campo de Cebada also reveals the problems and limits of citizen self-management. To keep the space functioning, the community had to resort to crowd funding and even today has not obtained public funding from the city council. Despite the success of El Campo de Cebada, the experience has demonstrated that it is not enough to have legal backing for commons-oriented practices unless they are provided with public funds. The risk is immediately evident: the ‘Big Society’<sup>26</sup> idea touted by David Cameron in the UK or the Dutch government’s community participation projects are to a large extent about promoting voluntary work by citizens in order justify the disappearance of the welfare state. To avoid reinforcing this, city autonomies and citizen self-management and collaboration have a crucial role to act as an incentive for mutual complementarity between public administration and citizens.

In Madrid, the arrival of Ahora Madrid in local government has opened the way for a new form of public management of the common good. The independent Los Madriles project,<sup>27</sup> an atlas of neighbourhood initiatives that maps hundreds of projects around the city, is being used by the new local government to understand the autonomous processes going on in Madrid. Furthermore, in the budget drawn up for 2016, the city council has introduced participatory management of these initiatives by neighbourhood residents. At the end of 2015, the Madrid city council also approved a regulatory framework for ceding the use of public spaces to community groups. The combination of ceding public resources and spaces and respect for the autonomy of social movements could pave the way for a new municipalist model of cities against the neoliberal state.



Theorists of the commons, Antonio Negri and Raúl Sánchez Cedillo, outline a thought-provoking relationship between the city and democracy: “metropolitan ways of life are now political and productive in general terms. Making democracy and (re)production of the city interact, we have the possibility to articulate the political”. This relationship between the city and metropolitan ways of life on the one hand, and democracy on the other, places local governments in a special, privileged position. As well as using free technology, any city council that wishes to build an open source city will therefore have to recognise and protect existing citizen practices (as well as foster new ones) that reproduce the commons and strengthen that new, post-capitalist mode of “production” whether they are community centres, self-managed spaces, gardening networks or peer-to-peer file sharing networks.

*The twin facets of the open source city (free online tools and participatory territories) are shaping a new future for radical democracy.*

The twin facets of the open source city (free online tools and participatory territories) are shaping a new future for radical democracy. The participatory repertoire of the *Barcelona en Comú* political confluence, which is currently governing the city of Barcelona, is seen as one of the models to be replicated. “Its radical democracy draws on a set of tools, techniques, mechanisms and structures to develop municipal policies from the bottom up. These include assemblies at various levels (neighbourhood, thematic, coordination, logistics, media, communication etc) and online platforms (for communicating, voting, working).”<sup>28</sup> The role of Spain’s confluences, forged in networks and the street at a time when the other traditional social movements have failed to set the pace of change, is thus shaping up as one of the twenty-first century’s most advanced democratic laboratories.

## Irreversible global replicability

On 4 December 2015, the local council in the Spanish city of Oviedo, governed by the confluence *Somos Oviedo*, presented its online platform<sup>29</sup> for direct, participatory democracy. The Oviedo platform is a replica of

Decide Madrid, using the same open-licence free software. Pablo Soto, a Madrid councillor who participated in the live-streamed event to launch the Oviedo platform, said that Decide Madrid “is being studied by other cities such as Barcelona, Zaragoza, La Coruña and Santiago de Compostela”. In every city where the deliberative democracy platform is established, citizens will be able to present specific policy proposals. When a proposal gains a stipulated level of support, it will be approved, providing a change has been made to the law as the Madrid city council has already done. The fact that different cities are sharing the code for their digital platforms breaks with the smart city’s logic of proprietary technology and the paradigm of branded cities competing with each other. What has now been baptised as Spanish “intermunicipalism” seeks to create a network of “rebel cities for the common good” which share repositories, tools, digital platforms and methodologies.

Intermunicipalism is likewise dealing a harsh blow to the market logic based on selling the same technological product to different cities. Starting by sharing its technology, tools and platforms, intermunicipalism aspires to build irreversible political practices, thus ensuring that there is no turning back from participatory democracy. This is a participatory democracy that fits better with the post-capitalism advocated by Paul Mason or the economy for the common good than with the classic anti-capitalism of traditional social movements. “The geopolitics of the commons”, writes Daniel Vázquez in the prologue to the book on the Buen Conocer / FLOK Society project,<sup>30</sup> possibly the most comprehensive road map for post-capitalist public policies, “opens up a new battlefield against cognitive capitalism and it does so through code connectivity”. The fact that a city like Madrid can share the code for its digital structures with any other city in the world, as well as with regions or even nation-states, illustrates this inspiring new era of networked transnationalism knitted around the common good and open source codes.

