

Uneven citizen advocacy within the BRICS, within global governance

Patrick Bond (Distinguished Professor of Political Economy, University of the Witwatersrand, Johannesburg)

1. Please share your experience in exercising, or seeking to exercise, your right to participate in public affairs in one or several of the following global governance groupings/spaces: G7, G20, G77/G24, NAM, BRICS, WEF and BM in terms of:

- Access;
- Inclusivity; and
- Influencing the decision-making process.

The BRICS are a fascinating case of multilateral collaboration because their claims to transparency and - starting in 2015 - civil society participation in annual summit processes are ambitious.

However, the individual regimes - especially China, Russia and increasingly also India and Brazil - are authoritarian, and Chinese surveillance of the citizenry verges on totalitarianism, while violence against democracy and social-justice activists is experienced in all five BRICS, often at high levels (although not yet in the context of activism critical of the BRICS per se). The worst current case is certainly Brazil, where state repression is far greater than at any time since democracy was regained in 1985; Jair Bolsonaro will host the BRICS heads of state summit in Brasilia in November.

In this context, it is now apparent that in order for the BRICS leaders to claim that they aim to democratise the international order - such as was heard at the 2018 G20 Buenos Aires summit when the five leaders briefly met separately - it is also useful for them to engage a layer of civil society, labour, youth, women and academics, albeit in generally uncritical, sanitised formats. This allows for 'civilised society' access - e.g. mediated through the so-called 'Sherpa' function of foreign ministry officials - but not, so far, genuine inclusivity, much less policy or project influence.

*Perhaps the single most important ongoing dispute over access, inclusivity and influence concerns the BRICS New Development Bank (NDB) failure to address profound flaws in lending policy (e.g. a distinct lack of clarity or a failure to incorporate gender demands by grassroots feminist groups), as well as dubious characteristics of particular loans. The latter include systematic **corruption** discovered in NDB loans (with South Africa the main culprit, due to the 'state capture' of the main parastatal borrowers); the inappropriate **currency** arrangements associated with most of the NDB's loans to date (still in US dollars even when imports are negligible); the explicit and often implicit contributions to **climate damage** ignored in the lending process (in spite of claims to the contrary); and the complete lack of **consultation** between NDB lending officials and affected peoples.*

The BRICS NDB Compliance Officer has been particularly unresponsive, merely issuing a simple statement about supposed NDB 'zero tolerance' on corruption when ample evidence to the contrary continues to pile up in South Africa. NDB lending to notorious Eskom, Transnet and TransCaledon Tunnel Authority borrowers of more than US\$1 billion continues

in spite of this corruption, and ongoing complaints to the Compliance Officer are simply ignored. Instead of best practice and a constructive break from the flaws of Bretton Woods System lenders, the NDB appears to be amplifying all their errors, including arrogance in relation to civil society.

2. What were the main structural and/or practical obstacles you or your colleagues encountered when participating, or seeking to participate, prior to, during and after decision-making (for instance in terms of shaping the agenda of decision-making processes, participation at an early stage when all options are still open, accreditation, physical and/or online access to forums, issuance of visas, availability of funds, access to information relevant to decision-making processes, etc.)?

Sometimes citizen participation in multilateral fora 'bleeds off' dissenters' pressure from below, occasionally in a constructive manner, but sometimes the forms of participation allowed are at best tokenistic or at worst assimilationist. The key officials within 'BRICS from above' have become good at perfunctory nods towards citizen participation - while at the same time never taking seriously genuine demands coming from oppressed people or those concerned with planetary stewardship. Constructive critiques offered of the BRICS from South African civil society, when the 'brics from below' counter-summits were held in 2013 ([Durban](#)) and 2018 ([Johannesburg](#)), or by 'People's Forum' counter-summits in 2016 ([Goa](#)) and 2017 ([Hong Kong](#)), are simply ignored.

(These four counter-summits were very poorly funded, and on several occasions were limited to academics' own research finances. Typically, no official donations have been possible, including from otherwise supportive foundations which have offices in BRICS countries that would make for discomfort, if their donations to BRICS critics were known.)

However, the most recent South African experiences are revealing not because of repression or because BRICS officials ignored civil society, but instead, because of co-optation of potential dissent. The Civil BRICS, BRICS Trade Union Forum, Youth BRICS and BRICS Academic Forum - a contradiction-riddled layer that might be termed 'Brics from the middle' - were all characterised in 2018 by uncritical assimilation, resulting in a surprising inability to express deep-rooted concerns about BRICS and its policies and practices. This process has been documented in Africa's main ezine, Pambazuka:

<https://www.pambazuka.org/search/node/BRICS> and the BRICS Politricks booklet (attached).

(As for attendance at civil society events, some non-South African African visitors have been disadvantaged; the bestowal of visas for entering South Africa is generally a problem for citizens of especially two countries, Nigeria and Kenya, where long-standing intra-African disputes have made it difficult for ordinary Africans - and especially activists - to acquire timely permission to land in Johannesburg, resulting in periodic sabotage of pan-African activities held in South Africa.)

3. Which improvements do you see as key to secure genuine and meaningful participation in decision-making processes of the aforementioned groupings/spaces, including by the underrepresented parts of society as mentioned above, victims of discrimination and

marginalization because of their sexual orientation and gender identity, as well as social movements?

