LOK SAMVAD

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EDITORIAL

Under Modi, the Corporate Would be the King!

- Piyush Pant

The huge amount spent on Bhartiya Janata Party's prime ministerial candidate Narendra Modi's campaign during the Lok Sabha election was a pointer to Indian politics succumbing to corporate pressures. Post-2014 General Elections, news reports about a whopping sum of around 7,000 crore rupees spent on BJP's electoral campaign to project Narendra Modi as Prime Ministerial material and to win 272 seats under his stewardship started hogging public attention. Many political observers and experts were of the opinion, during as well as after the election, that none other than the National-International corporates are behind funding the massive campaign. In his article published in international journal 'Alternatives' on 1st May 2014, wrote Mr. Harsh Kapoor-"There should be no doubt in our minds that some of the biggest private corporations with deep pockets that had already publicly pledged support for the candidature of Mr. Narendra Modi as the Prime Minister (even before BJP had chosen its PM candidate) were behind this. Big Business loves Modi and his so-called "Gujrat Model" because it grants huge concessions to industrial projects (e.g. Tata's Nano car project got a loan of Rs. 9570 crores to be paid back at 0.1% interest starting only after 20 years!). Business tycoons adore Modi for his no-questions-asked clearances of industrial projects, bypassing all social and environmental checks and shutting out all opposition." A news item appearing in the Mint newspaper on 20th May 2014 also indicates the corporate stake in Narendra Modi's victory. It said-" Indian firms and banks are queuing up to raise funds from the equity markets in an attempt to cash in on the euphoria over the victory of Bhartiya Janata Party, perceived as business-friendly in the general elections." Look at another news published in news papers on 2nd June 2014 released by PTI. It read-"German engineering and electronic major Siemens AG is pinning hopes on the new government led by "strong and experienced" Narendra Modi to revive the economy, clear the clogged investment pipelines and expedite decision-making process as it chases growth in this promising market." This clearly shows that there were some other hands as well apart from the Party's coffer that funded the extremely costly BJP campaign during the Lok Sabha elections. It was revealed in a Delhi High Court judgment on a PIL filed by a retired IAS officer E.A.S. Sarma and an organization called Association for Democratic Reforms, that Congress and BJP have been illegally receiving donations from foreign companies. They have violated the Representation of People Act, 1951 and the Foreign Contribution Regulation Act, 1976. Most donations to the two biggest national parties have been given by UK-based Vedanta or its associates. It was also revealed that between 2003-4 and 2011-12 Vedanta and its subsidiaries gave Indian National Congress Rs.8,78,50,000 and Rs. 19,41,50,000 to BJP. It was further revealed that Dow Chemicals made a donation of Rs.1,00,000 to BJP.

There is nothing new in corporate funding the elections in India, in order to strike a deal with the political parties. In fact, the number of such elected representatives is growing who fund their poll campaigns with corporate backing. Congress has also been receiving corporate donations and funding for elections for the last so many years. What raises alarm is the scale at which funds were made available by Indian as well as foreign corporate to BJP campaign. It is a common knowledge that business houses, all over the world, don't believe in charity, they are always motivated by the instinct of profit-making. Examples are galore where corporate have been influencing government policies and decisions through lobbying and election funding. Textile baron Dhiru Bhai Ambani influencing polyster yarn tariff and industrial

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licensing policies during congress regime two decade back and in the recent past Ambani brothers (Mukesh and Anil) dictating the Gas price are living examples of corporate dictating the policy formulation in the government. What to talk about Ambanies or for that matter Mittals or Anil Aggarwals, even Ratan Tata, known for his "clean and honest dealings" was exposed for taking the help of lobbyist Neera Radia to bend the spectrum allotment in his favour. Says columnist Praful Bidwai-"The key to business success in India lies often less in real entrepreneurship than in capturing major functions of the state. Nothing guarantees you higher profits better than favourable official treatment which allows you to corner resources, grab licenses or establish monopolies. That's why Indian businessmen invest so much in influencing policies and policy makers, in creating lobbying institutions and in building personal relationships with and patronizing political leaders."

The much talked-about corporate funding of Prime ministerial candidate Narendra Modi in Lok Sabha election creates apprehension because under his much hyped Gujrat Model of development, huge concessions were given to the business houses by Narendra Modi, the then chief minister of Gujarat by inflicting huge loss to the state exchequer. A report of the Comptroller and Auditor General of India (CAG), relating to 2012-13 alone, has indicted the Gujarat government and state Public Sector Undertakings for extending "undue" benefits to major industrial houses causing a loss of Rs 750 crore to the state exchequer in a single year. The major beneficiaries of government's largesse included big corporate entities like Reliance Industries Ltd (RIL), Essar Steel and Adani Power Ltd (APL), the report said. Writing in the March 24, 2014 issue of Forbes Asia, the contributor Megha Bahree says-" Adani has, over the years, leased 7,350 hectares,much of which he got from 2005 onward from the government in an area called Mundra in the Gulf of Kutch in Gujrat. Forbes Asia has copies of the agreements that show he got the 30-year renewable leases for as little as one U.S. cent a square meter (the rate maxed out at 45 cents a square meter). He in turn has sublet this land to other companies including state-owned Indian Oil Co. for as much as 11 dollar a square meter." It is said that instances such as these have built support for Modi among India's big industrialists. No doubt, the UPA government under the Prime minister Manmohan Singh had also framed corporate-friendly economic policies and given huge concessions to the corporate sector in the form of infrastructural support, tax breaks, large volumes of inexpensive credit and access to cheap natural and scarce resources (like spectrum, coal mines etc.). But the real apprehension is that under Narendra Modi-led NDA regime, the corporate might play a decisive role in formulating market-friendly economic policies. This is dangerous because the interests of corporations are frequently at odds with the public interest, and often are entirely contrary to the public health and public good. Many, if not most, of these monstrous corporations are not even based in India, so their interests have little to do with the national interest, and their actions may, in fact, benefit other nations while harming Indian interests. These are not the forces that should be controlling our government, and we need to make sure they stay far, far away from our political system. Even a number of former American Presidents like Jefferson, Jackson, Lincoln, and Teddy Roosevelt had warned us about the democratically destructive power of corporations.

Those vouching for the increasing corporate role in the Indian economy should better look at what's happening in their Alma Matter, the U.S. It has been quite evident that the corporates have gradually taken over the US economy and have usurped the rights of the State to make people-friendly policies and programmes with the result that the gap between the rich and poor is drastically increasing in America. As American writers David Callahan and J.Mijin Cha say-"A host of indicators show that the middle class is struggling-and worse, shrinking-and that upward mobility is elusive for many Americans. Meanwhile, evidence abounds that the U.S. political system is increasingly dominated by wealthy interests, and strong majorities of the public believe-rightly-that the deck is stacked against ordinary voters. What is less understood, though, is the interplay between these two problems-the way that a tilting of political life toward business and the wealthy has served to undermine economic mobility. As private interests have come to wield more influence over public policy, with ever larger sums of money shaping elections and the policymaking process, our political system has become less responsive to those looking for a fair shot to improve their lives and move upward. Recent developments have aggravated this long emerging trend. In particular, the Citizens United ruling and the rise of Super PACs have expanded the ability of wealthy individuals and corporations to shape election outcomes and set the policy agenda in Washington and state capitals across the country.These inequities in political power would still be unfair, but might not matter as much, if the interests of the affluent and corporations were closely aligned with those of the general public. But this is often not the case. Wealthy interests are keenly focused on concerns not shared by the rest of the American public, like keeping taxes low on capital gains, and often oppose policies that would foster upward mobility among low-income citizens, such as raising the minimum wage. Even when the wealthy do share the public's strong enthusiasm for policies that help Americans get ahead, such as spending on higher education, they often prioritize tax cuts or deficit reduction in ways that squeeze the resources available for these very policies.

Corporate power over government in 'liberal democracy' conjures up images of cash stuffed envelopes being passed in secrecy, of nepotism, 'sleaze' and corruption. Instances where corporate power becomes too apparent to the public are portrayed in media and government discourse as aberrations within a state where parliament works for its voters, not for its own power interests. Politicians and civil servants under the influence of corporations are caricatured as greedy fat cats, bad apples in an otherwise untarnished barrel.

Very often stories like that of Neil Hamilton, the Corporate Affairs minister in the Thatcher government in the UK, who accepted cash for asking questions in parliament on behalf of Muhammed Al Fayed, the owner of Harrods, or of the Nixon administration's sponsorship by ITT in the US in the late early 1970s, give the impression that corporations only exert power over right wing governments. The exposing of Shell's infiltration of the Nigerian government and subversion of its legal system might lead one to believe that complete corporate penetration of government is a phenomena confined to the global South. In fact these incidents only show the visible extremes of corporate power over government.

In truth these seedy images of corruption are a smokescreen impeding a true understanding of the relationship between corporations and governments. Corporations and politicians may not always have the same interests but the task of governments is always the same; to moderate an environment where the rich can continue to profit and the powerful can remain so. Corporate power over liberal democracy is global and ubiquitous. Indeed it could be argued that the two now function entirely symbiotically; with global capital feeding the advance of a globally avaricious neo-liberal imperialism facilitating the unmitigated dominance of corporations. Even the term 'revolving door' between corporations and government presumes that there is a door at all.

An Equal Balance?

In 'representative democracy' the government's stated role is to mediate between the interests of different groups within society. Business, in theory, represents only one of these interests. The government often claims to have taken into account the interests of other groups in society by including pressure groups, Non-Governmental Organisations (NGOs) or trade unions in consultations. The public opinion is derived through opinion polls, surveys or focus groups and these supposedly representative views are said to be taken into account. However, governmental decisions can be consistently seen to benefit businesses rather than the public.

Lobbying

The 'lobbying' element of policy making, that which is supposed to give a voice to the interests of members of the public, is dominated by corporations who exert enormous influence over government by employing private lobbyists. Corporate offices in Westminster or Washington act as industrial embassies, putting forward the interests of their company, their needs in terms of markets, legislation or political advocacy. In the UK lobbying, or 'Public Affairs', has developed into a professional industry worth £1.9 billion and employing 14 000 people. In 2010 the UK government rejected calls for a statutory register of lobbyists.

Industry lobby groups form an invaluable tool in this process. For example the Confederation of Food and Drink Industries (CIAA), which includes Cadbury, Cargill, Coca-Cola, Danone, Nestle, Kraft etc has recently persuaded the European Union (EU) not to introduce 'traffic light' food labelling.These industry groups provide a false separation between the needs of corporations and the actions of government. Lobby groups often masquerade as independent watchdogs through the setting up of front groups, such as the European Policy Centre, a 'thinktank' which British American Tobacco used to lobby for less restriction on the tobacco industry. It is presented as legitimate and normal for governments to look after the interests of these groups, who are seen as 'stakeholders' and part of the 'community'.

The distinction between a politician and a corporate lobbyist is becoming increasingly blurred. Politicians are in high demand for high level lobbying positions. During 2010 Patricia Hewitt, Stephen Byers and Geoff Hoon, then government ministers, all told undercover reporters that they would be happy to sit on corporate advisory boards or provide information for £3000 to £5000 a day. In the UK it is legal for serving MPs to be paid consultants to business interests.

Government 'consultation' processes are an opportunity for the state to legitimise policies that benefit corporations. Corporate employees and industry groups sit alongside politicians and representatives of NGOs or pressure groups For example the Department for Rural Affairs (DEFRA) and the British Retail Consortium worked with Oxfam on a consultation over the sale of goods from Israeli settlements during 2009 and NGOs like Safer World sit on the Department of Business, Innovation and Skill's panel on arms exports. These parties are said to represent the 'stakeholders' and the consultation is passed off as positive and representative.

Lobbying sometimes presents itself in the giving of bribes. This is the corruption that state discourse tells us needs to be weeded out. However, in most circumstances bribes are not illegal or even controversial. Very often bribes are presented, not as greasy envelopes, but as donations that, supposedly,

would be given regardless of corporate needs, as party political donations, philanthropy or even as legitimate business dealings.

Corporations also fund, part fund, or donate toward the costs of 'public' projects. One example is corporate funding of education through sponsoring facilities and research posts and through academy schools. Rather than empowering these projects through financial support, this practice gives corporations an inordinate amount of power in the direction and future provision of such services, allowing decisions regarding supposedly public projects to be made in the interests of private businesses.

Corporate political donations are presented as unconnected to their political or commercial interests. However, the truth is that donations are aimed at obtaining more access to politicians and parliament, securing government contracts or effecting changes in the law. For example ITT paid costs for the 1973 Republican Party conference in the US in order to avoid the breakup of the company in an anti-trust suit. In an unusually frank memo ITT's chief lobbyist wrote of the donation "I am convinced that our noble commitment has gone a long way toward our negotiations on the mergers eventually coming out as Hal (Geneen, ITT's CEO) wants them. Certainly the President (Nixon) has told Mitchell (the Attorney General) to see that things are worked out fairly... Please destroy this, huh?". More recently Rupert Murdoch, CEO of News Corporation, made huge donations to the US Republican party while launching an attack on the Obama administration through the Fox News Network.

Yet another type of acceptable, although deeply controversial, bribe, is the kickbacks gleaned from business deals. During the Thatcher years UK government employees, including the prime minister's son, Mark Thatcher, received commissions from BAE Systems for facilitating the Al Yamamah arms deal, worth £30 billion, between BAE and Saudi Arabia. Again, these kickbacks are legal in the UK. BAE also extensively bribed the Saudi government.

Corporations and government hand in hand

Those who have power, of which politicians and corporate bosses are two examples, are a tight bunch. This doesn't necessarily indicate a global conspiracy, more that the CEOs and the directors of companies have, very often, come from the same class background and have followed the same educational and professional trajectories as politicians. Those trajectories inexorably link them with the status quo and, as such, they have a shared interest. Elite 'old boys' networks give politicians and the business class access to networking events where the confluence of their shared interest can be discussed, refined and planned.

This closeness is often called 'nepotism' or 'cronyism' in the media. The mainstream media loves to expose examples of it. Again, showing up the supposed 'bad apples' in an attempt to cleanse the system. However, the fact remains that politicians and the business class represent the same interests, and are often the same people.

Politicians act as ambassadors for corporations in their foreign relations. For example, in 2010, George Osbourne, the UK Chancellor of the Exchequer, visited India and 'launched' new products for Standard Chartered and Vodafone. Osborne also tried to sort out an expensive dispute with the Indian income tax department on behalf of Vodafone, over its acquisition of Hutchison Whampoa. During 2010, Shimon Peres, the Israeli president, embarked on an official visit to South America with representatives of several military companies attempting to secure 'defence' and 'security' contracts.

Corporate penetration of government

Corporations maintain a constant presence inside government. Current, former and future directors of multinational corporations work for HM Civil Service, in government procurement roles and on obscure advisory committees as part of the civil service or appointed directly by ministers. These committees often play an advisory, rather than policy making role, but are an important channel to communicate corporate needs directly to the requisite parts of government.

Multinational corporation attempt to penetrate governments span continents. For instance Shell have an all-pervasive influence over the Nigerian government Leaked communications between Shell and the US embassy showed the company boasting that the company "had seconded employees to every relevant department" and so knew "everything that was being done in those ministries".

Sometimes corporate presence in government takes the form of a 'revolving door' between government and industry. For instance Sir Robert Walmsley was Chief of Defence procurement from 1996 to 2003, after a career in the navy. After retiring from the Civil Service Walmsley quickly became Senior Advisor to Morgan Stanley, and a director of Cohort, Ultra Electronics, British Energy, EDO Corporation (now ITT), General Dynamics and Stratos Global Corporation.