A transnational municipalism could reconfigure the struggles of social movements to build this geopolitics of the commons against neoliberalism. As the Spanish case demonstrates, the lever of change wielded by municipal governments who gained power thanks to new

ways of working can give the reconfigured struggle for the commons a new institutional scalability. It is no coincidence that some Brazilian cities (such as Belo Horizonte and Rio de Janeiro) and US cities (building on the Occupy Wall Street movement) are studying how to replicate the model of Spain's confluences. As long ago as 1984, Murray Bookchin's thesis on libertarian municipalism<sup>31</sup> was already envisaging the possibility of a new scalable network of territories: "Interconnecting villages, neighbourhoods, towns and cities in confederal networks". In the digital age, the confederation could be made up of inter-territorial, cooperative cities, against or without the state, going beyond the well-intentioned United Cities and Local Governments (UCLG) network, which still sees the 'right to the city' as the future. What is at stake is the life of neighbourhoods and, at the same time, the survival of democratic participation worldwide. The intermunicipal planet/neighbourhood, forever intertwined, may become the new cornerstone of global post-capitalism. Open source local government is the first step towards scaling up new public policy spheres and interwoven citizen practices that can make neoliberalism unnecessary. Code-sharing could reinvent global geopolitics and create a new horizon of transnational radical democracy.



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# POWER IN INDIA: RADICAL PATHWAYS

*Ashish Kothari and Pallav Das*



## Summary

India has strongly entrenched power hierarchies that have historical roots but have also been exacerbated by inequalities and injustices that have deepened with economic globalisation. However grassroots political movements are emerging in India that could signal a gradual shift to direct or radical democracy, coupled with making representative democracy more accountable and ecologically sustainable.

### ILLUSTRATION NOTE

*Gond indigenous children from the Indian village of Menda-Lekha village, a community that practices the principle of decision-making by consensus, has ended private land-ownership, and is moving towards meeting all its basic needs in terms of food, water, energy and livelihoods.*

‘Our government is in Mumbai and Delhi, but we are the government in our village’, Mendha-Lekha village, Maharashtra.

‘These hills and forests belong to Niyamraja, they are the basis of our survival and livelihoods, we will not allow any company to take them away from us’, Dongria Kondh adivasis (indigenous people), Odisha.

‘Seeds are the core of our identity, our culture, our livelihoods, they are our heritage and no government agency or corporation can control them’, Dalit women of Deccan Development Society, Telangana.

These three assertions of ‘ordinary’ people in different parts of India suggest the basis of a radical restructuring of political relations and a significant deepening of democracy.<sup>1</sup>

The village of Mendha-Lekha, in Gadchiroli district of Maharashtra state, has a population of about 500 Gond *adivasis*, ‘tribals’ or indigenous people. About 30 years ago these people adopted the principle of decision-making by consensus at the full village assembly. The villagers do not allow any government agency or politician to take decisions on their behalf, nor may a village or tribal chief do so on his/her own. This

*In 2013 all the village land-owners decided to place their lands in the ‘commons’, effectively ending private land-ownership*

is part of a ‘tribal self-rule’ campaign underway in some parts of India, though few villages have managed to achieve complete self-rule (*swaraj*, an Indian concept we discuss below).

A struggle in the 1980s against a major dam that was to displace Mendha-Lekha and dozens of other villages highlighted the importance of self-mobilisation.<sup>2</sup> Since then the village has

conserved 1,800 hectares of surrounding forest, and recently gained full rights to use, manage, and protect it under the Forest Rights Act 2006, reversing centuries of colonial and post-colonial forest governance.<sup>3</sup> The community has moved towards meeting its basic needs in terms of food, water, energy and livelihoods through, among other things, the



sustainable harvesting and sale of bamboo. In 2013 all the village land-owners decided to place their lands in the 'commons', effectively ending private land-ownership, using the long-forgotten Gramdan Act of 1964. Decisions at the village assembly are taken on the basis of information generated by *abhyas gats* (study circles) on a host of topics, in which villagers combine their own knowledge and wisdom with the knowledge of civil society organisations (CSOs), academics and government officials who are sensitive to the villagers' worldview.