The dilemma in South Africa - a very free country, in contrast to the other BRICS which have totalitarian or authoritarian leaderships - is that meaningful participation should extend far beyond what was merely tokenistic inclusion in the 2018 summit, via the BRICS Sherpa. A major power change in each country would be a precondition for genuine consultation, participation and representation. The need for the BRICS societies to establish profound - not trivial - linkages among their citizenries, as well as with their hinterland regional-neighbour civil societies, is fundamental. Very rarely has this been possible, with the possible exception of the pre-1994 South African anti-apartheid movement expressing genuine people's solidarity in that era's BRICS societies.

The opportunities in South Africa for meaningfully engaging the BRICS are, like in China and Russia, hampered by lack of mass media access. The control of permissible narratives regarding the BRICS has been mediated, in South Africa, by either the dogmatically pro-BRICS owner of the country's main newspaper chain (who was head of the BRICS Business Council until fired in September 2018), or uncritical journalists unable to contemplate a reality beyond BRICS official rhetoric.

(To illustrate, in 2018 the summit theme was "inclusive growth and shared prosperity in the 4th industrial revolution" - an exceptionally misleading sentiment given the 4IR's Artificial Intelligence threats to humanity, robot-driven job losses, cyber currency threats to monetary sovereignty, block chain abuse of energy to run computers, rising levels of state surveillance such as China's 'social credit,' corporate Big Data's manipulation of consumers, and other forms of cyberwar even extending to election tampering that was attempted by Russia against South Africa in 2019. Yet no discussion of these dangers has been entertained by the main media outlets, and the BRICS role - especially the vast impact of Tencent's rise within the Johannesburg Stock Exchange through 31% ownership by Naspers, at the same time it is piloting social credit surveillance that in 2018 limited travel rights to 13 million Chinese citizens deemed of insufficient loyalty to the state - is not contemplated by South African journalists, with even a modicum of curiosity.)

4. What has been your experience exercising, or seeking to exercise, your rights to freedom of expression, peaceful assembly and association in the holding of meetings of one or several of the aforementioned groupings/spaces and in the margins thereof?

In contrast to the 'Brics from the middle' assimilation, active expressions of citizen dissent by 'brics from below' movements sometimes occur at the BRICS annual summit of heads of state; and South Africa is sufficiently free that small protest marches were held at the 2013 (Durban) and 2018 (Johannesburg) events, as well as at the BRICS NDB regional office in 2018 (Johannesburg) and annual general meeting in 2019 (Cape Town). However, due to repression, there was no scope to engage in marches by concerned citizens at any of the other BRICS summits (aside from Brazil in 2014, at Fortaleza). India's 2016 summit (Goa) included a major counter-summit hosted by the National Alliance of People's Movements, but no permission was granted to march to the summit site.

5. Have you or your colleagues been the subject of reprisal because of your participation, or attempt to participate, in a meeting or activity of one or several of the aforementioned groupings/spaces? If so, please provide information on the type of reprisal, the perpetrator(s), whether you reported the case to the organizers and the relevant authorities, and which action they took to address the situation and prevent reoccurrences (if any).

No, as mentioned, those critical of the BRICS have been not with repression, but are instead ignored. Substantive grievances are not addressed, because the 'brics from below' network still retains sufficient irrelevance that state reprisals have not been needed.

6. In your view, what is the overall impact of the economic and financial policies of the aforementioned groupings/spaces on a democratic and equitable international order?

The role of the BRICS in multilateral economic and financial reform can be characterised as 'talk left, walk right' because in spite of some leaders' anti-imperialist traditions and expressed sentiments, the tendency of their leaders' practical participation in global governance is to amplify neoliberalism and environmental damage, acting as 'subimperial' allies of global corporations (whether from the West or BRICS). The Nairobi summit of the World Trade Organisation in 2015 was one such site, where the most damaging attacks on poor countries' food sovereignty came not only from the traditional Western powers, but from BRICS that were co-opted.

Another site of heightened multilateral inequity and democratic retreat was the 2010-15 recapitalisation of the International Monetary Fund, in exchange for slight restructuring of quota arrangements. This left four of the BRIC countries with much greater weight - China by 35%, Brazil 23%, India 11% and Russia 8% - while lowering the voting power of developing countries (Nigeria and Venezuela by 41% each and South Africa by 21%; with scores of others losing internal IMF 'voice', as the BRIC delegates moved up within the IMF by standing on the heads of poorer delegates). As many countries in Africa fall into debt crisis, the rising BRIC power over the IMF will entail not a change in Bretton Woods' punitive power, but instead an amplification of neoliberal austerity, it is fair to predict. Moreover, if South Africa requires a BRICS Contingent Reserve Arrangement (CRA) bailout of more than \$3 billion - on the current onerous \$170 billion foreign debt, given that foreign reserves are only \$50 billion - then it will experience this amplification of austerity, insofar as it must agree to an IMF structural adjustment package before accessing its next \$7 billion in CRA borrowing, due to CRA provisions insisted upon especially by Beijing's representatives to the 2014 BRICS summit .

7. More broadly, in what way(s) do you see a lack of genuine and meaningful participation and lack of influencing of decision-making process by the public in global governance grouping/spaces in general hampering the realization of a democratic and equitable international order?

The overall problem is the undemocratic, economically-chaotic and environmentally catastrophic exercise of power within the international. As one example, consider the failure of all states to concretely oppose Donald Trump's walk-out and sabotage of the Paris

Climate Agreement (and that Agreement's profound weaknesses in any case) through a carbon tax or other sanctions. The basic problem remains that the key states and indeed multilateral agencies are far too beholden to corporations, often through an utterly compromised global-elite leadership.