Many of these companies had benefited from government military procurement under Walmsley, and one of them, General Dynamics (GD) had very recently secured prime contractor status, worth £1.7 billion, to supply the Bowman radio system to the Ministry of Defence (MOD).Walmsley was asked by the Advisory Committee on Business Appointments to delay taking up the post for a year to avoid the impression that he was being 'rewarded' by GD for his help procuring the contract (Perish the thought).

Vodafone has been involved in a long-running legal battle with HM Revenue and Customs (HMRC), which accused the company of breaking tax regulations when it used a Luxembourg company, Vodafone Investments Luxembourg (VIL), to dispose of its shares in Mannesman. The regulations seek to ensure that UK companies with subsidiaries in 'tax havens' pay at no less than the UK tax rate. Vodafone lost the legal case but the settlement given by HMRC was extremely advantageous, requiring Vodafone to pay only a fraction of the tax owed. The negotiations between Vodafone and HMRC's legal team must have been aided considerably by the fact that Vodafone's Head of Tax, John Connors, had worked for HMRC up until 2007. The wheels may well have been further greased by Sir Christopher Gent. He had been Vodafone's CEO until his resignation in 2006 before taking up a position on both the 'Tax Reform Commission', convened by George Osborne, and the 'Economic Recovery Committee', a team formed to guide the Conservative Party's policy through the financial crisis. Vodafone's finance director, Andy Halford, who was directly involved in the negotiations with HMRC, is a member of George Osborne's 'Business Forum for Competitiveness and Tax.'

The Media

The corporate media exerts a special power over government. News corporations have the power to shape public opinion of politicians and government policy. As a result, the corporate media has unprecedented access to politicians and can strike deals with the government over policy in return for positive coverage. Rupert Murdoch, the CEO of News Corporation, the world's largest media corporation, had access to private meetings with Tony Blair after his election in 1997. He also conducted several meetings with the current Tory government shortly after its election. There were no notes taken of these high-level meetings. Media corporations are able to trade political pledges from governments, and address their specific market needs (such as Rupert Murdoch's quest to purchase all shares in BskyB). In return, they offer support in their publications or on their networks for political parties and policies.

One of the most insidious examples of the corporate media exercising its power to both benefit government, and its own relationship with the state system, is of course its reporting of 'corruption'. High profile, glamourous exposes of governmental 'sleaze', which invariably focus on personalised, individual wrongdoing, often run for weeks, and become the cultural currency for public understanding and discussion of corporate influence over government. This blindsiding through sensationalism serves not only to give the impression that the government and corporations are actively fighting corruption, but draws all attention away from inquiry into how widespread this influence is or, indeed, any analysis asserting that profit driven corporate influence over government is in fact systemic.

Corporations, government and war

An example of corporate influence over government contributing to controversial government policy was the US/UK's 2003 invasion of Iraq. The interests of private companies in the marketisation of Iraq's oil were a significant factor in the decision to go to war. Several US politicians stood to personally gain from the invasion of Iraq, through their involvements with corporations who stood to gain contracts once the Iraqi market was prised open. For example, US Vice-President Dick Cheney was CEO of Halliburton until 2000. He was still being paid by the company in 2003, when it was awarded nearly a billion dollars-worth of contracts to work with US troops. British companies also stood to gain lucrative contracts in post-war Iraq.

The invasion of Iraq was not the first war to be fought for corporate interests. Wars are, more often than not, fought for resources and corporations have an interest in controlling these resources. During the 70s a group of companies led by ITT and Anaconda Copper Mining Company attempted to steer US foreign policy toward the toppling of Salvador Allende, who was nationalising corporate assets in Chile. ITT suggested that the US should back a coup, which it later did,leading to decades of brutal dictatorship.

The interests of corporations, as well as spurring wars, also influence governments to maintain the status quo. The maintenance of the status quo often requires the subjugation of ordinary people in favour of militarism, dictators and juntas. For example, the Oslo 'peace process' between Israel and the Palestine Liberation Organisation (PLO) was a process designed to consolidate and institutionalise Israeli control over Palestine. Israeli companies working in the occupied territories were one of the first groups to be consulted. Israeli business interests benefit from the occupation of Palestine and lobby for the maintenance of Israeli militarism. This leads to a lack of political will to end the occupation, despite its disastrous effect on Israeli society.

Similarly, the shared interests of the US and the Saudi Arabian governments in maintaining the control of Saudi oil has led to militarism and repression. In order to control resources on behalf of US corporations, the US has supported the maintenance of the Saudi regime and the repression of the Saudi population. In order to protect their relationship with the US, the Saudi state has been forced to repress their own population ever more brutally. Saudi oil is controlled by Aramco, whose shareholders are the US's largest oil corporations.

(Courtesy: Corporate Watch)

Americans Uneasy Over Corporate Influence

By: Jim Lobe

Corporate power keeps growing and growing. That's the message of a new report released in Washington on 4th December 2000 by the left-wing Institute for Policy Studies, one year after the collapse of the Third Ministerial Conference of the World Trade Organisation (WTO) at Seattle, amidst serious differences among the members, and anti-corporate protests and some violent demonstrations by a few self-styled 'anarchists' that dominated TV screens around the world.

The report, the latest in a series of annual studies on corporate size produced by the Institute, notes that, of the world's 100 largest economic entities, 51 are corporations and only 49 are countries, measured by annual corporate sales and annual gross domestic product (GDP).

Moreover, the world's 200 largest corporations have combined sales greater than the combined GDP of all countries except the world's 10 largest economies, and 18 times greater than the combined annual income of the roughly 25% of the world's population living on less than $1 per day.

Nor does it appear that all of these economic activities necessarily provide proportional benefits to these companies' workers. The profits of the 200 largest companies - 82 of which are US-based - grew 362.4% over the 16 years between 1983 and 1999, according to the Institute, while the number of people they employed grew by only 14.4%.

And while their sales amounted to the equivalent of about 27.5% of global GDP in 1999, the number of people employed by them directly amounted to only 14.4% of the global workforce, according to the report.

Its publication comes at a time of growing popular concern here about corporate power, illustrated most recently by a special feature appearing in the influential Business Week magazine. The article, entitled 'Too Much Corporate Power?', found that, despite the longest period of economic expansion in US history, the US public was increasingly uneasy about corporate influence on their lives and communities.

While almost half of respondents in a major poll sponsored by Business Week and conducted by the Louis Harris polling organisation agreed with the notion that what is good for business is good for most of the citizenry, **two-thirds of those polled thought that large profits were more important to big companies than developing safe and reliable quality products for consumers.**

It also found that the so-called 'New Economy' of hi-tech and information companies - which have recently suffered serious setbacks in the stock markets - are leaving workers and their families 'feeling overworked and stressed out'. And about three out of four respondents agreed that big companies have too much infuence over 'government policy, politicians and policy-makers in Washington'.

'It's no longer a youth or hippie thing,' the article stated. 'Today, those angry at business come from all parts of US society.'

That sense helps explain the decision by US Vice-President Al Gore to run a quasi-populist campaign - in which he strongly assailed tobacco, oil, health insurance and pharmaceutical companies - in the presidential elections, a decision which caught many by surprise given his own history of friendliness to both corporations and their political campaign contributions.

For the year 2000 campaign, according to the Institute, the 82 US companies on the Top 200 list made direct contributions to candidates through political action committees totalling more than $30 million, not counting many times more that amount made in so-called 'soft-money' donations to parties or interest groups directly involved in the campaign. Overall, according to the Centre for Responsive Politics, corporations outspent labour unions 15 to one during this year's campaign.

'The growing private power has enormous economic consequences,' the report says. 'However, the greatest impact may be political, as corporations transform economic clout into political power. As a result, democracy is undermined. This threat deserves to be one of the major issues on the political agenda.'

An article on 3rd December 2000 in the London Sunday paper, The Observer, by Ed Vulliamy about the Bush Transition Office in Washington outlines the likely shape of a Bush administration (if he takes over the White House) and the corporate interests behind that will wield influence.

Vulliamy cites a senior White House aide as saying that 'major corporate interests, including oil and tobacco companies, are bringing business special interests into politics so they can take over the regulatory bodies of government and regulate themselves' ... for example: the Environmental Protection Agency, the fair trade agencies, the health, safety and 'human resources' executives, the regulation of industry, education, guns, medicine and

land use.

At the same time that they wield enormous political power in Washington, companies have been successful in resisting government or public-interest efforts to make their foreign operations more transparent, according to the Institute. Among information that US firms which do business abroad are not required to make public are data about the number of workers they employ in each country, the amount of toxic gases their plants emit into the atmosphere, the location of their plants or contractors, and their wage rates.

Their influence is also illustrated by the extent to which they avoid paying taxes both here and abroad. One study by the Institute of Taxation and Economic Policy found that 44 of the 82 biggest US companies failed to pay the full standard 35% corporate tax rate during the period 1996-98, while seven - Texaco, Chevron, PepsiCo, Enron, Worldcom, McKesson and General Motors - of them actually received rebates that exceeded the amount of taxes they paid during that time.

The liberal use of tax havens abroad has also reduced US corporate tax liability for overseas operations far below the rates at which their foreign profits have grown, according to the report.

The 82 US firms among the world's top 200, as determined by Fortune magazine, represent a substantial increase over 1995, when only 59 of the top 200 were US-based. At that time, Japan was a close second with 58, but, with the continuing effects of its long recession, Japanese firms now account for only 41 of the 200 largest.

The world's six largest companies as defined by 1999 sales are General Motors, Wal-Mart, Exxon, Mobil, Ford Motor and the German company Daimler Chrysler, in that order. As economic entities, they rate 23, 25, 26, 27 and 28, respectively, behind the GDPs of the major Western industrialised powers, China, Brazil, Mexico, India, South Korea, Russia and Argentina.

The world's biggest private employer in 1999 was Wal-Mart, whose global workforce skyrocketed from 62,000 in 1983 to 1,140,000 last year. The report notes that while the retail chain, which has been expanding aggressively in Latin America, has undoubtedly created new job opportunities for tens of thousands of workers, it remains 'notorious' for its anti-union efforts and heavy reliance on part-time employees to whom it is not required to pay health or other benefits.

(Courtesy: Third World Network)

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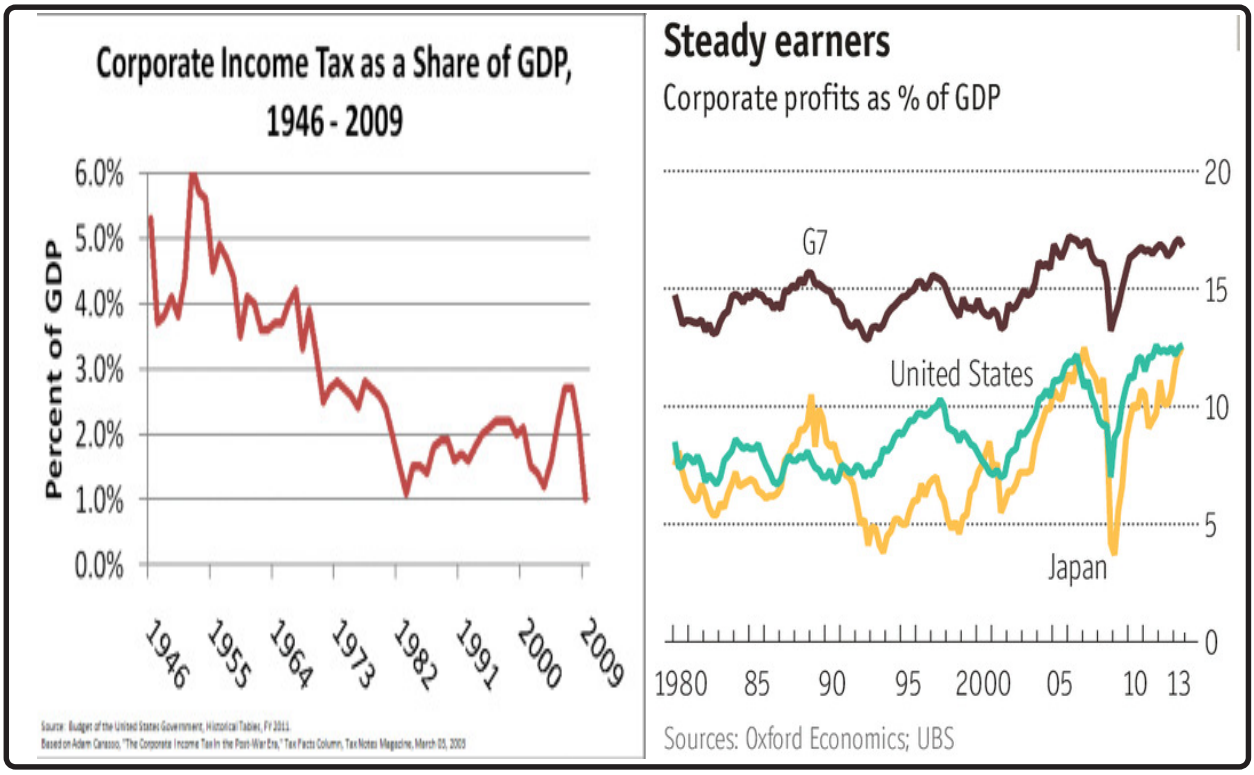
Look! What is happening in U.S.



MPs and Peers Run Private Company Selling 'Influence Over Government Policy'

By: Glen Owen
Political Correspondent, Daily Mail, London, 27th March 2010

A disgraced Labour MP has boasted she used a private company based at the Commons to change immigration policy to allow cheap workers to be brought in from India.

Luton MP Margaret Moran said her chairmanship of the company helped her to 'influence' Cabinet Minister Liam Byrne – whom she described as 'one of those people that makes things happen' – and Select Committee chairman Keith Vaz, who she said 'owes me one'.

And she admitted she felt under pressure to deliver 'results' to please the multinational firms behind the company.

She even said she helped delay the introduction of a 'terrorist-detector' passport system to help a holiday firm which paid for her to fly to Spain – where she has a home.

The claims, made during an unbroadcast section of a Channel 4 sting operation, centre on EURIM, an all-party Parliamentary group on the 'information society', chaired by Ms Moran, which – highly unusually – is registered as a company.

Its corporate members, including BT, IBM and Vodafone, pay a total of more than £120,000 a year into the group, which has funded all-expenses paid junkets for Ms Moran to Washington and Rio de Janeiro.

Her comments were recorded by the same Dispatches team which caught three ex-Cabinet Ministers offering to help private firms access government in return for thousands of pounds a day.

Ms Moran described EURIM as 'a company that influences Government policies'. She told the reporter, who was posing as lobbyist for a fake company which pretended to be interested in hiring her, that she 'wanted to be able to say to IT partners who pay to be part of EURIM – look, here's our results this year', adding: 'not just financial results [but] this is what we achieved'.

Ms Moran, who is standing down at the next Election following a furore over her expenses, made a series of boasts about her lobbying activities.

She claimed she had used EURIM to reform the new points-based migration system announced two years ago, under which workers could be fast-tracked into the UK if they possessed certain labour skills. Big computer firms were angry that IT staff were not included on the list.

Describing EURIM as being 'a company that influences government policies in the same way as your people are trying to do', she said: 'Its members are paying members who want to influence the agenda. We

produce some reports, but mostly it's lobbying Ministers...the last one I think was on the immigration rules ...because a lot of IT companies had used short-term workers from India.'