In Udaipur district of Rajasthan state, several villages, facilitated by CSOs, have carried out detailed resource mapping and planning, and have mobilised to ensure that earmarked government budgets are spent in line with community priorities.<sup>4</sup> Similar planning exercises are being conducted where villages have established their rights under the Forest Rights Act, or the Panchayat (Extension to Scheduled Areas) Act, or similar state legislation in Maharashtra, Gujarat, and other states. These village-level experiments have some parallels in urban or larger levels. In the state of Nagaland, a government initiative called "communitisation" has devolved aspects of decision-making regarding health, education and power (e.g. salaries and transfers of teachers) to village and town communities.<sup>5</sup> Cities such as Bengaluru and Pune are exploring participatory budgeting, entitling citizens to submit their spending priorities to influence the official budgets. While this approach has faced number of pitfalls and shortcomings, such as local elite dominance, and the fact that citizens do not *determine* spending priorities, civil society groups see it as a step towards decentralising political governance.<sup>6</sup>

These acts of reconfiguration and reconstruction run parallel to an equally strong trend towards resistance to the mainstream economy and polity. The second of the statements at the start of this essay comes from the ancient indigenous *adivasi* group (in India called a 'scheduled tribe', referring to a listing in the Constitution) of Dongria Kondh, which was catapulted into national and global limelight when the UK-based transnational corporation (TNC) Vedanta proposed to mine bauxite in the hills where they live. The Dongria Kondh pointed out that these hills were their sacred territory, and also crucial for their livelihoods and

cultural existence. When the state gave its permission for the corporation to begin mining, the Dongria Kondh, supported by civil society groups, took the matter to various levels of government, the courts, and even Vedanta shareholders in London! The Indian Supreme Court ruled that as a culturally important site for the Dongria Kondh, the government required the peoples' approval, a crucial order that established the right of consent (or rejection) to affected communities, somewhat akin to the global indigenous peoples' demand for 'free and prior informed consent' (FPIC) now enshrined in the UN Declaration on the Rights of Indigenous Peoples.

We will come back later to the third of the statements quoted above, of the Dalit women.

## Faultlines in Indian democracy

Experiments of the above kind that are attempting to usher in a new future are strongly confronted by an entrenched power dynamic in India, which has at the national level seen a worsening of inequities in many forms.

For instance, the richest 10% in India hold 75% of total wealth, and 370 times the share of the poorest 10%. For the super rich, the top 1%, the situation is even more breathtaking – they now account for nearly 50% of the country's total private wealth, about \$1.75 trillion!<sup>7</sup> The picture for the underprivileged is in complete contrast. Thirty years ago, before it opened up the economy, India accounted for about 20% of the world's poorest. Today, close to 33% of the world's poorest, about 400 million, live in India – in other words, about 33% of India's population live on less than \$1 a day, totally inadequate to provide basic food except in forested or coastal areas that still have enough available natural resources. Not surprisingly, according to the World Health Organization (WHO), a third of the world's malnourished children are Indian; 46% of all Indian children below the age of three are stunted and 47% are undernourished. Consequently, "India accounts for 20% of child mortality worldwide".<sup>8</sup> Nearly 25% of the Indian population is also unable to read and write, which did not matter when survival and livelihoods were based on natural resources and

farms (and in fact where oral knowledge was crucial), but increasingly disables people seeking other kinds of work.<sup>9</sup>

The Indian elite, on the other hand, is moving on a completely different trajectory, accruing enormous benefits from the market-driven economy and aspiring to the lifestyle of the global elite, which obviously places huge pressure on the global ecology. As Kothari and Shrivastava pointed out in *Churning The Earth*, “the per capita ecological footprint of the richest one percent in India is 17 times that of the poorest 40 percent, already above the global acceptable limit of 1.8 global hectares of consumption of earth’s resources”.<sup>10</sup> The neoliberal economy adopted by the Indian elite in 1991 has ultimately led to an environmental disaster, one (and only one) indication of which is that Indian cities have the world’s highest levels of pollution. Air pollution-related diseases affect a third or more of Delhi’s children, in particular the poor.<sup>11</sup>

The location of “power” in the current structure of Indian democracy was influenced by inequalities that emerged as an ancient society evolved, and further rigidified in colonial times, notably (but not only) the Hindu caste system or “*varnashram*” in Sanskrit. A significant determinant of the stability and efficacy of any kind of power relationship is the internalisation of its logic. The Indian caste system is probably the most successful illustration of that societal order, rooted in an intangible yet powerful notion of ‘purity’ of a person and even a group. In fact, people derive their relative purity from what the scriptures ascribe to a caste to which they belong. The priest is the epitome of purity while the “untouchable” occupies the bottom of the pile as the caretaker of corpses and scavenger of excreta.