In 2017, I wrote the following essay for Civicus - a global-scale advocacy NGO - about how the lack of citizen influence in the international order, and the power of global capital, will, for the foreseeable future, hamper the realisation of a democratic and equitable international order.

CIVICUS STATE OF CIVIL SOCIETY REPORT 2017

GUEST ESSAYS CIVIL SOCIETY & THE PRIVATE SECTOR

MULTINATIONAL CORPORATIONS INVADE GLOBAL GOVERNANCE INSTITUTIONS, CAUSING FOR-PROFIT PARALYSES

PATRICK BOND*

INTRODUCTION: THE HOLLOWING OF DEMOCRACY

Declining popular sovereignty in key global north states since the early 1990s - including in the USA under Bill Clinton, UK under Tony Blair, Germany under Helmut Schroeder and France under Francois Holland - was not just a 'third way' drift from centre-left social democracy to 'neoliberalism', the pro-corporate, anti-social philosophy of privatisation. Even more profoundly, the hollowing of democracy is directly correlated to the rise of finance in the world economy.

That process has given the three major credit rating agencies - Fitch, Moody's and Standard and Poor's - and the financiers they serve the same kind of power the International Monetary Fund (IMF) and World Bank have abused since the early 1980s across the global south. The latter category should be updated to include the IMF occupying Greece, Ireland, Portugal and even Spain by the 2010s. That power comes from having more than US\$100 billion in debts owed by weak governments that in turn allowed the IMF to impose austerity against poor and working people, especially affecting women and people of colour.

*Patrick Bond is professor of political economy at the University of the Witwatersrand, Johannesburg, South Africa.

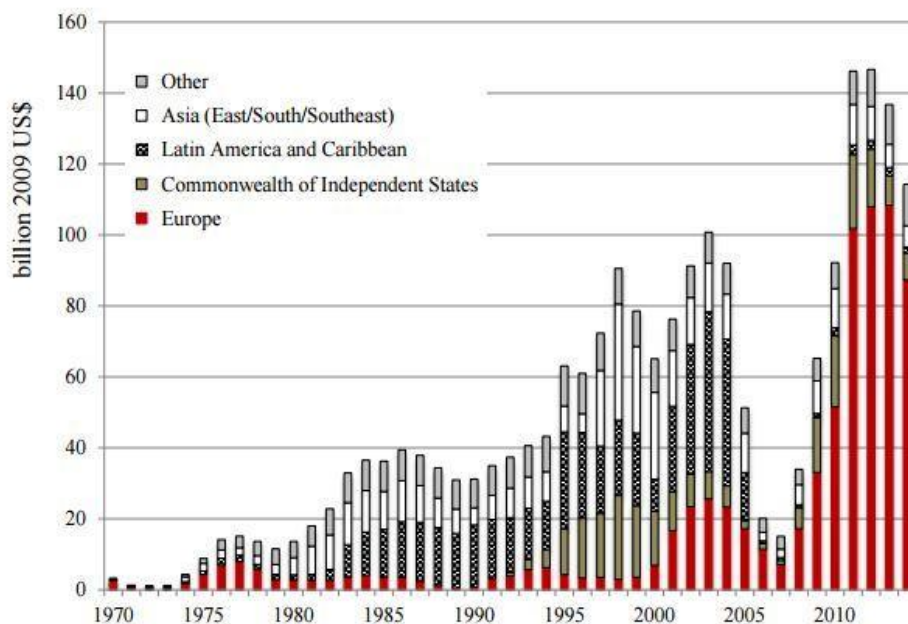


Multinational corporations invade global governance institutions, causing for-profit paralyse

Declining popular sovereignty in the main Northern states since the early 1990s – the US under Bill Clinton, Britain under Tony Blair, Germany under Helmut Schroeder and France under Francois Holland – is not just a ‘Third Way’ drift from centre-left social democracy to ‘neoliberalism’ (the pro-corporate, anti-social philosophy of privatisation). Even more profoundly, the hollowing of democracy is directly correlated to the rise of finance in the world economy.

That process has given the three major credit rating agencies – Standard&Poor’s, Fitch and Moody’s – and the financiers they serve the same kind of power the International Monetary Fund (IMF) and World Bank have abused since the early 1980s across the Third World. The latter category should be updated to include IMF-occupying Greece, Ireland, Portugal and even Spain by the 2010s. That power comes from having more than \$100 billion in debts owed by weak governments that in turn allowed the IMF to impose austerity against poor and working people, especially affecting women and people of colour.