She added: 'The immigration points system was going to throw that. I actually went and saw Tata who are the big Indian IT company...so we got that points system changed. So they still are able to bring workers in for big projects.'

Chief Secretary to the Treasury Liam Byrne was dragged embarrassingly into Ms Moran's job pitch. She said: 'We did a Select Committee-style inquiry which was very influential with Liam Byrne. You've got to get the right person.

And Liam is one of those people that makes things happen. IBM wanted to see Peter Mandelson and I said, look, you can report back to your board that you've seen Peter Mandelson so we'll get you an invite to see Peter Mandelson...but if you're determined about making change this is the person you've got to see.

'Liam is in the Treasury, but at that point he was somebody relatively minor in the Cabinet Office. He was the best person for them to see.'

EURIM currently lists nine politicians as directors, including deputy chairman, Tory MP Ian Taylor, and four peers and an MEP.

The Mail on Sunday has been told Mr Taylor also accepted an invitation for interview by Channel 4's fake lobbyists – but cancelled before filming started when he was tipped off by Tory Whips.

Ms Moran also claims to have delayed the introduction of the Government's e-Borders scheme, an anti-terrorist computer linked to airline ticketing networks to assess if travellers are a security risk.

She said she was acting on behalf of the travel firm Thomson TUI – which in March 2003 paid her 'air fares and other transport' for a trip to Madrid with the British-Spanish Parliamentary group. 'Thomson have got a lot of angst over the new entry system, the new technology and how all that's working,' she said.

'So I just went off – I'm on the Home Affairs Select

Committee – I went off and sort of slightly, gently, well I didn't have to harass Keith Vaz [the committee chairman] I was just, he owes me one...so he did a fairly quick report, but we interrogated all the people that needed to be interrogated and it proved what Thomson TUI were saying...so they're changing the system now so they are giving more lead-in time and they're changing some of the technologies.'

Last year backbencher Ms Moran was embroiled in the expenses scandal when it was revealed that she had claimed £22,500 from the taxpayer to treat dry rot in a house in Southampton – 100 miles from her Luton South constituency.

A Home Office spokeswoman did not address Ms Moran's claims directly: 'Intra-Company Transfers are controlled under the points-based system. We are committed to providing the most effective system possible to strengthen our border controls.'

Mr Vaz said: 'Her claims are ridiculous. Ms Moran had nothing to do with the commissioning of the report and did not sit on any of the Committee meetings.'

A Thomson spokesman said the company had taken part in 'various discussions in 2009 with Margaret Moran in the lead-up to the Home Affairs Select Committee hearing on e-Borders, which took place in July', adding: 'The Committee concluded

in October 2009, broadly accepting the concerns raised by TUI Travel plc. Since this time, TUI Travel plc has had no further discussions with Margaret Moran.'

Ms Moran did not return calls yesterday. In a letter sent before the broadcast to Channel 4, her lawyer wrote: 'My client did not gain in any personal way from this or from any other instance in which she acted on behalf of her constituents' concerns.'

A spokesman for Liam Byrne said: 'There is no record of any meeting between Liam Byrne and IBM or EURIM when he was a Minister in the Home Office or Cabinet Office, and he cannot recall any such meeting.'

It is understood that Mr Byrne has held discussions with Ms Moran in the Commons, but only in her capacity as an MP 'representing her constituents' interests'.

Ian Taylor said: 'I took a phone call from the ''company'' around February 24. I indicated that political lobbying was not of interest to me. My outside activities are declared and focused on business development. They made no further contact or follow-up with me.'

Byers' 'well-paid' lobbying reward

Former Cabinet Minister Stephen Byers was offered a 'remarkably well-paid' job by the man he helped to save 'hundreds of millions of pounds' by lobbying the Government over a rail franchise.

In a secretly recorded interview, Mr Byers said he had been approached to work for Union Railway, a £20billion rail project in the United Arab Emirates.

It is run by Richard Bowker, the former chief executive of National Express, which was at the centre of the most damaging allegations to arise from the Channel 4 investigation.

During the programme, which was broadcast last week, Mr Byers boasted that he had persuaded Transport Minister Lord Adonis to avoid hitting National Express with huge penalties after it pulled out of its franchise to operate the East Coast main line last summer.

He was also seen describing himself as a 'cab for hire' on £5,000 a day.

But in the unbroadcast footage seen by The Mail on Sunday, Mr Byers suggests that Mr Bowker planned to reward him with a job at Union Railway.

'I've got other opportunities... there's a big railway about to be built in the United Arab Emirates, called Union Railway,' he said. 'They've approached me to go on their sort of international advisory board, which would be very interesting, and is remarkably well paid. So I'll do that.'

Lord Adonis said Mr Byers had lobbied him in the Commons in June, but insisted it was 'pure fantasy' this had led to National Express being spared the penalties.

In other footage, Mr Byers is also seen boasting about his links to Tony Blair, whom he claims to see 'every month', raising questions about whether he has business dealings with the former Prime Minister.

A spokesman for Mr Byers said: 'The comments made by Stephen were exaggerated and he withdrew them the morning after he met with the fictitious consultancy. Stephen has no job with Union Railway.'

Stacked Deck

How the Dominance of Politics by the Affluent and Business Undermines Economic Mobility in America

By: David Callahan & J. Mijin Cha

If there is one idea that nearly all Americans can agree on, it is that everyone should have a chance to improve themselves and do better in life. At the same time, Americans strongly believe in political equality—the view that civic life should be a level playing field and everyone should have a voice in the decisions that affect their lives.

Yet today, there is wide recognition that America is not living up to either of these cornerstone ideals. A host of indicators show that the middle class is struggling —and worse, shrinking—and that upward mobility is elusive for many Americans. Meanwhile, evidence abounds that the U.S. political system is increasingly dominated by wealthy interests, and strong majorities of the public believe—rightly—that the deck is stacked against ordinary voters.

What is less understood, however, is the interplay between these two problems and how today's growing chasm of income and wealth translates into diminished opportunities for Americans lower down the economic ladder.

The affluent have different priorities: 68 percent of the general public believes Washington ought to see to it that everyone who wants to work can find a job. Only 19 percent of the wealthy believe the same. At the same time, the wealthy are twice as likely to name the budget deficit as the most important issue in deciding how they vote than middle or lower income respondents.

The affluent don't prioritise policies for upward mobility: Even when the affluent do support policies for upward mobility, they often do not prioritise these policies over other goals, such a lower taxes. For exmaple, catering to wealthy and corporate interests. New Jersy cut higher education funding by $ 1.6 billion, almost exactly the same amount as the state give away in corporate tax breaks ($1.57 billion).

The priorities of lower income americans are often ignored or blocked: The general public is twice as likely to support raising the minimum wage high enough to keep families out of poverty as affluent respondents. However, as Washington representation of low-income Americans is virtually non-existent while well-funded groups like the U.S. Chamber of Commerce -- which spent at least $53 million in 2007 when the minium wage was last debated -- fight back any increase, the real value of the minimum wage is 30 percent lower today than in 1968.

The affluent have more influnece over policy outcomes, especially when it comes to economic policy: According to Professor Larry Bartels, "the preferences of people in the bottom thrid of income distribution have no apparent impact on the behavior of their elected officials." People of colour are disproportionately represented in the bottom third income percentile - 53 percent of African Americans and 45 percent of Latino Americans are in the bottom thrid of inocome distribution.

We see this effect clearly when studying the history of the capital gains tax rate: while polling has long shown that a mjoirty of Americans think that wealth should be taxed at the same rate as work, the "donor class," which almost perfectly overlaps with the small percentage of Americans benefiting from low capital gains rates, has secured cuts time and agains.

How? Of those who contribute more than $200 to a campaign, 85 pecent have annual household incomes of $100,000 or more. An annual income of $100,000 puts a household in the top 20 percent of income earners - the same calss that receives 94 percent of capital gains. Keeping the capital gains low is laso a top tax priority for the U.S. Chamber of Commerce and other business groups. In 2011 and 2012, in addition to the Chamber, over 80 interests lobbied on the House bill to make the capital gains tax rate permanent.

The affluent participate more in politics and civic life: Affluent Americians are more likely to engage in nearly every kind of political activity, from voting to contributing to a campaign. In fact, in 2008, over 80 percent of the wealthy voted while only about half of low-income Americans did. In 2010, the gap was even larger.

The imbalance in campiagn contributions is even more skewed. Just 0.07 percent of the U.S. population made campaign donations of $2,500 or more in 2012. Over 90 percent of donations come from majoirty white, wealthy neighbourhoods while only four percent came from Latino neighbourhoods, even though Latinos comprise 16 percent of the U.S. population. 2.7 percent came from majority African-American neighbourhoods and less than one percent came from Asian neighbourhoods.

Political and economic inequality are mutually reinforcing: It is becoming clearer that the tilted playing field of U.S. politics, whith affluent voices speaking most loudly, is itself a driver of inequality. Indeed, as a study by the Congressional Research

Service found, looking at the period between 1996 and 2006, "changes in capital gains and dividends were the largest contributor to the increase in the overall income inequality" between 1996 and 2006.

The wealthy are using their political power to increase their wealth -- and in some cases, to stack the system against everyday Americans. For example, the U.S. Chamber of Commerce has repeatedly blocked campaign finance reform efforts, and the American Legislative Exchange Council played a significant role in helping pass voter ID laws, which disproportionately affect low-income voters and people of colour-communities already under-represented in our democracy.

Our political system is clearly becoming less responsive to those looking for a fair shot to improve their lives and move upward. A comprehensive effort to create a more balanced society, one where the deck isn't stacked in faour of the wealthy, must achieve progress in four main areas: restricting the influence of money in politics; increasing civic participation; making corporations accountable to a broader array of stockholders; and promoting a stronger and more diverse middle class.

(Courtesy: DEMOS.org)

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Big Business and Mr. Modi

By: C.P. Chandrasekhar

A remarkable feature of the Lok Sabha election was the effort to make 'development', governance and corruption-free rule a central plank of the campaign by BJP, backed by a promise to replicate a Modi manufactured 'Gujarat model' across the country. The Gujarat model was presented as a combination of growth, industrialisation, inclusiveness and rapid advance in human development indicators. The claim of being corruption-free is nothing less than hogwash. And those who have bothered to look at the evidence would find that Gujarat's human development record varies from poor to dismal, its growth record is by no means the best among states in the country and the distribution of the benefits of whatever growth has occurred points to discrimination rather than inclusiveness.

On the industrialisation front, Modi's Gujarat has an advantage, having been heir to a legacy of much better than average industrial development. What Modi has done while in power is to leverage that and selectively win the support of big capital by showering concessions on them. Some big capitalists are of course Modi's creation, the most visible being Adani. According to Forbes Asia, that is otherwise blatantly pro-business, documentary evidence shows Adani was given 7,350 hectares of land in Mundra on 30-year lease at a pittance of between one cent and 45 cents per square metre, which was then sublet to even public sector Indian Oil Corporation for $11 a square metre. On a part of the land Adani has built a port, a 4620 megawatt thermal power plant and an SEZ for units that would use Adani's port. A chunk of the surpluses of these projects come straight out of the pockets of the state government.

There are others whom Modi has wooed to win the support of big capital, with the Tatas and Reliance being prominent among them. Leaked documents showed that Modi had doled out Rs. 30,000 crore in sops to Tata Motors to entice them to move the Nano project to Gujarat rather than elsewhere. The Modi government not only provided a soft loan of Rs. 9,570 crore at a notional interest rate of 0.1 per cent for setting up the project but also deferred repayment for 20 years, besides meeting all cost of infrastructure development, cutting power tariff rates, and subsidising expenditure of Rs. 700 crore on shifting machinery and equipment from Singur in West Bengal to Sanand. According to one estimate each Nano car costs the government Rs.60,000 in base year prices. Not surprisingly, the Tata group were not hit too badly when the project bombed, with capacity utilization at a reported 25 percent.

There have been many other instances of favours to big business. A recent report of the Comptroller and Auditor General of India (CAG), relating to 2012-13 alone, has indicted the Gujarat government and state Public Sector Undertakings for extending "undue" benefits to major industrial houses causing a loss of Rs 750 crore to the state exchequer in a single year. The major beneficiaries of government's largesse included big corporate entities like Reliance Industries Ltd (RIL), Essar Steel and Adani Power Ltd (APL), the report said.

Instances such as these have built support for Modi among India's big industrialists. Reports of big business leaders embracing Modi and praising his governance are now legion. Those cronies who have benefitted from Modi's concessions want more. Those who have not, hope to reap benefits when the ambit of Modi's rule is expanded from a single state to the nation as a whole. As a result, Modi became the favoured choice of big business for PM. That would partly explain the huge expenditure under the unrestricted 'party budget' for the Modi campaign, which made nonsense of the Election Commission's claim that it is limiting campaign

expenditure. It also possibly explains the support that Modi and 'his BJP' got from a media that specializes in hype.

The reason for this turn to the BJP on the part of big capital is easy to understand. Indian big business had tasted blood during 2003-08, when India's 9 per cent\ GDP growth was accompanied by soaring profits driven substantially by huge concessions from government in the form of infrastructural support, tax breaks, large volumes of inexpensive credit and access to cheap natural and scarce resources (like spectrum). Neoliberalism had revealed what it was meant to be: a huge engineered redistribution of income and wealth in favour of a narrow elite.

But towards the end of its second term a UPA hobbled by restraints on fiscal spending imposed by the threat of foreign investor exit, inability to mobilise resources because of slowing growth and a spurt of revelations on big-ticket scams was unable to meet the expectations that big business had of transfers it should receive from or mediated by the state. Slowing growth in an India that had performed relatively well during and after the global crisis also showed how much the high growth trajectory was dependent on those concessions. And to top it all, the neoliberal agenda of deregulating administered prices, slashing subsidies, hiking user charges and linking domestic to international prices (wherever the former were lower) unleashed cost-puch inflation that the UPA II government was unable to control.

Blinded by its ideological blinkers and fearing a backlash against neoliberalism, big business settled for the argument that India's economic woes and the threat to its profits were the result of the UPA's paralysis because of divisions within its leadership on the next steps in reform, its fiscal overstretch to fund "populist" measures like employment guarantees and food subsidies, and the debilitating effects of corruption in an undisciplined government. What was needed was a firm authoritarian hand, a commitment to neoliberal reform, and no qualms on distributing freebies and concessions to big business while slashing allocations for measures that address the worst forms of deprivation.

The problem is India is a democracy where every adult citizen has a vote. And there is no reason whatsoever why what is seen as good for big business would be seen as good for the ordinary citizen or for India as a nation. So the individual and party that match the requirements of big business must also have other characteristics that can exploit the anti incumbency wave against the two-term UPA.

It is here that the toxic mix of a Hindutva agenda (that can be used to draw some votes) and the version of "development" that Modi represents comes in handy. If the issue was just demonstrated success in terms of so-called "good governance" or even growth at the state level there are others in its fold like Shivraj Chauhan and Raman Singh and models like Madhya Pradesh and Chattisgarh that the BJP could have turned to. But vis-à-vis them, Modi, with his record of communal polarisation and his Gujarat model, had an advantage. He could draw on the support of the RSS and the communally biased sections of the Hindu majority, the ideologically neoliberal and aspirational upper-middle class Indian and big business and rentiers with bags of ill-gotten miney. Which is why he won the battle within his party and the NDA. The election showed that he has managed to win adequate voter support to satisfy his Prime Ministerial ambitions as well.