The exclusion of the “untouchables” or Dalits (translated as the “broken” people) from Indian society because of their occupation is a continuing moral outrage for a country that claims to be the world’s largest democracy. Today 1.3 million Dalits still survive solely through scavenging.<sup>12</sup> In Mumbai, Dalits are lowered into manholes to clear

*The neoliberal economy adopted by the Indian elite in 1991 has ultimately led to an environmental disaster, one (and only one) indication of which is that Indian cities have the world’s highest levels of pollution.*

sewage blockages – often with no protection – and over 100 workers die every year due to inhaling toxic gases or drowning in excrement. One would be hard pressed to think of any other occupation in the modern world that is both so degrading and dangerous. As B.R. Ambedkar, a harsh critic of caste and the religious precept behind it, said, “Caste is a state of mind. It is a disease of mind. The teachings of the Hindu religion are the root cause of this disease. We practice casteism and we observe untouchability because we are enjoined to do so by the Hindu religion”.<sup>13</sup>

The relationship between caste and power has shifted in contemporary India given the pulls and pushes of modernisation that have brought people into shared spaces, both physical and intellectual, whether or they liked it or not. The labour market and the chaotic process of urbanisation have further accentuated that movement. Some observers argue that economic liberalisation in India has enabled Dalits to move out of their wretched existence. Yet, even if a few Dalits (as also other historically marginalised groups like *adivasis*, Muslims, and women) have seized the opportunity of the market to advance their cause, this appears to be restricted to individuals rather than in any significant way to the social sector. The vast majority of Dalits remain marginalised, and have become even more so as their natural resources or traditional survival skills and occupations are snatched away or rendered unusable by the same liberalisation process. This includes significant de-skilling of manual occupations like crafts and agriculture.

Apart from castes, other social relationships are also glaringly inequitable. Women, for example, have secondary status at home and in the workplace; only 64.6% of Indian women can read or write compared to 80.9% of men, which as noted above has a significantly disabling impact in a modernising world.<sup>14</sup> There continue to be high levels of violence and discrimination against women, including female infanticide in some parts of India, lack of access to food and other determinants of health, and denial of rights to land or other resources crucial for livelihoods. Similarly, discrimination against religious minorities, particularly Muslims, is acute and widespread. In many towns Muslims find it difficult to rent or buy residential property, thus becoming increasingly ghettoised in shrinking

neighbourhoods. They have the country's highest school dropout rates, and between the ages of five to 29 years the Muslim community has the lowest enrolment at 46.2%.<sup>15</sup> The condition of the Indian tribal population is not much different. With the rapid and indiscriminate expansion of economic liberalisation, *adivasi* and other forest-dwelling communities are increasingly losing forest areas to so-called development projects.<sup>16</sup>

*India has depended on representative democracy, in which power is held by a minority that, even if elected by the majority, tends both to mirror social power inequities and to concentrate power.*

How has India's version of democracy affected both traditional and new power inequities? At one level, in a political structure heavily dependent on periodic government elections (central, state and local), those with numerical strength can at least in theory have a significant say. Indeed, Dalits and other marginalised castes, Muslims and other minorities, *adivasis*, women and others have been able to affect electoral fortunes to varying degrees. Second, constitutional and legal affirmative action, such as reservations in government jobs and educational institutions, has enabled some mobility out of oppression. However, as clear from statistics quoted above, unequal power relations characterise much of Indian society, both traditional and modern. One crucial reason is that India has depended on *representative* democracy, in which power is held by

a minority that, even if elected by the majority, tends both to mirror social power inequities and to concentrate power. For instance, after nearly 70 years of such democracy, most positions of bureaucratic power remain with the 'higher' castes and middle or upper classes. Without a fundamental change in the form of democracy, this is likely to characterise India for a long time to come.

