

Will Capitalism Doom the Planet: "It Is Profitable to Let the World Go to Hell?"

by Antony Lowenstein ;o) via jane - Truth-out *Sunday, Apr 30 2017, 12:23am*

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Disaster, poverty and misfortune have become great ways to make a fortune. From Afghanistan to Haiti, Pakistan to Papua New Guinea, the United States to the UK, and from Greece to Australia, journalist Antony Lowenstein uncovers how companies cash in on organized misery in Disaster Capitalism.

Back in 1972 Jørgen Randers, today the professor of climate strategy at the Norwegian Business School, published a book called *The Limits to Growth*. He warned of the devastating impact of population and economic growth on a world of limited resources. Revisiting that prognosis in a 2004 essay, he found that his predictions were correct and that global leaders had been much remiss in ignoring the urgent need to battle unsustainable development.

Randers' key argument was a challenge to the inherent rules of capitalism. By 2015, he was pessimistic that the current financial order was capable of -- or even had any interest in -- reducing the devastating effects of climate change. "It is cost-effective to postpone global climate action," he wrote.

It is profitable to let the world go to hell. I believe that the tyranny of the short term will prevail over the decades to come. As a result, a number of long-term problems will not be solved, even if they could have been, and even as they cause gradually increasing difficulties for all voters.

To encourage a country such as Norway to tax every citizen, his suggested solution was for people to pay an extra 250 euros every year for a generation, thereby drastically cutting greenhouse gases and providing an example to other industrialized nations. The idea never got off the ground.

"The capitalist system does not help," Randers explained.

Capitalism is carefully designed to allocate capital to the most profitable projects. And this is exactly what we don't need today. We need investments into more expensive wind and solar power, not into cheap coal and gas. The capitalistic market won't do this on its own. It needs different frame conditions -- alternative prices or new regulation.

Although Randers pushed the worrying idea of "enlightened dictatorship" -- "for a limited time period in critical policy areas" -- his thesis strikes at the heart of why wealth is concentrated in so few hands in today's world: there is little incentive to advocate for a more equitable planet. The market system guarantees unfairness and rewards greed.

Such debates are starting to emerge even among the class who most benefits from such inequality. During the annual conference in Davos, Switzerland, in 2015, where the world's business and political leaders gather to congratulate themselves, some sessions concluded that inequality was a serious problem facing the globe, and participants were pessimistic about solving it.

Such talk was a start, but hardly enough when the dictator Abdel Fattah al-Sisi, the Egyptian president -- a man responsible for the death of thousands of his own people -- was warmly welcomed in Davos and allowed to pontificate about his vision for "sustainable development." Human rights and economic freedom must not be mutually exclusive concepts.

The figures speak for themselves. The share of wealth in the US owned by its richest 0.01 percent has quadrupled since the eve of the Reagan Revolution. The top 1 percent of the world's population owns 46 percent of all global assets. US cuts in food stamps have left the nation's largest food bank, in New York, struggling to cope with demand. Around 16.5 percent of the state's population requires emergency food assistance. In 2013, roughly 14 percent of the country's population "lacked access to enough food for an active, healthy life for all household members," according to the US Department of Agriculture -- a 30 percent increase since 2007. The US middle class, long viewed as the globe's most successful, now suffers growing income inequality. A crucial factor in this decline has been the failure of educational attainment to progress as successfully as in other industrialized states.

The system is rigged. During the global financial crisis, Bank of America nearly crashed. One of the largest financial institutions in the nation, it was nevertheless granted \$45 billion by President Barack Obama to prevent its collapse. Since then, Rolling Stone writer Matt Taibbi explains,

the Obama administration has looked the other way as the bank committed an astonishing variety of crimes ... ripp[ing] off almost everyone with whom it has a significant business relationship, cheating investors, insurers, depositors, homeowners, shareholders, pensioners and taxpayers. It brought tens of thousands of Americans to foreclosure court using bogus, 'robot-signed' evidence -- a type of mass perjury that it helped pioneer. It hawked worthless mortgages to dozens of unions and state pension funds, draining them of hundreds of millions in value.

This is the modern definition of capitalism. As Taibbi told those attending an Occupy Wall Street day of action in 2012, "this gigantic financial institution is the ultimate symbol of a new kind of corruption at the highest levels of American society: a tendency to marry the near-limitless power of the federal government with increasingly concentrated, increasingly unaccountable private financial interests." Wall Street bankers were happy. The sum of all executive bonuses in 2014, averaging roughly \$173,000 each, came to around double the earnings of all Americans working full-time on the minimum wage.