Modi would be able to meet the expectations of big business. That, however, seems unlikely. If the pursuit of a neoliberal agenda is what drove the economy to stagflation under the UPA, there is no reason why the pursuit of a similar strategy by a hypothetical Modi Sarkar would deliver anything different. Those who expect it to, presume that all that is needed is authoritarian or "decisive" governance.

But as even a sympathetic and neoliberal non-resident analyst (see Arvind Subramanian in Business Standard April 5) has put it, there are constraints. The plus side, in this view, is that Modi's objectives are those of restoring macroeconomic stability and reviving investment, especially in infrastructure. So given control over policy "he can, through executive action, reform policies in agriculture to put a lid on rapid rural wage and price rises. He can also phase out fertiliser and fuel subsidies to cut the fiscal deficit." Moreover, in this view, to revive investment as was "his signature achievement in Gujarat, where he has been chief minister for 13 years on taking office" he would "identify the 25-50 most important stalled infrastructure projects, locate the bottlenecks and authorise their removal."

Unfortunately, our analyst argues, assuming this scenario to be true, Modi would face two challenges. The first is that "the levers of economic power affecting infrastructure projects - in power and land, for example - reside with the states", a majority of which will be controlled by uncooperative opposition parties. Additionally, other institutions, such as the Supreme Court, the Election Commission and the office of the comptroller and auditor general, are likely to prove a drag. "The Supreme Court, for example, has ruled on telecommunications, taxes and coal, all of which affect project execution and investment. Mr. Modi, in other words, cannot call all the shots." So the problem is not Modi, but India's democratic institutions.

(The edited version of C.P. Chandrashekhar's article published in MacroScan)

Fast-Tracking Neo-Liberalism in India: Land Takeovers, Privatisation, Mass Poverty

By: Colin Todhunter

With calls from some of Modi's advisors for a Thatcherite-style, pro-privatisation revolution in India, it is worth recalling how successive Thatcher-led governments in Britain brought immense damage to the social and economic fabric of the country to profit her rich backers on the back of similar 'landslide' victories based on similar shares of the vote.

There was never a ringing endorsement in Britain for the policies of Thatcher. The opposition was weak and split and many were bought to her platitudes about privatisation, the feckless poor, the virtues of the free market and rolling back the state as a proxy for Britain's woes at the time. Similarly, notwithstanding a fragmentation of the vote which has helped the BJP into power, disillusionment with the Congress Party in India has led many voters to buy into the rhetoric of the charismatic Modi who is regarded by many as someone that can get things done. Like Thatcher, he is seen as a strong leader who will act when others have fudged and procrastinated.

The type of 'development' being pushed through in India is underpinned by unconstitutional land takeovers, cronyism, corruption, violence and the trampling of democratic rights. And for all the talk of the wonders of opening up markets and economic neo-liberalism, the poverty alleviation rate in India remains around the same as it was back in 1991 (0.8 percent), while the ratio between the top and bottom ten percents of the population has doubled during this period (as per BBC.com.uk).

In Gujarat, which has fully embraced the neo-liberal model of 'development' under the leadership of Chief Minister Modi, hundreds of thousands of farmers, fishermen, pastoralists and agricultural workers have been displaced from their land. Since 2001, some 16,000 farmers and workers have committed suicide due to economic distress. Gujarat has the highest prevalence of hunger and lowest human development indices among states with comparable per capita income. The high level of malnutrition is a consequence of extremely low wage rates, malfunctioning nutrition schemes and lack of potable water supplies and sanitation. According to the Hindu, over two thirds of households defecate in the open, resulting in high levels of jaundice, diarrhoea, malaria and various other diseases. Unregulated pollution has destroyed farmers and fishermen's livelihoods and has subjected local populations to diseases and death. Moreover, GDP 'growth' in Gujarat is underpinned by debt. The news papers report that the state's debt increased from approximately 7,716 million US dollars in 2002 to 23,672 million US dollars in 2013.

Hand in hand with privatisation, Gujarat has also witnessed massive corruption (this is not unique to Gujarat, it is a symptom of neo-liberalism: since 1991, when India began to embrace neo-liberalism, the outflow of illicit money from the Indian economy has accelerated. Writer Rohini Hensmen provides details about the levels of "stupendous" corruption and argues that those who have campaigned against it have "not fared well". He goes on to state that Gujarat's growth has been achieved at the cost of handing over complete control over the economy to private interests. Economist Shipra Nigram agrees:

"Key sectors – traditionally held to be the preserve of the state – such as ports, roads, rail and power have been handed over to corporate capital. This has meant, inevitably, that the government has abdicated all decision making powers, as well as functional and financial control over such projects. Nowhere else in the country has this abdication of responsibility been so total, nowhere else has the state given over the economy so entirely to the corporates and private investors" (Kafila.org).

Fast-tracking plunder

With a new national BJP administration headed by Narendra Modi coming to power and the backing of India's ruling corporate elite, is this the type of 'development' we can expect to see being fast tracked? Can we also expect to witness an accelerated 'restructuring' of agriculture in favour of Western agribusiness and more farmers to be forced from their land? Can we expect ever increasing population displacement on behalf of commercial interests and rich resource-extraction companies?

Environmentalist Vandana Shiva has argued that what has been happening constitutes the biggest forced removal of people from their lands in history. According to a 2009 report commissioned by the rural development ministry and chaired by the then minister Raghuvansh Prasad Singh, it involves the biggest illegal land grab since Columbus.

It is no secret that officialdom wants to depopulate rural areas. In 2008, the then Finance Minister P.Chidambaram envisaged 85% of the population living in cities. That would entail at least 600 million being displaced from rural India. And it is no secret who is driving this and who would benefit. US corporate agriculture interests have been granted license to influence key aspects of agriculture and food policy in India via not only controlling seeds and chemical inputs, but by also funding, controlling and thus distorting the

scientific biotech research agenda in Indian universities and institutions as a result of it having secured a pivotal role in negotiations between India and the US, not least the Knowledge Initiative on Agriculture.

Can we also expect to see the current corporate-driven, undemocratic free trade agreement being hammered out behind closed doors between the EU and India gain added impetus? As it stands, that agreement would see powerful trans-national corporations by-passing national legislation that was implemented to safeguard the public's rights. We could see the Indian government being sued by multinational companies for billions of dollars in private arbitration panels outside of Indian courts if national laws, policies, court decisions or other actions are perceived to interfere with their investments. This is already a reality in many parts of the world whereby legislation is shelved due to even the threat of legal action by corporations. Such agreements cement corporations' ability to raid taxpayers' coffers via unaccountable legal tribunals, or to dictate national policies and legislation. Even the threat of legal action can compel governments to shelve legislation.

Is this now to be India's future? One that mirrors what we have seen in the US, Britain and elsewhere – an unmitigated corporate heist and increased state surveillance via the all pervasive Central Monitoring System to help dampen dissent from those at the sharp end of the full-frontal assault of fast-tracked neo-liberalism and cronyism – because history shows that whenever a state spies on its own people, this is usually the reason why.

Can we expect ever more industrial developments built with public money and strategic assets, such as energy sources, ports, airports and infrastructure support for agriculture to be sold off ?

Hostage to neo-liberalism

Do people really believe India's future lies in tying itself to a corrupt, moribund system that has so patently failed in the West and can now only sustain itself by plundering other countries via war or lop-sided 'free trade' agreements, which have little if anything to do with free trade?

Neo-liberalism (the paradigm for modern day 'globalisation') is by its very nature designed to fail the majority and benefit the relative few. And its outcome is and will continue to be endless conflicts for fewer and fewer resources. Globally, expect more Syrias, more Iraqs, more Libyas, more Congos and more threats, bullying, sanctions and military encirclements of states like we see happening to Iran, Russia or China, courtesy of the US.

Its outcome is also environmental destruction and an elitist agenda by rich eugenicists who voice concerns over there being 'simply too many mouths' to feed. Those mouths would only take food from their rich bellies – bellies that long ago became bloated from the fat of the land, lucrative wars and the misery brought about by economic exploitation under guise of free market ideology.

We must look behind the rhetoric of those who espouse the virtues of the free market or neo-liberalism. The US achieved its level of affluence by way of thuggery not free market economics. Major General Smedley Butler, the US's most decorated marine, said as much and listed various corporations on whose behalf he fought for during his various military campaigns. Little has changed since. Smedley wrote about his experiences in 1935, if we turn our attention to US-backed conflicts in Libya, Iraq, Afghanistan and Ukraine and the banking, oil, gas and agri-tech firms that fuel and/or are intended to benefit from them.

Corporate-backed politicians in India have also seen little wrong in using the machinery and violence of the state to work hand in glove with rich interests to secure access to the nation's resources, while attempting to justify its brand of plunder, human rights abuses, killings and cronyism by hiding behind platitudes about 'opening up' this or that sector of the economy, 'progress' and baseless claims about the wonders of the 'free' market.

Is this the type of 'development' that Indian people want to see fast tracked? Ultimately, this is what the minority who handed the BJP its landslide victory voted for. This is the type of 'development' they could well get.

(Courtesy: Global Research)

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(A compilation on private corporate lobbying and the expanding influence of private corporations in the Government of India. Though published in the year 2009, these articles can help understand the fast-track corporate take-over of India. - Editor)

The Winter of Our Austerity

By: P. Sainath

Corporate Affairs Minister Salman Khurshid's call for restraint, however mild, on the CEO feeding frenzy at the compensation trough, seems the least objectionable statement made by a Minister in months. (Contrast this, for example, with the Agriculture Minister's warning that people should accept a further rise in food prices and blame it on drought. Or with a senior member of the Union Cabinet grumbling about the Prime Minister's austerity drive. How much money will it save if we give up first class air travel, he wanted to know.) But Mr. Khurshid's words were enough to spook the captains of industry into whines of protest which will steadily get stronger.

"We can hardly say we will shut our eyes to the salaries the CEOs are going to take," said Mr. Khurshid, hoping that companies would refrain from handing out vulgar salaries. An equally mild wish expressed by the Prime Minister in 2007 saw the media come down on Manmohan Singh like they never had before. "The Prime Minister wants CEOs to create wealth for the nation. Then he wants them to take pay cuts." That was a slogan put up by a Mumbai newspaper on huge hoardings.

This time, the media were slow off the blocks in going after Mr. Khurshid. After all, between Dr. Singh's faux pas and Mr. Khurshid's mild protest was a Great Recession. And to say "the Market will decide" isn't enough, any more. In 2008, the Market decided to jump off a cliff taking much of the world with it. That didn't stop CEOs in the United States from taking home billions in bonuses in a year they ran the globe into the ground. In fact, more CEOs got hikes rather than cuts in 2008, as an AFL-CIO study pointed out in April this year. In India, while millions lost their jobs and livelihoods, CEOs didn't fare too badly. (How can they, in a country where the Union budget alone gives the corporate world subsidies of Rs.700 crore every day in tax write-offs and concessions? See The Hindu, August 15, 2009). It wasn't the market which decided that $6 million of public money be gifted to the corporate sector each hour on average, it was the government. The government can though, with few qualms, cap the daily wage paid to hungry workers at NREG sites at Rs.100. That, for 100 days only - and those days to be shared by the members of each household.

So the clich,s of the Market lack that warm, righteous glow they had before the meltdown. But as big business re-asserts itself, the media will find their voice. Mr. Khurshid is about to find out whose voice that is, loud and clear, if he didn't already know. And he surely knows the power of corporate links to large sections of the political class. The two highest-paid CEOs in the country managed to save Dr. Singh's previous government from falling in the July 2008 trust vote. And only recently, much of a whole session of Parliament went to discussing the fight between the same two CEOs. Mr. Khurshid's comments, however, at least make for a debate on 'austerity,' its practice by the political class and big business - and the ever-closer bonding between the two.

Growing numbers of elected representatives fund their poll campaigns with corporate backing. And growing numbers of people with a big business background have ventured directly into the electoral arena. The links get stronger, the reps get richer. And there is much entrepreneurial joy and success.

While the CEOs top the charts by miles, the vulgarity Mr. Khurshid fears also consumes much of the political class. Take for instance, the 42 MLAs re-contesting this time in Haryana's polls. On average, their assets have increased by around Rs.48 million each since 2004. A nice 388 per cent leap. That is to say, each of them added Rs.800,000 a month to their wealth in their last term. Or over Rs.1,100 for every hour that they were MLAs (for five years). A healthy rate of growth. Maybe we need a constitutional amendment requiring every Indian to serve as MLA for one term at least. It could be the biggest poverty reduction programme ever undertaken. (I mean across all States. It might be slightly chaotic if every citizen was required to be a member of the Haryana Assembly.)

These and other fascinating insights abound in the reports put out by the National Election Watch on the Assembly polls in three States. (October 13 is the voting day.) NEW is a coalition of over 1,200 civil society groups across the country that also brought out excellent reports on these issues at the time of the Lok Sabha polls in April-May. Its effort to bring such data to the voting public is spearheaded by the NGO, Association for Democratic Reforms (ADR).

Those who won the last time and seek re-election have led by example. The 388 per cent rise in assets per MLA in Haryana is but an average. Break it up and you find some stirring success stories. The top four MLAs clocking the best growth rates, all of them from the Congress, saw their assets increase by over 800 per

cent. Imagine what they might have achieved had there been no austerity drive. The numero uno in this list has a rags to riches story. Starting from humble beginnings of less than a lakh, his wealth has risen 5,000 per cent. Inspiring. And perhaps one of the reasons - together with a love of democracy - why far more have been inspired to contest this time in this State than five years ago. The number of candidates is 20 per cent higher than it was in 2004.

Of 489 contestants whose poll affidavits NEW was able to study, 251 - 51 per cent, or every second candidate - was worth well over Rs.10 million. Though it must be conceded that those at the lower end of the crorepati chain see their assets swollen by crazy real estate rates. And as yet, these are just candidates. The crorepati ratio will go up after the results, when much of the plebeian element gets weeded out. This is not to say the austerity school has no following in Haryana. Some candidates have declared stunningly low assets. A couple of them say they're worth less than Rs.3,000 and one, poor lamb, has declared zero assets of any kind.

In Maharashtra, compared to 2004, there has been a 60 per cent increase in political parties contesting elections. Also, a 33 per cent increase in candidates. NEW has thus far studied the affidavits of 880 of over 3,500 candidates seeking election to the State legislature. It found that almost one in every four candidates is a multi-millionaire. (Here too, though, there are a daring few claiming zero assets.) NEW has so far seen less than a third of candidate affidavits - and already located 212 crorepatis. Over half of these are from the four major parties, with the Congress (42) heading the austere list. The BJP, the Shiv Sena and the NCP all have 29 each among candidates surveyed. The MNS (21) and the BSP (11) don't do too badly either. All these numbers will swell when all their affidavits are studied.

Around 52 per cent of Haryana's 90 sitting MLAs were multi-millionaires. That beats rich Maharashtra where just over one in three (37 per cent) makes the cut. But Maharashtra outclasses Haryana in the number of sitting MLAs with pending criminal records: 45 per cent to 31 per cent. (It might be worthwhile for NEW to correlate criminal records with crorepati status. Even if that takes more time).