Similarly India's multi-party system – while allowing for a diversity of political actors – has been characterised by caste identity, corruption, communalism (religious hegemonies and intolerance), and dynastic power. This is not to say that real-life issues of basic needs and wellbeing have been completely ignored, but they often take the back seat, and

when progressive policies are enacted (and India has many), their implementation hits roadblocks due to the features mentioned above. Very recently, a new political formation that arose out of large-scale protests regarding corruption, the Aam Aadmi Party, provided hope of a cleaner, more substance-based politics, but it too has become mired in controversy due to an authoritarian ruling clique.

The picture is by no means simple, though. There have been attempts to “decentralise” power; for instance, the Constitution mandates governance by *panchayats* at the village and village cluster level, by *ward committees* at the urban ward level, and similar bodies at larger geographical scale such as district *panchayats* (through amendments made in the early 1980s). However, these representative bodies are subject to the same problems (albeit to a lesser degree) that plague representative democracy at higher levels, including elite capture and halting implementation. Also, the failure to devolve financial and legal powers, has limited effective decentralisation.

Some states have taken legal steps, such as Madhya Pradesh’s Gram Swaraj Act 2001, mandating decision-making by village assemblies – although implementation has been weak. There are also more successful models like Nagaland’s communitisation mentioned above, but these are exceptions.

Finally, while in the socialist economic system in the first few decades after Independence, the state wielded considerable power over the means of production, since the late 1980s and especially early 1990s, India has become increasingly capitalist, with enormous concentration of economic power in the corporate sector. Even the slow progress towards equitable distribution of resources under the pre-1990s regimes has now been thrown out in the name of globalised development.<sup>17</sup>

## Radical democracy or swaraj

Given the overall context of power inequities outlined above, do the kind of initiatives outlined at the start of this essay provide hope for

substantial change, or are they destined to remain isolated and small? We analyse what could be a vision for the future based on existing initiatives and conceptual frameworks, and look at possible pathways to transformation.

Central to this is the Indian concept of *swaraj*, roughly (but poorly) translated as 'self-rule' or 'home rule'. Popularised by Gandhi as part of the freedom struggle, the concept is possibly much older. In Gandhi's usage, it embraces the idea of the individual's freedom to act ethically and within a collective context and, as well as local self-reliance for survival and livelihoods, and an entire people's or nation's independence.<sup>18</sup> It equates such freedoms with responsibility for the freedoms of others and integrates the spiritual, ethical, economic, social and political domains in complex ways. It is as much about self-restraint (e.g. of one's desires) as it is about freedom from restraints (from the state or others imposing from above). Crucially relevant to this essay, Gandhi explicitly said that the state was antithetical to the notion of *swaraj* because it concentrated power away from the people.

At their most basic, the village *swaraj* experiments described above are about locating political power at the smallest unit of collective decision-making (beyond the individual family) – the village, the urban neighbourhood, the educational institution, the CSO – where people can meet face to face. At larger scales, it is about the interconnections between such basic political units at greater geographical and thematic scales in ways that hold such institutions accountable to the grassroots. At an even more complex level, it is also about the democratisation of economic relations, and of a host of other imperatives such as social justice and equity, and ecological sustainability.

Radical democracy goes well beyond the 'representative' democracy approach adopted by countries like India. The current dominant model is one in which those who win elections or are nominated to positions in decision-making institutions from local to national level, accrue

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enormous power to themselves (or are conferred it by prevailing laws), and have little or very inadequate accountability to those who elected or nominated them. Citizens who feel aggrieved if their representatives fail to perform as they would have liked, do have some means of redress including the courts. Ultimately, though, the only effective redress is the next elections or nomination process. Meanwhile, most citizens simply have to bide their time, or at least be convinced that this is all they can do.

One of Mendha-Lekha village's mechanisms for direct democracy is decision by consensus. Until every person in the assembly has agreed, no decision is taken. Even this could be subject to inequities of articulacy, time, and social factors, albeit much less prevalent in *adivasi* or indigenous populations than in others. This (and the situation of large-scale decision-making, to which we come back below) is where a maturing of democracy is needed, where through formal and informal processes, the majority are sensitive to the vulnerabilities and voices of the minority, where hidden or subtle inequities are resisted, where elders or 'leaders' (including youth) consciously identify and suggest ways out of such traps. In many of the examples given in this essay, civil society or government officials may at times play a mediating or facilitating role for such processes, especially where traditional power structures are inequitable. The work of organisations or movements such as Timbaktu Collective in Andhra Pradesh, or Maati women's collective in Uttarakhand, illustrates such facilitation.<sup>19</sup>