It is an ideology that thrives despite guaranteeing social disharmony. The US model of reducing the role of government while increasing the influence of largely private power has never been so rapacious, though the problem is global. For-profit colleges burden students with huge debts and worthless credentials while receiving federal student aid. Goldman Sachs, a firm with a large measure of responsibility for the economic meltdown in 2008, now invests in social-impact bonds -- a system that enriches the company if former prisoners stay out of jail but reduces the accountability of governments and prioritizes private profit. The corporation also makes money from higher education, pressuring underprivileged students to take on debt while giving scant attention to the standard of teaching.

Republicans in Michigan have pushed for the privatization of public school teachers, using a skewed logic that advocates cutting public schools and selling off facilities at the lowest price. Many tolls operating on public roads and highways in the US service the bottom lines of local and multinational companies. Public libraries have been outsourced, reducing employee salaries or eliminating jobs.

In Europe, many corporations and lawyers shamelessly exploit international investment deals to derive profits from suing crisis-ridden nations. Market speculators pressurize fragile nations such as Greece, whose citizens are forced to survive with fewer public services. British citizens living on the margins face eviction or spiraling rent increases because global fund managers, such as Westbrook - based in the United States -- purchase homes as assets to be milked for profit.

The International Monetary Fund (IMF) traverses the world with the backing of Western elites, strong-arming nations into privatizing their resources and opening up their markets to multinationals. Resistance to this bitter medicine is only one reason that large swathes of Latin America have become more independent since the 2000s. The mass privatization that results -- a central plank of US foreign policy -- guarantees corruption in autocracies. Wikileaks' State Department cables offer countless examples of this, including in Egypt under former president Hosni Mubarak. The World Bank is equally complicit and equally unaccountable. In 2015 it admitted that it had no idea how many people had been forced off their lands around the world due to its resettlement policies. The story barely made the news and no heads rolled.

One Californian town, Maywood, took the privatization memo a bit too seriously. It literally outsourced everything in 2010, sacking all municipal workers, including the police department, due to budgetary pressure. "We will become 100 percent a contracted city," said Angela Spaccia, Maywood's interim city manager.

Decades of anti-government rhetoric claiming that taxpayer money is always wasted have convinced many voters that the corporation knows best, which is why a sustained campaign against predatory capitalism is so hard to keep up -- not helped by the fact that 90 percent of Americans rely on information from media outlets owned by only six multinationals, including News Corporation, Comcast, and Viacom. Rupert Murdoch tried to acquire Time Warner in 2014; had he succeeded, the market would have shrunk even further. In this environment, the fact that movements such as Occupy are born and thrive, albeit briefly, is a remarkable achievement. Indian writer Arundhati Roy saluted the power of this movement in a speech at the People's University in New York's Washington Square Park in November 2011: "What you have achieved ... is to introduce a new imagination, a new political language into the heart of empire. You have reintroduced the right to dream into a system that tried to turn everybody into zombies mesmerized into equating mindless consumerism with happiness and fulfillment."

Although Occupy was dismissed as an irritant and irrelevant by many on Wall Street and in the corporate media, police unleashed a sophisticated surveillance operation to disrupt the protestors. They recognized the danger represented by the threat of a good idea. The challenge faced by opponents of rampant capitalism was how to focus their rage coherently against increasingly pervasive forces. The study of capitalism is soaring at universities across America, indicating the desire on the part of tomorrow's graduates to understand the tenuous connection between democracy and the capitalist economy.

The phenomenal success of French economist Thomas Piketty's book *Capital in the Twenty-First Century* -- a work arguing that social discord is the likely outcome of surging financial inequality -- indicates that the public knows there is a problem and is in search of clear accounts of it. Piketty advocates a global system of taxation on private property. "This is the only civilized solution," he told the *Observer* newspaper.

In 2014, even the world's leading economic think-tank, the Paris-based Organization for Economic Cooperation and Development, urged higher taxes for the rich to help the bottom 40 percent of the population. When establishment magazine *Foreign Policy* publishes an article by the US managing

editor of the Financial Times, Gillian Tett, which closes expressing a wish for an "honest debate" about "wealth redistribution," it is clear that the world has gone a 'little' mad.

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