And finally, there are those who get elected to serve the CEO cause, bringing us back to the political class-corporate nexus. The present government of Maharashtra, for instance, has handed over 5 airports (including 601 hectares of land) for Rs.63 crore to a single corporation, as Imtiaz Jaleel's excellent report on NDTV shows. A price so low that even most of the State government's own departments opposed it. It would likely be difficult to get 601 hectares in the desert for that sum. The government's brilliant defence is that it has not privatised an inch - just leased out the airports. Yup, for 95 years for that pittance, to the Anil Ambani group. Work out the math yourselves. I hope it doesn't get any more austere than this, though. ***(The Hindu, October 8, 2009)***

India Inc. MP's in Ethics Tangle

By Sowmya Aji

MEMBERS of Parliament belonging to different parties find themselves in the middle of a conflict of interest debate as many of them are part of various standing committees despite being industrialists.

Activists and parliamentarians monitoring the trend said finance- and industry- related committees are the most sought after, and that MPs often lobby hard with their party leaders to be made part of these.

Even a cursory look at the members' list of important committees, including the standing committees on finance and industry, the public accounts committee and the public undertakings committee, reveals a startling number of industrialists.

Take the standing committee on finance. Its members include industrialist and venture capitalist Rajeev Chandrasekhar from Bangalore; Andhra Pradesh chief minister- hopeful and the state's leading business

magnate Y. S. Jaganmohan Reddy; pharmaceutical baron Mahendra Prasad, who is popularly referred to in Bihar as ' King Mahendra'; Maharashtra- based industrialist and media baron Vijay Jawaharlal Darda; leading Uttar Pradesh- based newspaper publisher Mahendra Mohan Gupta; tobacco exporter and leading liquor distributor Sambasiva Rayapati Rao from Andhra Pradesh; and Magunta Srinivasulu Reddy, another industrialist MP from Andhra Pradesh.

On the all- important public accounts committee sit industrialist Naveen Jindal; Andhra Pradesh- based contractor Kavuri Samba Siva Rao; and Tamil Nadu educationist M. Thambi Durai.

The standing committee on industry comprises Uttar Pradesh businessman Akhilesh Das as its chairperson; Assam's perfume baron Badruddin Ajmal; and Andhra Pradesh textile manufacturer Gireesh Kumar Sanghi.

The public undertakings committee has three Andhra Pradesh- based businessmen as its members — T. Subbirami Reddy, Nama Nageswara Rao and Rajagopal Lagadapati.

An activist, who has been investigating this issue but requested anonymity, said: " These committees have the power to summon officers, including those from the income- tax and revenue departments.

The members carry immense clout, so much so that even their personal assistants are known to threaten

officials by telling them to cooperate on matters of the MP's personal interest." Senior parliamentarians said there should be stricter ethics guidelines about appointments to these committees.

Basudeb Acharia, who heads the agriculture standing committee and is also the CPM's floor leader in the Lok Sabha, said the guidelines already state that members having conflict of interest with the issue being discussed must leave the discussion, but this is not strictly enforced. " Obviously there will be conflict of interest if committee members are also dealing with the industry sector under consideration," he said. " This should be avoided right at the time the committees are constituted." Nama Nageswara Rao, a Telugu Desam Party MP and the ex- officio chairman of Madhucon Projects, a construction company, said: " As politicians, we give up our business interests and concentrate on the public good. Agriculture minister Sharad Pawar owns sugar factories, while the National Unique Identification Project chairperson Nandan Nilekani owns Infosys shares. Why are we, mere members of a parliamentary committee, being asked these questions?" Incidentally, Rao's committee looks into projects related to the National Highways Authority of India.

BJP spokesperson and Rajya Sabha MP Rajiv Pratap Rudy said it would be " difficult to completely sanitise the committees", but added that an attempt should be made to avoid conflict of interest.

" There should be a disclosure of members' interests and a clause to recuse when your participation in the proceedings is directly in conflict with business interests," Rudy said.

A senior Congress MP, who did not want to named, said: " The ethics committee must take this issue up. The presence of industrialists on parliamentary committees and their decisions could influence their businesses.

All such members should declare their business interests in writing." CPI MP Gurudas Dasgupta agreed: " There are several businessmen MPs, and they should reveal such interests to Parliament. Standing committees of Parliament take up issues of many industries.

Such MPs should not take part in those discussions. There is a parliamentary code of ethics that we all follow." Activists working on this issue pointed out that in other democracies such the US, the UK and Scandinavian countries, guidelines over conflict of interest and public appointments are made public and are strictly enforced.

CPM's Acharia felt similar guidelines that are strictly enforced in western democracies must be implemented here too. " Political parties appoint members to these committees, as it is their prerogative. Parties should not choose such members that have conflict of interest. Guidelines should be framed and followed strictly, just as they do in other responsible and mature democracies."

Andhra Galore

Interestingly, the majority of members of these powerful parliamentary standing committees are from Andhra Pradesh.

Of the 31 members of the standing committee on finance, eight members are from Andhra Pradesh alone. Of these, four are leading captains of industry.

This includes Y. S. Jaganmohan Reddy, the son of former Andhra Pradesh chief minister Y. S. Rajasekhara Reddy.

If Jaya Pradha, a Telugu by birth but now a Samajwadi Party MP from Rampur in Uttar Pradesh, is included, there are nine members from Andhra Pradesh on this committee alone.

A political analyst who has been following this trend said: " Andhra Pradesh MPs lobby very hard to be included in these powerful committees.

It is also a trend in that state that more businessmen, rather than traditional politicians, are becoming MPs." ***(Mail Today, 24 September, 2009)***

Companies Bill & Social Accountability

By: Mukul Sharma

Environmental concerns, social diversity and similar issues within a company must be seen as its core, interrelated elements.

The introduction of the Companies Bill 2009 in the Lok Sabha on August 3, 2009 was an important step. First introduced in 2008, it lapsed because of the dissolution of the 14th Lok Sabha. The new Bill is meant to address issues of corporate governance and accountability. Companies are accountable for their financial performance as well as social impact. Thus, the Companies Act should be defined broadly, obliging companies to take stock of their business activities and the ir effect on employees, communities and the environment. This Bill, coming after more than 50 years, deserves much better understanding and broader coverage.

Companies are a powerful force for the good — they provide jobs, boost economies and help to protect the environment — but they can also cause serious problems. There are too many instances in which irresponsible behaviour by companies has harmed poor communities, undermined workers' rights and damaged the environment. Voluntary measures such as codes of conduct or voluntary social and environmental reporting have failed to address these issues and deliver real change. There are too many documented cases in

which companies have signed up for such voluntary codes but have failed to deliver.

During discussions last year on the need for a new Bill, there were concrete demands for changes in the law which would ensure that companies became:

(i) Transparent on their social and environmental impact. They should be legally required to report on these, both to shareholders and the public.

(ii) Responsible. Companies and their directors must have a lawful responsibility to manage their wider social and environmental impacts, including taking action to minimise any harm caused to workers, local communities and the environment.

(iii) Accountable. People who are harmed by the activities of a company should be able to take action against it in court, especially when government remedies are inadequate or unavailable.

What the Bill says

The Companies Bill 2009 strives to provide certain basic principles for various aspects of internal governance of corporate entities and a framework for their regulation, and the articulation of shareholder democracy with protection of the rights of minority stakeholders, responsible self-regulation with disclosures and accountability, substitution of government control over internal corporate processes, and decisions by shareholder control. Shareholders' Associations/Group of Shareholders will be enabled to take legal action for any fraudulent action by the company, and to take part in investor protection activities.

The Bill deals with the duties and liabilities of the directors and provides for independent directors to be appointed on the boards as may be prescribed, along with attributes determining independence. It recognises both accounting and auditing standards. A more effective regime for inspections and investigations of companies while laying down the maximum as well as minimum penalty for offence is prescribed. In case of fraudulent activities/acts, provisions for recovery and disgorgement have been included. There are special courts to deal with offences under the Bill.

Its lengthy arrangements of clauses are for incorporation of companies, share capital and debentures, management and administration, accounts of companies, audit and auditors, appointment and qualification of directors, inspection, inquiry and investigation, revival and rehabilitation of sick companies, the national company law tribunal and appellate tribunal, special courts and many more. However, the Bill, as proposed, has certain serious lacunae.

To illustrate this point, we can compare our Bill with the U.K. Companies Act that came into force in 2007-08. It lays out the basic procedures and systems for the operation of a company also in terms of social accountability, which are lacking in proposed Indian Bill. Unlike any previous law, the U.K. Act states companies must now consider their impact on the community, employees and the environment. Two key sections highlight links between a company's financial performance and its social and environmental impacts. They are: (a) Directors' duties (Section 172) — they have a responsibility to consider their company's impact on a range of social and environmental matters; (b) Transparency (Section 417) — publicly listed U.K. companies have a responsibility to report openly on their social and environmental risks and opportunities to their shareholders, as well as on employee matters and risks down supply chains. With these two sections in place, the U.K. Act provides a tool to help defend the rights of people and protect the environment against irresponsible corporate behaviour. However, this is severely lacking in the Indian case.

What should it mean?

To make the Companies Bill in India truly effective, we have to think of it within the framework of corporate social accountability. The directors of a company have a primary duty to promote its success for the benefit of shareholders. Importantly, the Bill must state that in fulfilling this duty, directors should also consider issues relating to employees, suppliers, customers, community, and the environment. In practice, this means that violating social and environmental standards can present a financial risk to the company. Generally speaking, directors will be required to be more conscious of how they manage their social and environmental impacts.

Take another example. Companies are required to produce annual reports. Under the proposed Bill, they should be asked to report on environmental matters, including the impact of the business on environment, employees' social and community issues, persons with whom the company has contractual or other arrangements, which are essential to the company's business. Companies should be expected to report to shareholders measures for reducing pollution or carbon dioxide emissions, staff retention, diversity and training, human rights implications of their activities, and supply chain issues (including the environmental and human rights standards of other companies which they own or of which they are part).

Seeing the recent corporate events in India, stakeholders are demanding greater credibility and transparency from the companies. Just stressing management and administration, reporting and auditing and ensuring financial performance through the Bill are not enough. A new accountability system is required to define, capture, manage and report on obligatory

indicators, beyond traditional financial measures of performance. There are growing efforts among countries and international organisations to move towards enforceable standards and implement a company management system that can assess and report on economic, environmental and social impacts together. Many times, money and effort have gone into preparing a new Company Bill with ideas "to allow the country to have modern legislation for growth and regulation of the corporate sector in India ... in consonance with the changes in the national and international economy," "to be suitable for addressing various contemporary issues relating to corporate governance, including those which have been recently noticed during the investigation into the affairs of some of the companies."

But what will be the real value if it remains a weak and narrow Act? This search for value can lead us to learn from different countries, and other Acts and formats, targeting multiple concerns. This approach will help the government and the corporate sector address some of the serious deficits that emerged in the past and exist in the present. Some of the limitations act as a reminder, telling us that financial governance is only one part of the broader issue of corporate governance, with diverse stakeholders, citizens and society at large. Environmental concerns, social diversity and similar issues within a company must therefore be seen as its core, interrelated elements. They should be in a continuum under such an Act rather than stand-alone exercises. ***(The Hindu, 3 October, 2009)***

Drought of Justice, Flood of Funds

By: P. Sainath

Ask for expansion of the NREGS, universal access to the PDS, more spending on health and education — and there's no money. But there's enough to give away to the corporate world in concessions.

Sure, August is proving an unusual month. But what an extraordinary one July was! We celebrated the delivery of the cheapest car in the world and the costliest tur dal in our history within the same 31 days. And it took some work to get there. The price of tur dal was around Rs. 34 a kilogram just after the 2004 elections, Rs. 54 before the 2009 polls, Rs. 62 just after and, now at over Rs. 90, bids for three-figure status.

The euphoria of July also saw Montek Singh Ahluwalia declare that the "worst is behind us." (Though it must be conceded that he said that even in June and, possibly, earlier.) That's good. I only wish he had told us when the worst was upon us. It would have been nice to know. Otherwise, it gets hard to appreciate improvement.

As a matter of fact, Prime Minister Manmohan Singh and Agriculture Minister Sharad Pawar suggest that the worst could be ahead of us. And they don't mean the swine flu. Both appear to have written off much of the kharif crop. They advise us to buckle up for a further rise in food prices due to the drought they now say affects 177 districts. That they've thrown in the towel on the kharif crop is evident in their calling for a more efficient planning of the rabi. Yet, the government had two months during which it could have opted for compensatory production of foodgrain in regions getting relatively better rainfall. But there was no effort at monsoon management.

Even today, there are very useful things that could be done to counter the worst ahead. A positive step taken by the Rural Development Ministry now allows small but vital assets like farm ponds to be created on the lands of farmers through the NREGS. A pond on every farm should be the objective of every government. (Incidentally, this would help hugely with the rabi season. It would also ease the hostility of quite a few farmers towards the NREGS.) A massive expansion of the NREGS will also help cushion the lakhs of labourers struggling to find work and devastated by rising food costs. But it would call for throwing out the entirely destructive 100-days-per-household limit on work under the scheme. With the Prime Minister calling for anti-drought measures on "a war footing," this should be the time to do it.

The price-rise-due-to-drought warning is a fraud. Of course, a drought and major crop failure will push up prices further. But prices were steadily rising for five years since the 2004 elections, long before a drought. Take the years between 2004 and 2008 when you had some good monsoons. And more than one year in which we claimed "record production" of foodgrain. The price of rice went up 46 per cent, of wheat by over 62 per cent, atta 55 per cent, salt 42 per cent and more. By March 2008, the average increase in the prices of such items was already well over 40 per cent. Then, they rose again till a little before the 2009 polls. And have risen dramatically in the past three months.

The Agriculture Minister appears to have figured out that the stunning rise in the price of pulses may have little to do with drought. "There is no reason," he finds, "for prices to rise in this fashion merely on a supply-demand gap." He then goes on to find a valid reason: "blackmarketing or hoarding." But remains silent on forward trading in agricultural commodities. Many senior Ministers have long maintained that "there is no evidence" that speculation related to forward trading has had any impact on food prices. (The ban on trading in wheat futures was lifted even before the results of the 2009 polls were announced in May. And existing bans on other items have been challenged in interpretation.)

The price rise since 2004 could be the highest for any

period in the country barring perhaps the pre-Emergency period. For the media, of course, July was far more interesting for the political price in Parliament over the gas war between the Ambani brothers. When these two barons brawl, governments can fall. Also, how could atta be more interesting than airline tickets (the prices of which fell dramatically over several years)? Food prices might have gone up but airline travel costs went down and those are the prices that mattered.

So the price of aviation turbine fuel became a far more to-be-covered thing as private airlines threatened a strike demanding public money bailouts. At the time of writing, it appears the government will try and make things cheaper for them. These airline owners include some associated with the IPL, which got crores of rupees worth of tax write-offs last year. Maharashtra waived entertainment tax on the IPL. And with so many games held in Mumbai that proved a bonanza for the barons paid for by the public.

There's always money for the Big Guys. Take a look at the budget and the "Revenues foregone under the central tax system." The estimate of revenues foregone from corporate revenues in 2008-09 is Rs. 68,914 crore. (http://indiabudget.nic.in/ub2009-10/statrevfor/annex12.pdf) By contrast, the NREGS covering tens of millions of impoverished human beings gets Rs. 39,100 crore in the 2009-10 budget.

Remember the great loan waiver of 2008, that historic write-off of the loans of indebted farmers? Recall the editorials whining about 'fiscal imprudence?' That was a one-time, one-off waiver covering countless millions of farmers and was claimed to touch Rs. 70,000 crore. But over Rs. 130,000 crore (in direct taxes) has been doled out in concessions in just two budgets to a tiny gaggle of merchants hogging at the public trough. Without a whimper of protest in the media. Imagine what budget giveaways to corporates since 1991 would total. We'd be talking trillions of rupees.