## Moving beyond the local

The local and the small scale cannot by themselves make changes at the macro level, and direct democracy would obviously not work at larger scales. Many functions need to be coordinated and managed well beyond the local level, such as railways and communication services. Many problems (such as toxics and pollution, desertification, climate change) are at scales much larger than individual settlements, emanating from and affecting entire landscapes (and seascapes), countries, regions, and indeed the planet. And macroeconomic and



political structures need forces of change at the macro level, including in the form of environmentally and culturally sensitive global governance. The challenge is how to incorporate principles of radical democracy and apply them at these different scales.

In a radical democracy scenario, such larger-level governance structures need to emanate from the basic decentralised decision-making units. These are envisaged as clusters or federations of villages and towns with common ecological features, larger landscape-level institutions, and others that in some way also relate to existing administrative and political units of districts and states. Governance across states, and across countries, of course presents special challenges; there are a number of lessons to be learnt from failed or only partially successful initiatives such as the Kyoto protocol or sub-national regional initiatives such as river-basin planning authorities in India.

Landscape and trans-boundary planning and governance (also called 'bioregionalism', or 'ecoregionalism', among other terms) are exciting new approaches being tried out in several countries and regions. These are as yet fledgling in India, but some are worth learning from. For a decade, the Arvari Sansad (Parliament) in Rajasthan brought 72 villages together to manage a 400 km<sup>2</sup> river basin through inter-village coordination,

*In a radical democracy scenario, larger-level governance structures need to emanate from the basic decentralised decision-making units.*

making integrated plans and programmes for land, agriculture, water, wildlife, and development.<sup>20</sup> Its functioning has weakened in recent times, but it provides an important example from which to learn. In the state of Maharashtra, a federation of Water User Associations manages the Waghad Irrigation Project, the first time a government project has been completely devolved to local people. This has led to a much greater emphasis

on equity in water distribution and access, and greater possibility of public monitoring, compared to more centralised irrigation governance systems.<sup>21</sup> Examples of this kind are found in other countries, including Australia, where the Great Eastern Ranges Initiative seeks to integrate governance and management of landscapes over 3,600 km<sup>2</sup>.<sup>22</sup>

Though rural and urban communities will be the fulcrum of alternative futures, the state has a critical supporting and enabling role to play at least in the near future. It needs to retain, or rather strengthen, its welfare role for historically or newly marginalised sectors, support communities where local capacity is weak, regulate and hold liable businesses or others who behave irresponsibly towards the environment or people. It will have to be held accountable for its role as guarantor of the fundamental rights that each citizen is supposed to enjoy under the Constitution of India, including through policy measures such as the Right to Information Act 2005. This important law was born out of a peoples' movement demanding access to government records, especially to fight financial corruption; possibly one of the world's most powerful examples of legislation on information access, this has slowly begun to make central power more accountable to citizens. Finally, the state has a critical role in larger global relations between peoples and nations.

Over time, however, national boundaries would become far less divisive and important in the context of genuine globalisation. The increasing networking of peoples across the world, both traditional and digital, is already a precursor to such a process. Cultural and ecological identities that are rooted in the people or community to which one belongs and the ecoregion where one lives, as well as those being formed through digital media, may gain in importance, defined by celebrating diversity, with the openness to mutual learning and support.

Across all levels of decision-making there is the need to ensure that representatives are accountable. Lessons could be learnt from ancient Greek and Indian democracies (while not ignoring their exclusion of women or others), and from experiments in Latin and Central America such as the *consejos comunales* (communal councils) in Venezuela and the Zapatista-governed region of Mexico.<sup>23</sup> These examples include highly constrained 'delegated' responsibility whereby representatives are subject to clear mandates given by the delegators or electorate rather than attaining independent power, they can be recalled, must report back, among other obligations.

## Power is not only political: towards eco-swaraj or radical ecological democracy

A crucial lesson from India's experience and similar attempts to re-imagine democracy is that a radical redistribution of political power can be effective only if it is accompanied by the restructuring of economic and social power relations.

