

GROWTHS, DOMINATION, DESTRUCTION AND WELFARE.

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The concept of growth, in the singular, besides its technical aspects of undoubted interest, plays a key ideological function: to strengthen the idea of a unified society, structured as a largely harmonic system, despite the differences that exist within it, declared *natural* and *technically unavoidable*. This unification is closely linked to the idea of a supposedly unified market (also with a decisive ideological facet), a decisive instrument of the economic system, boosted by the search of maximum growth of profits. Thus economic growth refers ultimately to the growth of corporate profits, not necessarily coinciding with more and better production and the improvement of people welfare.

Confronting this economic vision, shared by orthodox economics and much of the heterodox (with some adjustments, mainly about taxes), it is pertinent to raise some objections that affect the whole capitalist system, particularly the financial and monopolistic capitalism:

1. The hierarchical-pyramidal stratification of societies, to which must be added also pyramidal stratification between nation states. Benefits, market and growth have a different significance and development when they refer to different social classes (either classically recognized or veiled, and their various sectors and layers), even observable within dominant *classes*.

The stratification of the economic power within each country and between different nations has been a feature of capitalism since its origins. In England, the cradle of capitalism and proclaimed bastion of the free market, has existed (besides its links with the slave trade and slave labor) a lasting association of trade with the powers of the state (including the monarchy).

While in previous historical periods, the industrial and business classes have occupied the upper layers of the system, the current capitalist society (globally established throughout the world) it is under the control of the financial class and especially its speculative sector, although its spokesmen proclaim as their own objectives economic growth, job creation, poverty reduction and market freedom (deregulation to the benefit of speculators). Hodgson, G. M., Itoh, M. and Yokokawa, N. (2001, p. 117) point out that mixture of domination and apparent (market) egalitarianism:

“... the speculative motive is overcoming the careful evaluation of the long-term rate of return of productive investment, whereas paradoxically, the illusion that financial market are basically self-equilibrating has become widely accepted”

The domination of speculative financial oligarchy on the whole of the economy and society is connected with the methods of pyramidal expropriation and development of bubbles which through their unavoidable bursting (Hodgson, G. M., Itoh, M. and Yokokawa, N., 2001, p. 117) create a new convulsive mechanism of expropriation of most people.

Recently this double mechanism (pyramid-bubble) has taken the initial form of expansion of delocalized production and of housing construction, which increased rapidly the benefits of financial and speculative capital, creating a spiral of benefits on the one hand and of poverty on the other, that led to an unsustainable bubble because of the resulting increasing economic and social asymmetry (rising unemployment, declining wages ...).

The rise of microelectronics, and of the subsequent virtual economy, has some features that portend a similar process, with potential explosive new destructive effects as a consequence of this bubble formation. The results of the bursting of these successive bubbles, characteristic of a fictitious and speculative economy, may be substantially aggravated by the highly predictable next expansion of robotics

2. The economic stratification of society is the concomitant of the market stratification. The idea of market, primarily, refers to a open or free market where different commodities (including money) could be exchanged at the will of their owners. This is the *ideal* conception of the market, but it is far enough of reality in a stratified society which brings with it an also stratified market according to economic, political, military or mafia-type power.

The top strata of the market are under the control of national and international oligarchies that extend their power to increasing sectors of the economy. This evident fact is concealed by the monopolistic ideologues and propagandists through an intensive invocation of a free and open market, which contradicts the real hierarchical structure of different markets. We find here a pattern of *doublethink* (“the power of holding two contradictory beliefs in one’s mind simultaneously, and accepting both of them”, Orwell, G., 1954, p. 172), in this case a belief on practical behavior, and a contradictory (apparent and propagandistic) *belief* expressed on public discourse.

We can find telling examples of this duality of discourse in the current situation and in history. The Opium Wars (1839-42, 1856-59) are particularly striking in this respect: the immoral imposal, through the war, of the opening of the Chinese market to narcotic drugs, harmful to health of people and undermining the progress of the country, and simultaneously, to try to justify the aggression invoking the superior, *liberal and civilizing*, principle of free

market. James, L. (1998, p. 236) dealing with the issue of the Opium Wars recognizes that “Today the First Opium War [and also the Second ...] ... is commonly portrayed as a shameful act of aggression contrived to promote a trade which was immoral, and to which the Chinese government had rightly taken exception”, but some lines before justifies in some way the war arguing that “Given Chinese insularity [sic] and apprehension of all things alien, it was inevitable that a clash would occur with Britain, which believed it had a right to conduct unrestricted trade throughout the world”.