Imagine if we were able to calculate what the corporate mob has gained in terms of revenue foregone in indirect taxes. Those would be much higher and would mostly swell the corporate kitty for the simple reason that producers rarely pass on these gains to consumers. Let's take only what the budget tells us (Annexure 12, Table 12, p.58). Income foregone in 2007-08 due to direct tax concessions was Rs. 62,199 crore. That foregone on excise duty was Rs. 87,468 crore. And on customs duty Rs. 1,53,593 crore. That adds up to Rs. 3,03,260 crore. Even if we drop export credit from this, it comes to well over Rs. 200,000 crore. For 2008-09, that figure would be over Rs. 300,000 crore. That is a very conservative estimate. It does not include all manner of subsidies and rate cuts and other freebies to the corporate sector. But it's big enough.

Simply put, the corporate world has grabbed concessions in just two years that total more than seven times the 'fiscally imprudent' farm loan waiver. In fact, it means that on average we have been feeding the corporate world close to Rs. 700 crore every day in those two years. Imagine calculating what this figure would be, in total, since 1991. (Er.., what's the word for the bracket above 'trillion?') Ask for an expansion of the NREGS, seek universal access to the PDS, plead for more spending on public health and education — and there's no money. Yet, there's enough to give away nearly Rs. 30 crore an hour to the corporate world in concessions.

If Indian corporates saw their net profits rise in April-June this year, despite gloom and doom around them, there's a reason. All that feeding frenzy at the public trough. The same quarter saw 1.7 lakh organised sector jobs lost in the very modest estimate of the Labour Ministry. That's not counting the 15 lakh jobs said to have been lost in just the export sector between September and April by the then Commerce Secretary.

And now comes the drought. A convenient villain to hang all our man-made distress on — and sure to oblige by adding greatly to that distress. A huge fall in farm incomes is in the offing. If the government wants to act on a war footing, it could start with a serious expansion of the NREGS (about the only lifejacket people in districts like Anantapur in Andhra Pradesh have at this point, for instance).

It could launch, among many other things, the pond-in-every-farm programme. It could restructure farm loan schedules. It could start getting the idea of monsoon management into its thinking. It could curb forward trading-linked speculation that was driving one of our worst price rises in history long before the drought was on the horizon. And it could declare universal access to the PDS. That cost could probably be easily covered by, say, cancelling the dessert from the menu of the unending corporate free lunch in this country. ***(The Hindu, 15 August, 2009)***

When Corporations Capture the State

By: Praful Bidwai

The danger of a corporate capture of government isn't imaginary, and corporations represent narrow profit-seeking interests of businessmen whose forte is not Constitutional values, says Praful Bidwai.

Regardless of what happens to the contentious dispute, also called epic battle, between the Ambani brothers over the supply of natural gas from the Krishna-Godavari Basin, three things are crystal-clear.

One, the dispute's huge political dimension dwarfs its legal or commercial issues such as the agreement signed between Mukesh Ambani's Reliance Industries and Anil

Ambani's Reliance Natural Resources on the purchase of the gas at a particular price.

Battle-lines stand drawn between political parties over whom they'll back. The Supreme Court hearing scheduled for September 1 will further polarise opinion.

Second, the natural gas sector remains under-governed despite its importance — not just financially, but as a key fuel in India's much-needed transition to a low-carbon economy. There have been about 100 discoveries of natural gas and oil since the New Exploration Licensing Policy was launched 10 years ago.

The value of these stocks is estimated at a substantial 15 per cent of India's GDP. But the government has generally adopted a 'hands-off' approach to the gas business — only to intervene at critical junctures in a partisan manner.

Third, there is no clarity in policy on the use or pricing of gas, and on different options including conservation, pace of production and its alternative uses as chemical feedstock and fuel.

Excessive concentration and monopolies/oligopolies are emerging in gas production and downstream industries. These will raise costs across-the-board. And harm the larger economy.

Although the government says it will intervene in the Ambani case only to defend the 'public interest' and assert the national ownership of gas, it isn't easy for the public to believe it'll act impartially and fairly, given its recent record of caving in to powerful industrialists.

Meanwhile, in another scandal, India's private airlines are arm-twisting the government to rescue them as their losses skyrocket from Rs 4,000 crore (Rs 40 billion) to Rs 10,000 crore (Rs 100 billion). They even threatened to go on strike.

Although that call has been withdrawn, this cartel's pressure hasn't eased. It's demanding a reduction in the price of aviation turbine fuel (ATF), which is 40 per cent higher than in many Western/Gulf countries. It also wants airport user-fees lowered.

While the airlines have a point on the high fees charged by private airport developers, they're silent on their own default — dues of more than Rs 3,000 crore (Rs 30 billion) to the National Airports Authority and public sector oil companies.

ATF prices are high in India because of cross-subsidies on diesel, kerosene and LPG. The airlines got into the aviation business fully knowing this.

Pampered for years, the private airlines are in trouble for two reasons. First, they expanded recklessly in their rush to grab as big a market share as possible. Second, the government deregulated the sector wholesale, jettisoning norms of prudence like adequate capitalisation, and allowing carriers to set their own routes, flight schedules and time-slots.

All kinds of fly-by-night (literally) operators entered aviation. They abused their 'freedom' to rig fares and slots and corner the public-owned Indian Airlines (since merged with Air India).

Furious expansion led to a 30 to 50 per cent overcapacity in aviation. But carriers kept ordering more aircraft to retain market shares, thus aggravating overcapacity and losing more money. They nurtured the illusion that air travel would become affordable for 'the common man'.

Many airlines set their fares predatorily low to lure passengers away from rail travel. Yet, at the peak of the ultra-low fare regime, only 3 per cent of the Indian population was flying!

By 2007, many airlines had become unviable. Jet bought out Sahara and Kingfisher acquired Deccan in anti-competitive mergers, which shouldn't have been allowed in the first place.

Then came the economic slowdown. The private airlines, which are products of, and glorify, 'free enterprise', now want the state to rescue them with public money! The state should do nothing of the sort. Those who live by the free market should die by the free market.

This is a good occasion to ask some questions about business-politics relations in India. Contrary to the claim that liberalisation, launched in 1991, would end much-abused 'licence-permit raj' and make the government irrelevant in economic decision-making, the state's importance remains unaltered although its site and focus have changed.

Businessmen have become increasingly cynical in manipulating the state, often in criminal ways, to corner scarce resources and earn rent and super-profits. They have developed this into a fine art.

Indeed, Rajeev Chandrasekhar, immediate past president of the Federation of Indian Chambers of Commerce and Industry, says that liberalisation has not produced 'a new type' of entrepreneur — 'espousing good corporate governance and honesty as the norm. Actually, the reverse is true. . . [I]ncreased opportunities and . . . political influence and public policy on the creation of wealth have. . . created more greed and far too many corporates. . . [are] walking the narrow line between right and wrong. . . This is the ugly side of economic liberalisation. . . '

The state remains the sole policymaking agency and main allocator of scarce resources — land, water, minerals, airwaves, the electromagnetic spectrum, oil and gas.

It sets all tax rates, which can make or break

businesses. It gives companies permission to borrow money at low interest rates from abroad, which can overnight make them richer by billions. It also determines the maximum area on which urban construction may be allowed. It's also responsible for all regulation. Markets, however developed, cannot function efficiently without regulation.

The key to business success in India lies often less in real entrepreneurship than in capturing these major functions of the state. Nothing guarantees you higher profits better than favourable official treatment, which allows you to corner resources, grab licences or establish monopolies.

That's why Indian businessmen invest so much in influencing policies and policy-makers, in creating lobbying institutions such as FICCI, Confederation of Indian Industry and Assocham, and in building personal relationships with and patronising political leaders.

Historically, Indian businessmen have used three methods in this enterprise: bribing or buying up ministers, and increasingly bureaucrats, to secure exemptions from the rules, to get permits or receive other favours; second, getting nominated to advisory bodies such as the Prime Minister's Council on Trade and Industry and various state-level committees; and third, influencing, if not determining, the appointment of ministers and senior officials in various departments of the government to rig high-level decision-making directly.

The first, well-established, route includes the creation of income-earning opportunities for politicians/ bureaucrats and their relations and sharing of kickbacks on contracts, especially those generally shielded from public scrutiny such as defence deals.

The favours sought are increasing in their sophistication. In place of illegitimate licences or overnight changes of rules, businessmen want alterations in the terms of auctioning processes. Many businessmen have become MPs to access classified information on and influence policy on their industries.

The second method was inaugurated by the National Democratic Alliance, which nominated industrialists with a stake in particular fields (e.g. infrastructure, textiles, aviation, information technology) to head policy advisory committees.

The United Progressive Alliance has continued this, albeit less blatantly. The scope of industry-dominated committees has been expanded to regulation too — as with the just-created Food Safety Authority.

Once Big Business captures the regulatory heights, it's virtually impossible to control or monitor its activities and bring it to book. That's just what's happening to the environmental impact assessment and clearance process.

That's also true of the Satyam scam, which exposed the failure of all supervisory bodies, including the statutory auditor, independent directors, Institute of Chartered Accounts of India and the Securities and Exchange Board of India.

The third method is particularly pernicious because it means directly infiltrating the government. Yet, its use is growing. It's well known that certain business houses determine or veto appointments to crucial ministries, from the director or joint secretary level upwards. Their nominees always ensure that their narrow interests are protected.

And now, the UPA has established a fourth method by inducting business executives into minister-status jobs. The nomination of Infosys co-founder and ex-CEO Nandan Nilekani as chairman of the new Unique Identification Authroity of India with Cabinet rank and that of management consultant Arun Maira as a Planning Commission member set a bad precedent.

It's not that Mr Nilekani lacks competence or integrity. It's simply that his assignment is of a technical, not political, nature. It doesn't deserve to be sanctified by a high rank incommensurate with the absence of public accountability.

In the Cabinet system of government, ministers must be elected. Mr Nilekani could have been given a contract after due bidding for producing a unique identity for each citizen. As for Mr Maira, it's hard to justify the elevation of a corporate-oriented consultant to the Planning Commission.

The danger of a corporate capture of government isn't imaginary. It's a growing phenomenon. Sections of the media celebrate it as a great advance — only by ignoring the clear conflict of interest that's involved.

Corporations represent the narrow profit-seeking self-interest of businessmen whose forte is not Constitutional values. But politics is a contestation about just those values and public morality. It must not be suborned by business interests. ***(Rediff.com, 7 August, 2009)***

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India: Big Business Taking Over will be Undoing of Democracy

By: Harsh Kapoor

The run-up to the 2014 general elections in India had been an unprecedented demonstration of the massive infusion of money in electoral campaigning. A veritable carpet-bombing of India's voters with the opposition BJP's message was seen everywhere from advertisements in newspapers, on TV, Youtube, Radio, Mobile Phones, CDs and the Internet, to billboards in all metropolitan cities and small towns and on transport vehicles, including inside the Delhi Metro trains. In effect, it blocked out all other political parties as far as public advertising goes. This vast campaign had been on a scale never seen in history, estimated by some to be costing Rs 5000-6000 crores or more (from 800 to over 900 million dollars).

These are astronomical figures for any one political party to be spending in an election campaign, when its earnings just a few years ago were shown to be far more limited. So who on earth funded such a gigantic publicity blitz? There should be no doubt in our minds that some of the biggest private corporations with deep pockets that had already publicly pledged support for the candidature of Mr Narendra Modi as the Prime Minister (even before the BJP had chosen its PM candidate) were behind this. Big Business loves Modi and his so-called "Gujarat Model" because it grants huge concessions to industrial projects (e.g. Tata's Nano car project got a loan of Rs 9570 crores to be paid back at 0.1% interest starting only after 20 years!). Business tycoons adore Modi for his no-questions-asked clearances of industrial projects, bypassing all social and environmental checks and shutting out all opposition.

For decades questions have been asked about powerful interests with money influencing elections in India, but the 2014 elections send a very dangerous signal about where we are headed. There are strict rules that apply to election campaign spending limits for individual candidates standing in elections in India, but these rules do not apply to campaign advertising by political parties. Although political parties are required to submit details of donors who have made donations above Rs 20,000 to the Election Commission, every year, according to the Association of Democratic Reforms (ADR), 75% of the donations are unknown. The time has come now for all Indians concerned about the health of India's electoral democracy to call for strict scrutiny, controls and public disclosure of the role of private sector funding of political parties.

Since 2012 there has been much debate about the sources of funding of India's political parties. According to the IncomeTax returns filed by various parties and contribution reports submitted to the Election Commission, which were accessed by two organisations through the Right to Information Act, the top five parties with the highest income between 2004-05 and 2010-11 were: the Congress with Rs. 2,008 crore (333 million USD), the BJP with Rs. 994 crore (165 million USD), the BSP with Rs. 484 crore (80 million USD), the CPI(M) with Rs. 417 crore (69 million USD) and the SP with Rs. 279 crore (46 million USD).

The latest figures from the Association of Democratic Reforms (ADR) show that the BJP received the maximum donations of Rs. 192.47 crore (32 million USD) from 1,334 corporate donors, followed by Congress, which received Rs. 172.25 crore (28 million USD) from 418 donors. The inclination of corporates towards the Modi-driven BJP is very clearly reflected in the maximum number of donations to his party.

Be that as it may, we need to look at the wider picture and the bigger story: the elephant in the room that post-Nehruvian India doesn't seem to want to hear about. This is the story of crony capitalism and concentration of power through the nexus of big business interests and politics. During the days of license-permit raj, corrupt ministers and bureaucrats got cuts and commissions on Govt contracts, but all that is peanuts compared to the capitalist Disneyland that post-1991 India has come to be. Crony capitalism version 2 has meant industrialists have entered parliament and dictate policy from the inside. Totally unviable projects have been funded in the past two decades by nationalised banks, leading to a loot of their assets and a massive accumulation of bad loans (estimated two years ago at over 16 billion US dollars). Dubious funding and skewed approval of the projects of a few oligarchs in airlines, telecom and coal are some of the big scams that we have been hearing about in the past few years, not to mention immunity for non-compliance with tax rules. What were India's taxmen doing all these years? It took the Supreme Court of India to book the Sahara Parivar's big boss; it's astonishing that this gigantic corporation doesn't even publish annual accounts, and that the flamboyant owner of Kingfisher is still flying high with full impunity!

The big private players have used widespread networks of lobbyists to influence the selection of ministers in governments and the choosing of pliant bureaucrats (we have heard those infamous Radia

Tapes). And no one talks of the overarching influence exercised by the Ambanis and their Reliance empire on India's political system. When Hamish Macdonald published his book Polyester Prince, the book was blocked and nearly disappeared from public gaze. Under the BJP's NDA disinvestment programme, the Ambanis acquired the Indian Petrochemicals Corporation Limited, giving them huge influence over the petrochemical industry in India. They nearly got the NDA government to privatize gems of India's public sector like Bharat Petroleum and Indian Oil. In a recent book called Gas Wars, the intrepid journalist Paranjoy Guha Thakurta has exposed the story of their control of India's biggest oil and gas reserves known as the Krishna Godavari basin, despite incredible wrongdoing, violation of government contracts, and a huge loss to the exchequer.

An unbridled corporate bid for total control of the Indian state, (not just the economy) is underway.