Economic democratisation will entail changes in many aspects: the relations of producers with their means and modes of production, robust producer-consumer links and the transformation of both producers and consumers into "prosumers", progressive localisation of economic activity relating to the meeting of basic needs such that clusters of settlements can be relatively self-reliant or self-sufficient, encouragement of non-monetised or local exchange systems for products and services, and fundamental changes in macroeconomic theory and policy. An increasing number of companies and cooperatives, run democratically and with the ability to gain some level of control over the market, now exist in India, such as Dharani Farming and Marketing Mutually Aided Cooperative set up by the Timbaktu Collective in Andhra Pradesh, the textile producer company Qasab and others in Kachchh, Gujarat, and the SWaCH cooperative of wastepicker women in Pune, Maharashtra.<sup>24</sup> These are still marginal but show the possibilities of countering the trend towards privatisation and corporatisation.

*a radical redistribution of political power can be effective only if it is accompanied by the restructuring of economic and social power relations.*

Interesting notions of localised economies, their fundamentals akin to Gandhi's notion of self-reliance elaborated by the economist JC Kumarappa,<sup>25</sup> have been put forward by organisations and individuals. These include the former *dalit sarpanch* of Kuthambakkam village, Ramaswamy Elango, and the organisation Bhasha working in *adivasi* areas of southern Gujarat, both of which propose clusters of rural (or rural and urban) areas in which all or most basic needs are produced and exchanged locally, reducing dependence on outside state or market systems.<sup>26</sup>

Simultaneous to economic democratisation is the need to challenge other social inequities, including in India those of caste, gender and class. Here too, a number of grassroots initiatives are showing some pathways; the Dalit women farmers of Deccan Development Society quoted in at the start of this essay, for instance, have thrown off their socially oppressed status (combining caste and gender-based discrimination) by achieving a remarkable revolution in sustainable farming, alternative media, and collective mobilisation. Where once they were shunned as Dalits, marginalised as women, and poverty-stricken as marginal farmers with few productive assets, they are now assertive, self-confident controllers of their own destiny, having achieved full food sovereignty using local seeds and inputs, producers of their own visual and audio media, advocates for local to global policy change, and in many other ways.<sup>27</sup>

Finally, and as a base for all of the above, there is an urgent need to move towards ecological sustainability. Several analyses of the impact of economic globalisation and centralised governance have shown that India is already on the steep descent into unsustainability. This can be seen in the continuing decline of forest quality and plunging of groundwater levels. India is the world's third largest carbon emitter as is its ecological footprint -, and ecological damage is already causing turmoil and dispossession in the lives of tens of millions of people.<sup>28</sup> No amount of restructuring of power relations will work in the long run if the very ecological foundations of life are undermined; by the same token, the protection of these foundations also requires that people at the grassroots can take power into their own hands.

Combining these elements there emerges a framework of an alternative future, called *eco-swaraj* or radical ecological democracy (RED).<sup>29</sup> The notion is conceptually simple but functionally complex: *a process or system in which every person and community is empowered to be part of decision-making, in ways that are ecologically sustainable and socially equitable.* It is based on the pillars of ecological sustainability and resilience, social justice and equity, direct democracy, economic democracy and localisation, and cultural diversity.

## Pathways into the future: can alternative initiatives change the big picture?

The introduction of RED in India or elsewhere is obviously not going to be an easy or smooth task, and there is no automatic move from local or regional initiatives of direct democracy to change at national (or global) levels. The entrenched ruling elite exercises domination through various time-tested tactics and will continue to counter any threat to its survival. It inflicts symbolic violence by restrictive economic opportunities, subsistence wages and punitive labour laws to maintain its primacy. In recent times it has come down heavily on civil society, using arbitrary powers to cancel registrations or licenses. The most glaring is the continuing attack on Greenpeace India, whose funds have been frozen by the Ministry of Home Affairs for “irregular activities”, while it is clear that the State feels threatened by the group’s effective campaigning against coal mining and thermal power stations.<sup>30</sup> Through its nexus

*The threat of violence has always existed behind the expression of power.*

with the media, the elite also continually controls and manipulates the narrative of that interaction to its advantage. Nor does it shy from physical violence, for instance to deal with labour protests, those opposing forcible land acquisition, or movements for relative autonomy in northeast India. The militant opposition to these tactics by an organised ultra-left

rebellion in central India is a worrying sign. Although violent resistance has failed to mobilise society and provide a meaningful way to challenge unequal power, it is increasingly easy to understand why communities are resorting to counter-violence, or supporting “Maoist” or “Naxalite” groups that use outright violence against representatives of the state.