IMF loans, 1970-2015

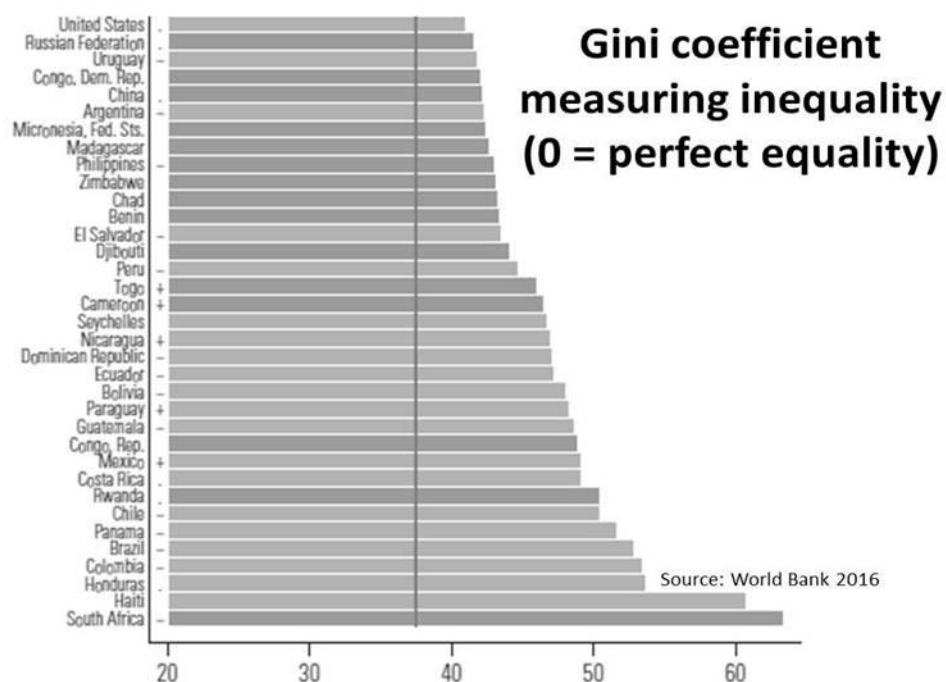


Source: International Monetary Fund

The main beneficiaries of the ‘neoliberal’ (pro-corporate, anti-social) policies that result from growing financial influence over national states are multinational corporations. Their taxes have been cut and labour costs and environmental regulation lowered by outsourcing or by shifting operations to repressive sites of production. These firms have also moved taxes so far beyond state borders, with trillions worth of ‘Illicit Financial Flows’ maneuvered into offshore financial centres, leaving governments with rising budget deficits and their social sectors experiencing permanent cost-cutting pressures. IMF economist Jonathan Ostry,

Prakash Loungani, and Davide Furceri admitted in 2016 that as a result, “The increase in inequality engendered by financial openness and austerity might itself undercut growth, the very thing that the neoliberal agenda is intent on boosting. There is now strong evidence that inequality can significantly lower both the level and the durability of growth.”

In the emerging-market economies with some of the worst income inequality rates – South Africa, Brazil, Mexico, Argentina, Russia – this income divergence is now also recognised as a public policy concern, though prevailing power relations still result in austerity budgeting in most. For example, the South African mental health scandal that left more than 100 patients dead after transfer from a state-subsidised \$24/person/day facility (Life Esidimeni) to NGOs charging a third as much, followed a 13% real cut in national-provincial health funding in 2016.

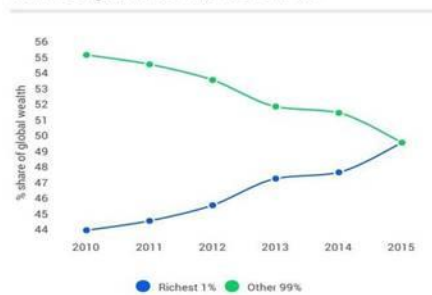


In turn the predatory debt, precarious work and privatisation of so many aspects of life experienced by the world’s citizenries calls forth two kinds of responses: appeals to global governance to sort out problems national states have shied away from, and popular revolt. There are both good and bad versions of the these top-down and bottom-up responses, and unfortunately the adverse balance of political forces have made it difficult to argue that either is a terrain for social progress and environmental preservation.

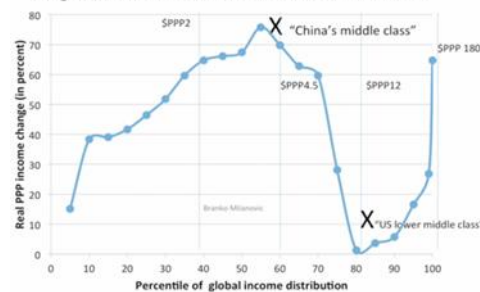
Bottom-up, the political uprisings were manifest in 2016 in the Brexit vote, in the rejection of Renzi’s reforms in Italy, and in the US the election of Donald Trump, followed by 2017 threats posed by growing loyalists of Marine Le Pen in France, Geert Wilders in Netherlands, and the Alternative for Germany amongst others. Other authoritarian turns were recently made in Erdogan’s Turkey, Orban’s Hungary and Duterte’s Philippines. Within the Brazil-Russia-India-China-South Africa (BRICS) bloc, two parallel leaders are Vladimir Putin and Narendra Modi, both of whom continue to consolidate power. The revolt becomes more intense in part because of the racist, xenophobic, Islamophobic and misogynistic ‘populism’ that blames other poor and working-class people for troubles caused by neoliberal capitalism.

The right-wing critique of the 'Globalists' (as pro-Trump Breitbart journalists term the neoliberal elite) continues partly because multilateral institutions are 'state-captured' by multinational corporations and the world's wealthiest elites, to the detriment of the working class of the Global North. Many such voters who supported Brexit and in the US backed Trump last November are to be found in the group represented by the famous 'elephant curve' of City University of New York economist Branco Milanovic, an accounting of the 1988-2008 era of hyper-globalisation that reveals shifting income shares. During this era, the richest 1% grew to hold as much wealth as 50% of the world's citizens. The differentials represented by the rise of the top 1% (along with the privileged sector of urban workers in China) contrast with the bottom decile (who gained nothing over the two decades) as well as with that now-dethroned 'labour aristocracy' of the North, which is justifiably grieving over deindustrialisation and much lower state services.