It is being murmured that the big business elites now want a free hand to further reshape the economic and political landscape of India, and that was what was behind the no-holds-barred bid for power in 2014. The Ambanis were the big guys leading the pack, and had pulled out all the stops in this election campaign. This clearly wasn't about some ethical belief in India's constitutional values, it was all about making big bucks. Open your eyes fellow Indians and democrats. If corporates fully capture the state, we may lose the precious democratic space that exists in India. The time has come for a full and complete ban on private corporate financing of India's political parties.

(Courtesy: Alternatives International Journal)

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How Companies Overseas Influence of Indian Politics

By: Arun Kumar

Indian Corporates are sensitive to what their foreign counterparts think. So is our political leadership. Britain and Netherlands exerted strong influence on the Vodafone case. How much of our politics is being determined by such pressures?

Pressure on polity

Several past events testify that pressure is certainly being exerted on the polity: Hillary Clinton's visit to India to influence the government's policies on trade with Iran and on FDI in retail, the S&P downgrade of India, the Aircel Maxis deal. There are also less visible cases of foreign pressure as in defence purchases (the British were upset at our rejection of the Eurofighter), energy sector investments (oil, gas and nuclear), opening of markets and so on.

The Bofors scam has had a continuing impact on politics since 1987. Sten Lindstrom, the former head of the Swedish police who led the investigations into the Bofors-India howitzer deal, recently underlined that there was conclusive evidence that Ottavio Quattarocchi, a close friend of the Nehru-Gandhi family, was one of the recipients of kickbacks. His role in swinging the Bofors deal at the last minute was known. It is not in doubt that payoffs were made or that the Bofors guns are good. The only unsettled issue is who got the money.

That Mr. Quattrochi had powerful friends was confirmed when he was allowed to escape the country during the Congress rule. The case was apparently deliberately spoilt by the investigative agencies, including the CBI and, therefore, lost in the courts — in Malaysia, Britain and Argentina. The red corner notice against him "could not be executed" since our police agencies could not "find" him even though journalists could interview him.

Evidence points to a high level cover up. M.S. Solanki, then the External Affairs Minister, sacrificed his Cabinet berth rather than reveal what he wrote in the paper he passed on to the Swiss counterpart at a meeting. At that point of time, the Swiss bank accounts were being investigated by the Indian agencies to trace the Bofors payoff trail. Could such a sacrifice of a political career be for an ordinary leader?

Who took the money even if not Rajiv Gandhi and why did the investigative agencies spoil the case? Investigations are essential to clear the air about these questions. A former Minister in the Prime Minister's Office mentioned to this author in an interview on the black economy that when he went with the Bofors file to the then Prime Minister, he was told to close the file as it could cause a threat to his life. No wonder, none of the non-Congress Prime Ministers changed the course of investigations to bring them on track and none of the Congress Prime Ministers wanted the truth to come out.

Kickbacks are common globally. Sweden is one of the least corrupt countries in the world but its corporations have bribed to get contracts as the Bofors case shows. U.S.-based multinational

corporations have resorted to bribes in spite of their being illegal under that country's law. Recently, Walmart admitted to having bribed its way through in Mexico. When the top management learnt of it, rather than exposing corruption, the internal probe was closed. The same Walmart has been trying to enter India. Ms Clinton's agenda included "persuading" India to open its doors to foreign retail. The only Chief Minister she visited was Mamata Banerjee, the important UPA partner opposing FDI in retail. It is reminiscent of Henry Kissinger and the Secretaries of Energy and Defence flying to India to lobby for Enron in the mid-1990s. Enron admitted to spending $60 million in India, to "educate" policymakers.

It is not just a few MNCs that indulge in corruption or use their governments to apply pressure on policies. MNC banks are known to help Indians take their capital out of India. UBS bank, the largest Swiss bank, was fined $750 million by the U.S. for helping its citizens to keep secret bank accounts. The same UBS bank was allowed entry into India in spite of its known role; was it a reward for helping some powerful people?

Executives of Siemens, a supposedly honest MNC and an important player in India, were indicted in the U.S. in December 2011 for bribery in Argentina. Investigations revealed that the company also made illegal payments to the tune of $1.4 billion from 2001 to 2007 in Bangladesh, China, Russia, Venezuela and other countries. These were often routed via consultants. The company paid fines and fees of $1.6 billion to the U.S. and German governments for the bribes it paid across the globe.

Siemens started bribing soon after the end of World War II to get contracts under the Marshall Plan which were mostly going to the Americans. Since its prosecution, Siemens claims to have appointed Compliance Officers to check bribery. But, with the prevalence of a high degree of illegality internationally, can one company be honest while others are not? How would it win contracts when those in charge expect to be bribed? Since non-transparent processes are set up, at every step, decisions need to be influenced, as seen in the Bofors case or the 2G spectrum allocation.

The Vodafone case is significant. MNCs (Indian and foreign) have used tax havens and tax planning to avoid paying taxes in India. They create a web of holdings to hide the identity of the real owners of a company or who it is being transferred to. In 1985, in the Mcdowell case, the Supreme Court bench observed, "Colourable devices cannot be part of tax planning and it is wrong to encourage or entertain the belief that it is honourable to avoid the payment of tax by resorting to dubious methods". This judgment was overturned in 2003 in Union of India vs Azadi Bachao Andolan on the use of the Mauritius route to avoid paying tax in India. Vodafone took advantage of this judgment to successfully argue against having to pay capital gains tax in India on transfer of a company in a tax haven which owned the Indian assets. Mr. Mukherjee was trying to recover lost ground.

Dominant interests

Indian policies have been subject to foreign pressures since the days of the Cold War in the 1950s. But until the mid-1980s, the decisions were accepted as being in the "long-term national interest." There were accusations in the procurement of the Jaguar aircraft also but these did not create the furore that the Bofors scam did. Since the late 1980s, as in the case of Bofors or the new economic policies in 1991 or the Indo-US nuclear deal, sectional or individual interests have become dominant. These have played havoc with national politics. Pressures and counter pressures are mounted through political parties and their leaders and big business.

The lesson is that foreign pressures tend to damage processes that national politics cannot undo. The public is left bewildered by the goings on.

(Courtesy: The Hindu)

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Stock Market Boom Amidst Economic Crisis

By: Prabhat Patnaik

News Papers on Tuesday May 13 carried three reports. The first was that the Sensex had closed at an all time high of 23,551 the previous day; it had also recorded a historic intra-day high of 23,572.88. The other stock market indices had also shown similar remarkable buoyancy the previous day, carrying forward a rally that had begun a few days earlier. The second report was that the latest available industrial output figures showed that the Index of Industrial Production for March had contracted by 0.5 percent compared to the previous March, which was on top of a 1.7 percent contraction in February, so that for the whole of 2013-14 it had contracted by 0.1 percent as against a modest positive growth of 1.1 percent the previous year. In fact, capital goods output had contracted by as much as 12.5 percent in March, signaling "dampened industrial sentiment".

As if this bizarre combination of an unprecedented stock market boom being accompanied by "dampened" inducement to invest, which incidentally undermines the very basis of neo-liberal economics that sees the stock market as reflecting the "fundamentals" of an economy, were not enough, the same day's newspapers also reported that the annual rate of retail inflation had "inched up" to 8.59 percent in April from 8.31 percent in March. This mixture, of an inflation rate which is quite severe, for a country where most of the working people do not have wages indexed to prices, and an absolute industrial stagnation (even a small contraction), certainly constitutes a first rate economic crisis. The irony is that the stock market was booming in the midst of this crisis; and what is more, this boom itself did not have any effect by way of mitigating the crisis.

Several Conundrums

In fact there are several conundrums involved here: why should there be such high inflation when the economy, far from being "overheated", is actually stagnating? Why should the stock market register such a fantastic boom in a period of inflation, while the historical experience of the Indian economy has always been that commodity price upsurges and stock price upsurges are inversely related, i.e., that the occurrence of one has usually precluded the other? Why should the stock market have a boom if "investors' sentiment" (for investment in productive activities) is weak? Why should the stock market boom itself not have pulled up the industrial sector, as this boom, had been going on for some months?

Let us answer the last question first. A stock market boom stimulates aggregate demand in the economy, and hence output in a situation where resources are lying idle (as is the case in India now), in two possible ways; and these in turn react upon one another. One is by raising investment expenditure. This happens because the boom entails a cheapening of long-term funds for investment purposes, in the form both of loans and of equity. The other way is by increasing the wealth of those who hold the stocks that are experiencing a rise in prices, which in turn makes them buy more goods, e.g., yachts, villas, holiday packages and other such things. This rise in consumption expenditure increases the level of demand in the economy and hence calls forth larger output and employment.

Of these two ways, the first is less likely to initiate a turnaround, since a mere cheapening of long-term funds is unlikely to stimulate investment in a situation where demand is stagnant to start with, i.e., when the demand for the products of such investment projects is not visible on the horizon. Hence it is through the route of higher consumption expenditure, stimulated by the increase in the wealth of the stock-holders, that a stock-market boom can make its initial impact upon a stagnant economy.

Here however we immediately confront a problem. If the wealth increase is experienced by a large number of individuals then it will have a perceptible effect on demand, but if the gainers on the stock market consist of just a few large corporations, then the wealth effect on their expenditure will be small; and even such effect as there will be will largely "leak out" of the economy, creating demand for a range of foreign goods with little impact on domestic output and employment. The primary impact of a stock market boom on aggregate demand therefore depends largely on how dispersed the distribution of stock-ownership in society happens to be.

This distribution is far more dispersed in the US than in any other advanced capitalist economy, which is why stock market bubbles in the US have a far greater impact on aggregate demand in the US itself, and on other capitalist countries, than such bubbles elsewhere. In India such ownership is hardly dispersed at all; it is concentrated in the hands of a few corporations, financial institutions, and foreign institutional investors. At the beginning of "liberalisation" there was some enthusiasm among middle class "investors" for buying stocks. But over time they have dwindled into insignificance, and FIIs in particular have become dominant players on the stock market. Expecting a stock market boom to pull up domestic aggregate demand, and hence output and employment, in such circumstances therefore has become utterly unrealistic.

Coexistence of stock market boom and crisis in real economy

It can have the impact of drawing in more foreign currency resources, which in turn can further strengthen the boom, and thus create a bubble; but all this does not add an iota to the aggregate demand for real goods and services. A booming stock market therefore can coexist with an industrial recession.

It can also coexist with severe commodity price inflation. The historical experience, referred to earlier, of an inverse relationship between commodity price upsurges and stock price upsurges in the Indian economy, referred largely to the dirigiste period. The explanation for it was that speculators moved away from the stock market to the commodity market in some seasons when the latter promised greener pastures to them and in the opposite direction in other seasons. This presupposed some constraints upon speculative activity as a whole arising inter alia from the availability of finance for such activity. But in the era of globalisation when foreign institutional investors are involved and funds for speculation are not limited to the domestically available financial resources alone, there are no such constraints; price increases fed by speculation can occur simultaneously in every conceivable sphere.

One can introduce another argument here. One can say that when inflation is taking place, there would be an expectation that the exchange rate would depreciate; this is because domestic goods at any given exchange rate become uncompetitive on the international market creating balance of payments difficulties. And such an expectation should ceteris paribus keep foreign funds away from the economy and hence curb stock market exuberance. But even though speculators are concerned with the expected nominal exchange rate, they also know that in an economy prone to speculation the latter too would depend on speculative activity rather than actual developments on the balance of payments front. The nominal exchange rate in other words can remain where it is, and even appreciate, in a situation where domestic inflation is worsening the current deficit on the balance of payments. We are in short in a world where, as Keynes had put it, "enterprise (which is concerned with "fundamentals"-PP) becomes a mere bubble on the torrent of speculation", which means that a speculative boom on the stock market can coexist with severe commodity price inflation.

Not only thus can a stock market boom coexist with a crisis in the real economy, but, what is more, any effort on the part of the government to overcome the crisis is likely to lead to a collapse of the stock market boom. Take for instance the industrial stagnation. Measures to overcome it can take several forms: a lowering of the interest rate, an increase in government expenditure, a redistribution of income towards the working people whose "propensity to consume", especially domestically produced goods, is higher than that of the well-to-do. Each one of these measures however will act in the direction of deflating the stock market boom.

A lower interest rate will put off foreign institutional investors, and hence choke off financial inflows that feed the stock market boom. Larger government expenditure, if it is not accompanied by higher taxation of the rich, will enlarge the fiscal deficit to the annoyance of finance capital, which in turn will choke off the stock market boom. Larger government expenditure financed by taxes on the rich, while it will keep the fiscal deficit under control, will have the same effect of annoying finance capital and hence choking off the stock market boom. Larger government expenditure financed by taxes not on the rich but on the working people, while it would not choke off the stock-market boom, will not lead to any stimulation of demand in the economy, since the addition of demand by the government will be counterbalanced by the reduction of demand by the working people. And redistribution of income in favour of the working people will again, by going against the wishes of finance capital, choke off the stock-market boom.

Likewise, since the current inflation is not caused by an excess demand relative to potential supplies, an increase in interest rate, which is the typical monetary policy instrument for combating excess demand inflation, is not going to reduce it. What is required instead is a set of direct measures for insulating the people from its ravages, through an extension for instance of the scope and coverage of the public distribution system. But in India, while food prices have been rising, the government has held on to excessive foodgrain stocks and even exported vast quantities of foodgrains, instead of distributing them through the PDS, because such distribution would raise the fiscal deficit as currently defined. And this again will annoy finance capital, even though there is not iota of truth in the claim that such an increase in the fiscal deficit has adverse consequences for the economy, leading to a possible collapse of the stock market boom. Thus the primary instrument that the government can use in the current inflationary context is likely to come in the way of sustaining the stock-market boom.

Not only does the stock market boom coexist with a real economic crisis, but obsession with sustaining the former comes in the way of overcoming the latter. This however is only a manifestation, in a concentrated form, of the fact that the interest of finance capital is directly opposed to that of the working people. It is not surprising that finance capital loves fascism which curbs the people's rights and whose appearance on the horizon underlies the current excitement on the stock market. ***(Courtesy: MacroScan)***

Permanent Crisis of 'Crony Capitalism'

By: P J James

Corporate Media the world over mince no words in portraying an optimistic prospect for the global economy. However, the latest edition of IMF's World Economic Outlook (WEO) released on the eve of the Spring Meeting of the Bretton Woods twins (IMF and WB) in Washington refrains itself from making any rosy picture for the world even almost six years after the eruption of the economic crisis in the latter half of 2008. Though duty-bound to reassure the "animal spirit" of corporate financiers, the IMF has effectively ruled out the possibility of a return to the economic growth rates that prevailed in the "pre-crisis" situation. While the WEO tried to project an optimistic growth in world output by around 3 percent in 2013, 3.6 percent in 2014 and 3.9 percent in 2015, the overall situation is still gloomy as investment, the driving force behind capitalist accumulation, in the advanced economies (especially in the US and EU), is continuously falling as a proportion of gross domestic product (GDP).

Despite a secular persistent decline in real interest rates, world economy as a whole has experienced sharp fall in investment, and according to data furnished by IMF, between 2008 and 2013, there was a two-and-a-half percentage point decline in the investment to GDP ratio in the advanced capitalist countries while "many advanced economies are unlikely to recover to pre-crisis levels in the next five years." Given the crucial role of investment as the driving force of capitalist economic growth, employment generation, creation of demand, profit accumulation, etc., the expectation on the future of global economy in the context of what IMF calls "the possibility of a prolonged period of very low growth" yields little prospect for a genuine economic recovery at any time in the foreseeable future.