We find in the same author (1998, p. 242) a clarifying expression of the fallacious identification of the *universal principle* of free market and the strategic interest of the state of a nation (Britain in this case), taking account of the *imperialist* interests of other nations:

“These brutal manifestations of the new imperialism caused dismay in Britain. Hitherto British governments, confident in the knowledge that their businessmen enjoyed supremacy in China, had supported a free-trade-for-all-comers policy, and turned a blind eye to French and Russian efforts to lop off China’s outlying tributary provinces, Indo-China and Korea. The events of 1897-8 suggested that China, like Africa, would be partitioned with the result that Britain would lose markets. The encroachments of protectionist Russia posed the most serious threat: the Trans-Siberian railway would facilitate mass emigration to underpopulated eastern Russia and, once its branch lines to the south had been laid, would serve as a conduit for China’s trade with Europe, which had previously been carried by British ships.”

This quotation explains important aspects as the identification national interest-universal principles, and some mechanisms of this identification, with the primacy of national strategic interest, as considering the Trans-Siberian railway as a threat for (British) free trade, although it was obviously a way of favoring general free trade.

We can also get from the previous quotation the general conclusion of accepting *unrestricted trade* so far we enjoy and take for granted our supremacy over other people or economic sectors. In this sense can be interpreted some aspects of the current ideological discourse coming from the oligarchic constellation.

The domination of the market by oligarchic interests, with a quantitative and monetary approach to economic development, the evaluation of production (including services) exclusively or chiefly by controlled commercial trade and financial mechanisms, regardless of their qualitative characteristics –production forms (working conditions, environmental healthiness and usability of products)– is a serious mutilation from the point of view of

scientific study of production and social reality and entails a perspective of runaway, irrational, and destructive development, as it is shown in the current crisis.

The domination, exploitation and assault process of the upper strata of the socioeconomic pyramid over the lower, using the hierarchical levels of the market and the influence and political power, even using military power and war to mastering certain markets are clear signs, often violent, of oligarchic predominance. The subcontracting chains, the disguise of labour relations as commercial relations and the invasion of the market's levels hitherto occupied by small and medium enterprises by the monopolistic giants, are more or less peaceful samples of the domination of the upper classes and strata over those which are below them.

3. A specially destructive consequence of financial-speculative domination of economy and society is the deprivation for the whole society of the productive contribution which would correspond to a significant portion of the population, unemployed, excluded from the economic system.

The acceptance of high rates of structural unemployment even denies the quantitativist approach to economic development and the assumption of the efficiency of the current system.

The number of unemployed persons –persons who are without work and *actively* seeking work– is estimated in 2013 about 202 millions (6% of the total labor force), of whom 74,5 millions youth people, according to the figures of the International Labor Office (ILO, 2014, p. 91). The importance of this problem is bigger than announced by this data, mainly because the problem of taking account of the “active seeking of work).

Nevertheless the perspective for next years could be even worse in respect of people employment, as the International Labour Office (2014, p. points out in its preface:

“... the root causes of the global crisis have not been properly tackled. The financial system remains the Achilles heel of the world economy. The state of many banks is such that many sustainable enterprises, notably small ones, have limited access to credit, thereby affecting productive investment and job creation. Significant financial bubbles have reappeared in a number of advanced and emerging economies, adding new uncertainties and affecting hiring decisions. Also, global labour incomes continue to increase at a slower pace than justified by observed productivity gains, thus affecting aggregate demand ... – and this is an important new finding in view of the post-2015 development debate – little progress is being made

in reducing working poverty and vulnerable forms of employment such as informal jobs and undeclared work. If confirmed, this trend would unambiguously delay the achievement of development goals.”

The same publication of the ILO (p. 34) indicates a concern regarding that the “signs of a recovery in economic activity appeared and strengthened in the Developed Economies and European Union region” could remain “a recovery in activity, not in jobs”.

Given these evidence-based facts, the following questions about the economic doctrines presented as economic science, are fully relevant:

1st. What are the *unavoidable* theoretical premises that prevent criticism and opposition to an economic system (regarded as the only model of growth and of the whole socio-economic system) which implies the exclusion from production and wealth creation of a high percentage of the European and world population?

2nd. What constraints force almost all political parties in the world and the vast majority of economists to reject the thought of a realistic and rational possibility of creating a public (state) economic system that eliminates the private domination of business and financial giants, spreading democracy into the realm of monopolies?

3rd. Is it not absolutely necessary, for a scientific approach to economy and history, a sharp dissociation between the free market as a progressive ideal for interchanging goods, without any kind of coercion, and the purely propagandistic and fallacious use of this banner to conceal oligarchic and destructive interests?

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