Share of global wealth 2010-2015



Real income growth at various percentiles of global income distribution, 1988-2008 (in 2005 PPPs)



These data help explain the rise of far-right sentiments, insofar as the economic grievances are displaced into the sphere of identity politics. In contrast, opposition to corporate elites from the left – recall protesters in 2011 from Tunis to the Occupy city sites, for example – also rises not merely because of this new income and wealth divergence. In addition, high levels of world citizen concern remain about two overarching problems (according to regular Pew Research surveys): climate change and global economic volatility. In both cases, the profusion of corporate elites invading global governance institutions has distorted the potential for genuine solutions, beyond any recognition.

Global governance worked against ozone depletion, but not fossil fuel emissions

To illustrate the positive potential of multilateral solutions to global problems, consider that way back in 1987 – a year in which the United Nations issued a genuinely progressive report on sustainable development authored by former Norwegian prime minister Gro Harlem Brundtland's Commission – there was a major new global crisis: the expanding hole in the ozone layer that protects humans from ultraviolet rays.

The main cause was the emission of ozone-depleting CFCs through aerosols and refrigeration. Since the urgency of the situation required a global response, the 1987 Montreal Protocol was supported by even the US Reagan Administration. It committed national states to ensure their corporations (e.g. Dow Chemicals and General Electric) stop producing and emitting CFCs within nine years. The ban worked and the problem is receding.

But this global-governance success story occurred before the era of neoliberal state capture. Today, to argue for a Montreal Protocol-type ban on Greenhouse Gas emissions – with binding emissions cuts, accountability and state control of corporate pollution – is practically unthinkable, notwithstanding impending eco-social catastrophe. Instead, the political-economic dynamics of the UN Framework Convention on Climate Change (UNFCCC) served the interests of high-pollution multinational corporations within the 2015 Paris Climate Agreement: no binding emissions cuts, no ‘climate debt’ for past pollution to be paid to victims, a return to carbon trading gimmicks (to ‘privatise the air’) and no emissions cuts for maritime, air transport or military-relation pollution.

Lead climate scientist James Hansen called Paris ‘bullshit.’ Representing pro-corporate strategic thinking, the Harvard neoliberal Robert Stavins celebrated the deal for allowing a new round of carbon trading, in which financial markets adopt the responsibility for allocating emissions cuts to those who pay the most. (UNFCCC head Christiana Figueres had earlier been a carbon trader.) The scheme had been tried on a voluntary basis in the US but in 2010 the Chicago Climate Exchange collapsed entirely.

Meanwhile, the price of carbon in the European Union Emissions Trading Scheme had plummeted from its 2008 high of 35 euros/tonne to one tenth that amount by 2014. Carbon trading is a strategy that gives bankers the responsibility for saving the planet through arranging the purchase of pollution rights, an especially incongruous approach given financiers’ own self-regulatory failure to save their own markets from periodic meltdowns.

There was simply not enough pressure to cut emissions being generated in the multilateral system, to justify financiers’ bidding up the price as the theory had suggested, not to mention systemic fraud and corruption throughout the new market. The system was still profitable to some EU corporations, even if many London and Frankfurt financiers began closing their trading desks. The Chinese also started carbon markets in seven metropolitan areas, so the International Emissions Trading Association continued to play a substantive role in UNFCCC summits.

World carbon markets, 2016



Source: World Bank

The Paris summit's logic dates to the 1997 Kyoto Protocol which introduced carbon trading at Al Gore's behest (before he too became a carbon trader as co-owner of the ill-fated Chicago exchange). Starting then, the corporate climate agenda has been to profit from 'false solutions' to a problem the corporations created, an agenda advanced by the standard-bearers of neoliberal global governance at the US State Department. Other false solutions include geo-engineering and bio-fuels, none of which has borne fruit despite billions of public R&D and pilot subsidies. Nuclear is another threat to public safety, gaining support from governments often seduced (as in South Africa's case) by a handful of nuclear corporations on the grounds that its carbon footprint is lower than fossil fuels.

Thanks to WikiLeaks (via Chelsea Manning), we know that in early 2010, Washington's main negotiator Todd Stern was extremely active, bullying and bribing small governments whose citizens will be adversely affected by the new climate regime, then termed the 'Copenhagen Accord,' with its new feature: voluntary, so-called 'bottom-up' pledge-and-review commitments, far short of what is required to halt runaway climate change. The Hillary Clinton e-mails provided by WikiLeaks in 2016 revealed Stern in late 2011 celebrating his accomplishments at the Durban UNFCCC summit when the distinction between rich, historic polluters and poor countries was dropped: 'Common but Differentiated Responsibilities.'

It is evident that the UNFCCC had fallen under Washington's thumb, as Stern gained the power to steadily lower the bar on global climate governance. But Stern was simply responding – as he continually reminded – to the Republican Party's veto capacity over any such treaty if presented to the US Congress, which in turn was a function of the exceptional power of the fossil fuel lobby to purchase the service of politicians who initially denied the existence of climate change and then when that was untenable, denied the role of Greenhouse Gas emissions.

The primary actors included the Koch Brothers oil network – highly influential in generating a far-right anti-environmental lobby known as the American Legislative Exchange Council (ALEC) – and ExxonMobil, whose scientists knew about catastrophic climate change threats in the late 1970s but which covered up the information and funded denialists. ALEC's origins date to the 1971 Lewis Powell memo to the American Chamber of Commerce, in which the judge who was soon appointed to the US Supreme Court insisted that corporate power over politics be "assiduously cultivated; and that when necessary, it must be used aggressively and with determination without embarrassment and without the reluctance which has been so characteristic of American business." The main companies taking up the challenge were US Steel, GE, ABC, GM, CBS, 3M, Phillips Petroleum and 33 others. ALEC's role under Trump is formidable: gutting worker, social and environmental protections across the US from federal to state to municipal levels.