On the other hand, until recently, imperialist pundits were highlighting the much trumpeted high growth rate in the so called "emerging markets" such as China and India as the "new basis" for surplus value appropriation and world capitalist expansion. However, today the situation there has also turned out to be gloomy. To quote the WEO: "The recent slowdown in emerging market and developing economies has caused much angst in policy circles." For instance, in China and India, economic growth, as IMF acknowledges, "is now significantly below levels recorded before the global financial crisis" and the "foreign repercussion effect" has started influencing economic trends in these countries. If interest rates in the US rise as envisaged by financial centres, "emerging markets will suffer." As such, already six years into the global breakdown, ruling classes in US and EU are planning to impose deeper attacks on the working conditions and democratic rights of the working class and oppressed masses.

Crisis redistributes wealth in favour of capitalists

According to conventional economic wisdom, profits of the monopoly capitalists soar when the economy booms and therefore capitalists love booms and hate stagnation and crises. However the corporatisation or financialisation that is taking place under neo-liberalism has reversed this traditional understanding of bourgeois theorists. On account of their diehard class interest and reluctance or inability to objectively unravel the character of finance capital and logic of accumulation today, imperialist think tanks utterly fail to comprehend what is actually taking place in the real economy. Under neo-liberalism, a peculiar paradoxical situation has emerged in the capitalist-imperialist economy whereby corporate profits are at the highest levels when economic crisis or stagnation is the deepest.

For instance, according to the latest US Commerce Department data, in 2013, while wages were sliding, corporate profits were at their highest levels in 85 years. In 2013, when wages accounted for 42.5 percent of the economy, lower than in any year previously recorded, corporate after-tax profits had increased by 36 percent over the past seven years. **However, as the IMF Managing Director Lagarde has said, this money is being used not to finance economic expansion, but to increase the incomes of the ultra-wealthy. To quote her, "a lot of companies are investing into themselves more than actually investing into capacity and job-creation." According to IMF, all the major US corporations are using their profits not to finance increased productive capacity, but to buy back shares and inflate stock prices to boost the fortunes of the financial elites. The so called quantitative easing program of the American Federal Reserve that made available trillions of dollars to these financial elites for speculation in real estate, currency, stock and futures markets coupled with the inherent corrupt deals has led to a financial parasitism or 'crony capitalism' engulfing the whole world at madening pace.** When crisis in the real economy continues unabated, according to latest figures, the American S&P 500 index has reached an all-time high, while the All World Index of equity markets compiled by the Financial Times reached its highest

level since the end of 2007. As economic breakdown and joblessness mount, instead of taking up the fundamental questions concerning the people, the financial oligarchy everywhere is eulogising sky-rocketing financial indices as true indicators of capitalist vitality and seeks to defend soaring corporate profit rates by putting heavier burdens on the shoulders of working class and toiling masses and in the process appropriating ever-greater proportion of the national product.

Issues camouflaged by corporate pundits

The crucial fact sidelined by mainstream media today is regarding the biggest-ever economic disparities and economic fortunes of the common people. Today the US has become far more unequal than any other period in history. In 2010, the top 10 percent there received around 50 percent of the national income (the same class owns three-fourths of the national wealth) and the bottom 50 percent got less than 20 percent, while in Europe, the top 10 percent takes 35 percent of GDP. In the Scandinavian countries which are projected as examples of low inequality, the richest 10 percent commands about 25 percent of GDP while the poorest 50 percent gets only 30 percent. The same trend is replicated throughout the neo-colonial global economy. This emerging concrete reality has exploded the myth propagated by bourgeois "modernisation theory" manufactured in American social science institutions that income inequalities would fall as economy develops and societies modernise.

During the Keynesian welfare era, there seemed to have a decline in economic inequality in the US. For instance, as a result of New Deal and immediate postwar Keynesian policies, from the 1920s to the 1950s, the income share of the richest 10 percent fell from around 50 percent to around 35 percent. But it is now rebounded to the late 1920s' level (See, Robert J. Samuelson, Class Warfare Justified? The Hindu, April22, 2014). Earnings of workers and common people in the form of wages, salaries, other affirmative payments, etc. have abysmally gone down while returns to corporate capital from stocks, bonds, real estate, and from newer and newer avenues of speculation and money spinning businesses have sky-rocketed. To be precise, over the past century, while global GDP on an average grew only between 1 percent to 3 percent annually, historical returns on capital have averaged 4percent to 5 percent annually. This has led to a terribly destructive concentration of income and wealth with the corporate-financial elite. **Corporate media and its henchmen are completely silent on this ever-intensifying crucial component of the imperialist crisis by which the share of wealth with financial oligarchs goes up pushing the workers and toiling masses more and more into the deep pit of deprivation and destitution.**

Unemployment and poverty

Neo-liberalism is transforming the entire world into a waste-land of unemployment. Unemployment today is an ingenious device that systematically redistributes income in favour of corporate capitalists. Available statistics indicate that during the Keynesian era when unemployment was relatively low, capitalists could appropriate a relatively low share of national income. But when stagflation set in, unemployment and underemployment along with inflation became the general trend, and neoliberal policies began, the deceleration of the real economy contributed to an upward trend in profit accumulation by capitalists. Today, when imperialist pen-pushers are spreading the illusion that crisis is over, what we witness is soaring unemployment and underemployment on the one hand, and an unprecedented growth in corporate profits on the other. **Of course, crisis is for the economy and for the people and not for the corporate thugs. Capitalism has become so decadent that rather than production and economic growth, it is redistribution of income and wealth that leads capitalist accumulation or surplus value appropriation process today. At a time when the employment growth rate is plummeting under stagflation, and income inequality is rising alarmingly through monetarist policies, corporate profits are soaring in the neo-colonial world order. There is no solution for this contradiction within the parasitic crony capitalism and can be resolved only by a reversal of the present neoliberal policies.**

Horrific level of global poverty is a concomitant of this neoliberal reality. According to recent data released by the US National Network of Food Banks, one in six Americans, including one in five children, did not have enough to eat at some point in 2012. As a manifestation of the dramatic growth in the incidence of hunger in USA, the percentage of households that are "food insecure" rose from 11.1 percent in 2007 to 16.0 percent in 2012. Food insecurity is more widespread in the United States than in any other major developed country. According to Organization for Economic Cooperation and Development (OECD), the rate of food insecurity in the US is nearly twice that of the European Union. The number of American households that live on less than $2 per day more than doubled between 1996 and 2011, from 636,000 to 1.46 million. This growth in the number of "absolute poor" and widespread hunger alongside the most shameless and conspicuous displays of wealth by corporate elite in US is an inseparable part of neoliberal accumulation today. Coupled with this, the

state withdrawal from medicare under the so called Obamacare which is intended to reduce the quantity and quality of health care available to ordinary working people while boosting the profits of the insurance monopolies, hospital chains and pharmaceutical companies will have far-reaching consequences for the common people of America. No doubt, the corporate media propelled by the sole motive of accumulation by billionaires' profit and engaged in lavish reporting on roaring stock market indices barely notes this impending social disaster. While the ruling class under neo-liberalism is accomplishing an unprecedented redistribution of wealth from the bottom to the top thereby piling up vast wealth among the multi-billionaires, what emerges is an ever-mounting social crisis manifested in ever-greater poverty and wretchedness among the vast majority of deprived humankind.

No escape from crisis within the system

Though imperialist think tanks work overtime to depict a posture of a "post-crisis" situation in the US and EU, the real undercurrents of the ongoing corporatisation are stagnation, de-industrialization, joblessness, inflation and price rise, corruption, threat to environment and gruesome cultural degradation that are inflicting incessant attacks on the workers and oppressed people everywhere. No amount of window-dressing can cover up the systemic crisis of the present neoliberal-neocolonial world order. In the US, EU and elsewhere, the ruling classes are in search of political frameworks for ensuring the super-profits of financial aristocracy through an intensification of the attacks on the working class and the oppressed sections, as noted above.

Though the world already has the means to provide all people with the necessities for a comfortable life—healthy food, decent housing, health care, education, access to culture, recreation, etc.—it can be ensured only by doing away with the ruling system that is rooted in the drive of a financial aristocracy for personal wealth and corporate profit that have reached record levels in imperialist as well as in neo-colonial countries. Till the revolutionary working class in alliance with all progressive-democratic forces and equipped with the perspective of an ideological-political alternative to the rule of corporate capital becomes capable of initiating a new policy trajectory, the calamity created by this systemic crisis is bound to continue.

India

Wazirpur struggle continues, as factory owners refuse to honour written agreement

On 6 June 2014, more than a thousand workers of 23 hot roller plants in Wazirpur Industrial area in Delhi had struck work. Their demands included only what has been laid down in the law. The demands were enforcement of minimum wages, payment of overtime at double rate, provision of appointment letters, worker identity cards, salary slips, Employee's State Insurance (ESI), Provident Fund, prescribed bonus amount, safety measures at workplace, provision of government holidays, and payment of salary in the first week of every month. The workers formed a committee by the name of Garam Rolla Mazdoor Ekta Samiti to represent them in putting forth their demands. In complete defiance of labour department's instructions and outright violation of all norms, the factory owners have shown complete indifference to workers' demands. They have also been unresponsive to the labour officials' call for interventions. As a result, the workers are still struggling to reclaim their rights.

To recall the sequence of events, the Garam Rolla Mazdoor Ekta Samiti had submitted its demands to the factory owners on 6 June 2014 but did not hear from them even after six days of strike. Finally, on 12 June 2014 the Samiti submitted a letter to the Labour Inspector at the District Labour Court, detailing the state of affairs and their demands. The Deputy Labour Commissioner(DLC) called for a meeting of the factory owners' association and the Garam Rolla Mazdoor Ekta Samiti on 14 June. None of the factory owners turned up for the meeting. On 16 and 17 June, an inspection team constituting a labour official, a health officer, and a factory inspector raided all the 23 factories to check the records being maintained by the factory owners regarding workers to match them with the list of actual workers and details provided by the workers. Many factory owners did not show up and kept their factories locked. Seizure of records was done at some of the factories due to impropriety. The effect of this was that the factory owners' association for the first time called upon the workers for a negotiation. But the workers refused to have any negotiations outside the office of the labour commissioner. The DLC then called for a meeting of the factory owners' association and the workers' representatives on 19 June to take the matter forward. On 19 June also, none of the factory owners turned up for the meeting. After an hour of the scheduled time of the meeting, a lawyer on behalf of 18 out of the 23 factories owners turned up. But he too had no documentary evidence that he was authorized to represent the factory owners for negotiations. The DLC therefore issued notices of legal action against in the name of the 23 factories.

Finally, on 27 June, a compromise was reached between the workers and factory owners of 19 factories. In a written agreement that followed, the factory owners promised to ensure all the minimum benefits as laid down by the law. They also promised to pay wages for the month of May to be given on 28 June once the workers join work. An Ex-gratia payment of Rs. 2000 was also assured along with the wages of June if conduct of workers remained fine. They also promised to reinstate all workers as they were on 5 June. But on 28 June when the workers returned for work, the factory owners refused to take them back to work. They refused to abide by the written compromise. This is the moment when the workers decided to sit on a Satyagrah outside their factory gates. The labour department also issued a show cause notice to the owners. With no positive response, the workers sat on a relay hunger strike. Three days later, the advocate on behalf of the factory owners' association promised to honour the agreement.

Today, in 6 factories the 9 hour work shift has begun, but in others, it is yet to be followed. In 5 factories, the workers have been asked to leave. It is noteworthy how the factory owners have been able to successfully and confidently evade the law. For years they have illegally forced the workers to work in inhuman conditions. When the workers stood up against them, they first refused to take cognizance of their demands. Then they ignored calls for negotiation by the labour department. Finally, when they did agree to negotiate, they refused to honour the written commitment made by them. This shows how brazen the factory owners have become in denying the workers their lawful rights. It is also indicative of how ineffective the State has become in preventing violators of law from doing so.

Pakistan

Sanitary workers create massive traffic mess

Sanitary workers ironically ended up making a mammoth traffic mess in the downtown areas of Karachi city as well as some major linking thoroughfares while staging a protest against non-payment of their salaries at the Arts Council roundabout.

The agitated employees of the district municipal corporation South Lyari zone were complaining that they had not been paid salaries for the last two

months.

Hundreds of commuters were stranded in traffic jams on the roads and streets of Saddar.

The thoroughfares hit with the traffic chaos included II Chundrigar Road, MA Jinnah Road, Abdullah Haroon Road, Dr Ziauddin Road, Club Road, MR Kayani Road and Zaibunnisa Street. Connecting roads including Sharea Faisal and Sharea Quaideen were also affected.

The worst congestion was witnessed at the Arts Council roundabout where the protest was taking place. The traffic police and wardens appeared helpless in bringing the situation under control.

Many ambulances carrying patients were seen stuck in the traffic jam. Many commuters walked to their destinations instead of waiting for the authorities to clear up the roads.

Asim Latif, who was stuck in traffic for at least two hours, said was heading towards Shaheen Complex from Merewether Tower using the main intersection of II Chundrigar Road and Dr Ziauddin Road from Tower. "Usually it tales around 15 minutes to reach from Tower to Shaheen Complex but this afternoon I couldn't do anything but just remain stuck on the road."

Mirza Adil told The News that he went to Boulton Market for shopping but when he left, there was a chaotic traffic jam and situation improved after two hours.

Ahmed, a motorcyclist, said he worked at a computer shop opposite City Station and had to leave for the Radio Pakistan building. "I turned back because there wasn't even space for motorcycles."

The protest

The protesters, who were around 500 or 600 in number, had arrived with 25 vehicles of the corporation.

They were demanding payment of their salaries, provident fund and medical bills and restoration of the former municipal commissioner of the DMC South, Muhammad Raeisi.

Raeisi was ousted from the post over charges of corruption and misuse of powers.

The News has learnt that the Anti-Corruption Department and the National Accountability Bureau were running separate inquires against him.

He was reportedly appointed as a Muslim Qully – a grade-I employee in 1992 and in 2005 became a grade-18 employee.

Sources told The News that this was only possible if a person tampered with the original documents and had strong political connections; otherwise, the long procedure of promotions in the system did not allow such an achievement.

Raeisi has served on many key positions including the health inspector, the infrastructure town officer, the town municipal officer in Lyari and the Lyari Town administrator.

Leading the protest, Inayat Baloch, the president of the People's United Workers Union, claimed that the administration of the district was not issuing salaries to the employees.

The union had recently staged a sit-in in front of the Chief Minister's House.

The DMC South comprises former towns including Saddar, Lyari and Keamari. Baloch said it had around 7,200 employees most of whom were unpaid since April. Around 3,800 employees are working in Saddar, 2,300 in Lyari and 1,100 in Keamari.

Syed Zulfiqar Shah of the Sajjan Union of the Karachi Metropolitan Corporation said employees from grade-I to 16 had not received salaries for last two months. He demanded that salaries till April should be cleared till July 10 and the salaries of June be handed over before July 22, so that employees could prepare for Eid.

Advance salaries announced

Later in the day, the Sindh government announced that it would provide three months' salaries and a one-month bonus salary to the DMC South employees, PPI added.

The announcement came after Sania Naz, an MPA from Lyari, held a meeting with a delegation of the employees at the Chief Minister's House.

(Courtesy: The News)

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A-124/6 (2nd Floor), Katwaria Sarai, New Delhi 110 016

Telefax : 26968121 & 26858940 # E-mail : peaceact@vsnl.com