The threat of violence has always existed behind the expression of power. According to Hannah Arendt, power is not created through violence; in fact when it uses violence it is eventually destroyed. In words that turned out to be quite prophetic in her analysis of totalitarian states, Arendt affirmed: “Power and violence are opposites; where the one rules absolutely, the other is absent. Violence appears where power is in jeopardy, but left to its own course it ends in power’s disappearance”.<sup>31</sup>

In this light, does the rise in class, caste, communal, gender and ethnic violence in India point towards the unravelling of its power structure? Is violence the sign of a change, albeit slow and messy? It feels as if India's power structures are stretched at the seams and falling apart. Violence fills the vacuum sporadically but without providing long-term stability.

What, then, is the way out of the cycle of discrimination, exploitation and violence in India? It has to be found in the attempts at bringing together peoples' movements, supportive CSOs, intellectuals and artists, and other sectors into various networks of resistance and reconstruction. As in the case of the Dongria Kondh challenge to Vedanta, across India hundreds of acts of resistance and rebellion are going on at any given time, against land grabs, forest diversion, displacement, caste and gender-based violence, arbitrary exercise of power in academic institutions, unemployment and underpayment, corruption, the politician-business nexus, scarcities of water and food, government attempts to curb freedom of speech and dissent, and so on. There is inadequate documentation to give an idea of the scale of such resistance, but media and CSO reports suggest it is widespread and substantial enough to worry the State and corporate bodies. These movements and groups stand on the cusp of an alliance-forming moment, which they need to seize.

On 2 December 2014, some 15,000 to 20,000 people from formations working on the rights of peasants, fishers, industrial workers, adivasis, wastepickers, street hawkers, children, women, and the rights to health, education, livelihoods, and the environment rallied in Delhi and pledged to join hands to defeat the entrenched power elite. They came together under the slogan '*abki baar hamara adhikar*' ('this time around, our rights'). While no formal alliance was announced, the movements agreed to continue working together on these issues. Whether such an informal alliance will last remains to be seen. Already platforms like the National Alliance of Peoples' Movements (NAPM), one of the core organisers of the rally, suggest the beginnings of a broader coalition of change-makers. Out of the breakdown of the Aam Aadmi Party (mentioned above) has also emerged a fledgling mobilisation called Swaraj Abhiyan which has promised to avoid the pitfalls of centralised power that AAP succumbed to.

But beyond building resistance movements, there is also what these moments and movements produce, based on practice and exploration, to envision what a sustainable, equitable and just India would look like. A process of bringing together people working on such alternatives, Vikalp Sangam ('Alternatives Confluence'), hopes to provide inputs for such envisioning.<sup>32</sup> Starting in 2014, several regional Sangams have been held and several more are coming up; thematic Sangams on issues such as energy, learning and education, youth needs and aspirations, urban sustainability and equity, and knowledge democracy, are being planned; and these will ideally coalesce in a series of national Sangams over the next few years. Through all this, a framework like *eco-swaraj* or Radical Ecological Democracy could become the ideological catalyst for this alliance.

Given adequate networking and collaborations among various mass movements (including labour unions) and CSOs, and through increasing advocacy with political parties, these could provide pathways to a new power dynamic in India. The small, incremental changes taking place all over India – in rural communities, *adivasi* territories, and urban neighbourhoods – are the necessary steps towards redefining the relationship between ecology and economy, between the individual and the collective and most importantly, between human beings and the Earth. People are recognising that the current power dispensation is frozen in an intellectual paradigm defined by free-market orthodoxy and will change only if confronted by worldviews such as *swaraj* or Radical Ecological Democracy. India (and the world) needs that change in order to continue to thrive.



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## Endnotes

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For the Transnational Institute's fifth annual *State of Power* report, TNI put out an open call and commissioned essays on the theme of power and democracy. This selection of essays, by a diverse range of activists and academics, examines the long battle between economic power and popular democracy, exposes the different powers seeking to undermine democracy today, and shares the experiences of radical popular democratic alternatives emerging worldwide. The selection of essays by a diverse range of activists and academics examine the long battle between economic power and popular democracy, expose the different powers seeking to undermine democracy today, and share the experiences of radical alternatives emerging from Spain to India that are redefining popular democracy. Its call echoes the Spanish *Indignados* 'Real Democracy Now!'



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