And as an exemplar of manipulating the environmental agenda, ExxonMobil – the world's fourth largest firm – rose in power in January 2017 when Trump appointed its chief executive Rex Tillerson US Secretary of State. A contract for a massive \$500 billion Siberian oil drill had in 2013 earned Tillerson the Russian 'Order of Friendship' from Putin, though a year later, the deal was postponed due to sanctions that followed Moscow's Crimean invasion. The fluidity of anti-Russian and pro-Russian forces within the White House makes it difficult to predict whether those sanctions will be dropped, but regardless, the Trump White House has

a vast network of corporate backers starting with Goldman Sachs bank, whose five former executives in the White House include lead Trump advisor Steve Bannon, Treasury Secretary Steve Mnuchin and economic policy head Gary Cohn.

This sort of corporate power is felt also in other capitals. Undermining global climate governance also entailed Barack Obama privately meeting the leaders of Brazil, South Africa, India and China ('BASIC') in December 2009, in the process jettisoning the broader UN summit to generate the Copenhagen Accord. The BASIC countries – which along with Russia added are known as BRICS – were as a group the world's most carbon-addicted economies. In these states, fossil fuel firms (e.g. Brazil's Petrobras, China National Petroleum and Sinopec, South Africa's Oakbay) enjoy outsized influence. The impeachment of Brazilian President Dilma Rousseff in 2016 was a function of Petrobras payoffs that motivated corrupt members of Congress to put in her place a more pliable leader, Michel Temer.

In South Africa's case, a top government climate negotiator (Joanne Yawitch) moved from the Pretoria delegation to lead the National Business Initiative. 'State capture' of the president's inner circle and electricity company by a family (the Guptas) with substantial coal interests (through Oakbay) became a national scandal. The country's deputy president, Cyril Ramaphosa, was also the former owner of numerous Shanduka corporation coal mines, where he was alleged by state whistle-blowers to have ignored the need for water licenses in one of the most ecologically sensitive areas of the country.

Corporate influence over the BRICS, US, EU and other major states makes it impossible to craft a global governance strategy to save the planet from climate catastrophe. Trump has promised to abrogate the Paris deal and give free reign to oil, gas and coal companies, as well as cancel renewable energy subsidies and roll back air and water protections.

The only short-term solution is much more intensive bottom-up critique and activism against fossil fuel extraction, such as recent campaigns against the Dakota Access Pipe Line in the US, the Ende Gelände anti-coal movement in Germany, South African women fighting coal mining on Somkhele's peasant lands bordering Africa's old nature reserve in KwaZulu-Natal, the periodic shutdowns by Niger Delta residents of oil pipelines, and similar instances of what Naomi Klein calls 'blockadia.' The 'divest-invest' movement against fossil fuel companies is having a major impact on shareholder sentiments, as activists insist that the companies devalue their reserves of 'unburnable carbon.'

The classic example of this sort of battle is the South African anti-apartheid movement, which called for boycott, divestment and sanctions to complement direct activism. The pressure reached the boiling point when in 1985 protest from below rose just as international solidarity tackled firms supporting the Pretoria regime. The resulting financial crisis was only resolved when corporations (owned by white English-speakers) broke relations with the white (Afrikaner) regime and belatedly supported democracy.

Financial prowess and chaos

Global governance is regularly distorted by many other corporations, especially amongst the top 20: Walmart, Samsung, Royal Dutch Shell, Exxon Mobil, Volkswagen, Toyota, Apple, BP,

Berkshire Hathaway, McKesson, Glencore, Daimler, United Health, CVS Health, Exor, General Motors, Ford Motor, AT&T, Total and Foxconn.

World's 20 largest companies by annual revenue (October 2016)

Ranking	Name	Industry	Revenue (\$ billions)	Employees	Headquarters
1	<u>Walmart</u>	<u>Retail</u>	\$485	2,300,000	<u>Bentonville, Arkansas</u>
2	<u>Samsung</u>	<u>Conglomerate</u>	\$305	319,000	<u>Suwon</u>
3	<u>Royal Dutch Shell</u>	<u>Oil and gas</u>	\$272	90,000	<u>The Hague, London</u>
4	<u>Exxon Mobil</u>		\$246	75,600	<u>Irving, Texas</u>
5	<u>Volkswagen</u>	<u>Automotive</u>	\$237	610,076	<u>Wolfsburg</u>
6	<u>Toyota</u>		\$237	348,877	<u>Toyota, Aichi</u>
7	<u>Apple</u>	<u>Consumer electronics</u>	\$234	110,000	<u>Cupertino, California</u>
8	<u>BP</u>	<u>Oil and gas</u>	\$223	79,800	<u>London</u>
9	<u>Berkshire Hathaway</u>	<u>Conglomerate</u>	\$211	331,000	<u>Omaha, Nebraska</u>
10	<u>McKesson</u>	<u>Pharmaceuticals</u>	\$192	68,000	<u>San Francisco</u>
11	<u>Glencore</u>	<u>Commodities</u>	\$170	102,388	<u>Baar</u>
12	<u>Daimler</u>	<u>Automotive</u>	\$166	284,015	<u>Stuttgart</u>
13	<u>United Health</u>	<u>Health care</u>	\$157	200,000	<u>Minnetonka, Minnesota</u>
14	<u>CVS Health</u>	<u>Retail</u>	\$153	199,000	<u>Woonsocket, Rhode Island</u>
15	<u>Exor</u>	<u>Financial services</u>	\$153	303,247	<u>Turin</u>
16	<u>General Motors</u>	<u>Automotive</u>	\$152	215,000	<u>Detroit</u>
17	<u>Ford Motor</u>		\$150	199,000	<u>Dearborn, Michigan</u>
18	<u>AT&T</u>	<u>Telecommunications</u>	\$147	281,450	<u>Dallas, Texas</u>
19	<u>Total</u>	<u>Oil and gas</u>	\$143	96,019	<u>Courbevoie</u>
20	<u>Foxconn</u>	<u>Electronics</u>	\$141	1,060,000	<u>Taiwan</u>

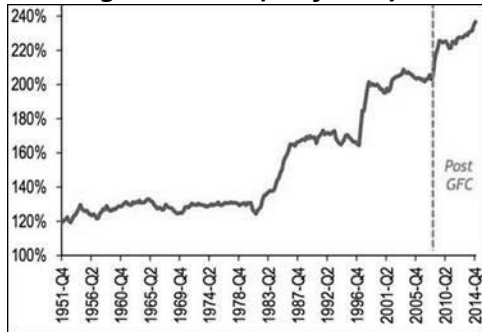
Source: company accounts

Systemic corruption characterises many such firms, e.g. the oil companies and even the well-known Volkswagen brand which notoriously cheated on diesel emissions tests. These firms appear to be financially robust but many suffer from over-indebtedness. The overall level of debt in the world economy has risen to unprecedented heights: from 125% of world GDP in 1980 to 200% in 2008 and then, with the global bailout of banks, to 240% by 2015. The 'too big to fail' mentality also protected banks by lowering interest rates and printing money, and another feature of financial corruption characteristic of the 2008 crash (e.g. Goldman Sachs' penalty of \$15 billion for misleading customers about the quality of packaged home mortgage loans) was that punishment was merely based on a fine that in turn was passed back to customers, and never to jail. Millions of victims, in contrast, lost their houses.

Large firms have fallen deeper into debt – global corporates have a 15% higher level than even in 2008 when so many suffered bankruptcy – and simultaneously suffer unwillingness to reinvest profits in new plant and equipment. Thanks to the 'investment strike,' profit streams are redirected into buybacks of stock and other financial instruments. To illustrate, from 2009-16 European high-yield bonds provided investors with a 210% rate of return, the Wall Street S&P 500 index was up 180%, and US high-yield corporate bonds soared 170% in

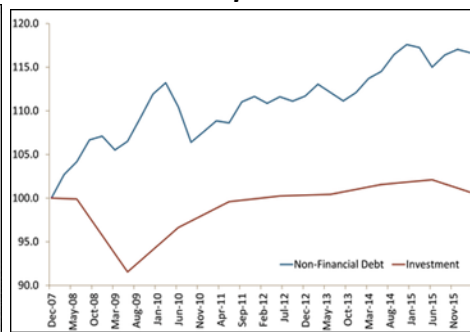
value. In contrast, in the real economy, wages of US and European workers rose less than 20%, house prices were flat, and commodity prices dipped 50%.

Rise in global debt (% of GDP)



Source: IMF

Global corporate debt and investment rates

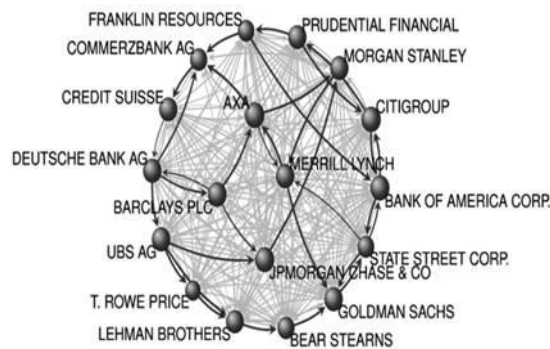


Source: Michael Roberts

Overseeing the management of these multinational corporations are active and passive owners, which include a 'network of global corporate control' centred around fewer than 20 financial institutions, according to corporate scholars James Glattfelder and Stefano Battiston. The 'economic super-entity' can easily sway public policy in weak countries, in association with credit ratings agencies. Brazil and Russia were given junk status in 2015, and South Africa is regularly threatened with a downgrade to junk unless it adopts investor-friendly policies, especially a lower budget deficit and social-spending cuts. In 2016, Brazil's 'coup president' Temer and Congress adopted a 20-year austerity plan.

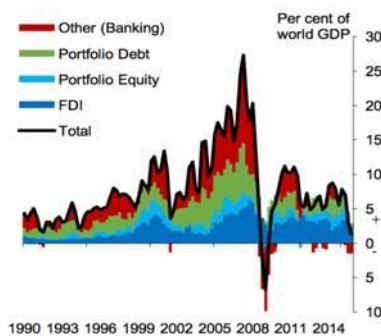
This arrangement gives financiers ever greater sway, as hot money sloshes into economies. At peak in 2007, the flows represented by cross-border loans and 'portfolio' (financial) investments in stock and bond markets had risen to an unprecedented 23% of world GDP before crashing in 2008-09 and subsequently falling back to the 3-6% range since. Yet the power of the corporations remains unchecked as every country competes to attract the mythical foreign direct investment that will allegedly fix their economic problems.

Global financial institutions owning corporations



Source: James Glattfelder and Stefano Battiston

Investment flows, 1990-2015



Source: IMF

But as most countries' main exchange controls have been lifted, those financial flows then easily find their way back out to corporate headquarters or, more typically, to offshore tax havens. Apple, Google and Starbucks have been named and shamed for their tax avoidance strategies, even affecting European countries like Ireland adversely. But over a recent ten-

year period, the main victims of outflows have been the emerging markets, according to *Global Financial Integrity*, with China having lost an average \$140 billion annually, followed by Russia (\$105 billion), Mexico (\$53 billion) and India (\$51 billion).

Table C. Illicit Financial Outflows from the Top Ten Source Economies, 2004-2013
(in millions of nominal U.S. dollars or in percent)

Rank	Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Cumulative	Average
1	China, Mainland	81,517	82,537	88,381	107,435	104,980	138,864	172,367	133,788	223,767	258,640	1,392,276	139,228
2	Russian Federation	46,064	53,322	66,333	81,237	107,756	125,062	136,622	183,501	129,545	120,331	1,049,772	104,977
3	Mexico	34,239	35,352	40,421	46,443	51,505	38,438	67,450	63,299	73,709	77,583	528,439	52,844
4	India	19,447	20,253	27,791	34,513	47,221	29,247	70,337	85,584	92,879	83,014	510,286	51,029
5	Malaysia	26,591	35,255	36,554	36,525	40,779	34,416	62,154	50,211	47,804	48,251	418,542	41,854
6	Brazil	15,741	17,171	10,599	16,430	21,926	22,061	30,770	31,057	32,727	28,185	226,667	22,667
7	South Africa	12,137	13,599	12,864	27,292	22,539	29,589	24,613	23,028	26,138	17,421	209,219	20,922
8	Thailand	7,113	11,920	11,429	10,348	20,486	14,687	24,100	27,442	31,271	32,971	191,768	19,177
9	Indonesia	18,466	13,290	15,995	18,354	27,237	20,547	14,646	18,292	19,248	14,633	180,710	18,071
10	Nigeria	1,680	17,867	19,160	19,335	24,192	26,377	19,376	18,321	4,998	26,735	178,040	17,804
Total of Top 10		262,994	300,565	329,526	397,912	468,623	479,289	622,435	634,524	682,086	707,765	4,885,718	488,572
Top 10 as Percent of Total		56.5%	57.3%	60.6%	56.9%	56.6%	64.2%	68.7%	63.0%	65.8%	64.9%	62.3%	.
Developing World Total		465,269	524,588	543,524	699,145	827,959	747,026	906,631	1,007,744	1,035,904	1,090,130	7,847,921	784,792

Source: *Global Financial Integrity*

The IMF is the main multilateral institution enforcing these outflows, reflecting a dogmatic commitment to property rights even though its founder John Maynard Keynes strenuously supported capital controls. Although occasionally IMF economists offer mildly encouraging words regarding inward-oriented exchange controls ('speed bumps') against hot-money capital inflows, the institution has never countenanced regulations that keep funds locked up within a given country. The IMF's deregulatory bias continues, no matter its repeated incompetence when it comes to predicting and preventing financial crises, and the IMF not reversed its self-confessed class bias when it comes to austerity to 'solve' such crises.

Revealing personal scandals have engulfed recent IMF leaders: in 2016 Managing Director Christine Lagarde was convicted of negligence-related corruption of 400 million euros (benefiting Adidas) yet continues in her job – endorsed even by the BRICS' conservative IMF directors, who once had lobbied for a non-European candidate. Her predecessor Dominique Strauss-Kahn was forced to resign in 2011 after being jailed over a sex scandal. And his predecessor Rodrigo Rato was jailed in 2017 for Spanish financial fraud.

Largest IMF Shareholders: Before and After 2010 Quota/Share Reforms

Current	Shares (%)	Post-Reform	Shares
1 United States	16.74	1 United States	16.47
2 Japan	6.23	2 Japan	6.14
3 Germany	5.81	3 China	6.068
4 U.K.	4.29	4 Germany	5.30
5 France	4.29	5 U.K.	4.02
6 China	3.81	6 France	4.02
7 Italy	3.16	7 Italy	3.02
8 Saudi Arabia	2.80	8 India	2.63
9 Canada	2.56	9 Russia	2.59
10 Russia	2.39	10 Brazil	2.22
11 India	2.34	11 Canada	2.21
12 Netherlands	2.08	12 Saudi Arabia	2.01
13 Belgium	1.86	13 Spain	1.92
14 Brazil	1.72	14 Mexico	1.80
15 Spain	1.63	15 Netherlands	1.76
16 Mexico	1.47	16 South Korea	1.73
17 Switzerland	1.40	17 Australia	1.33
18 South Korea	1.36	18 Belgium	1.30
19 Australia	1.31	19 Switzerland	1.17
20 Venezuela	1.08	20 Turkey	0.952
21 Sweden	0.98	21 Indonesia	0.95
22 Argentina	0.87	22 Sweden	0.907
23 Austria	0.87	23 Poland	0.841
24 Indonesia	0.85	24 Austria	0.808
25 Denmark	0.78	25 Singapore	0.800
26 Norway	0.78	26 Norway	0.773
27 South Africa	0.77	27 Venezuela	0.767
28 Malaysia	0.73	28 Malaysia	0.749
29 Nigeria	0.72	29 Iran	0.736
30 Poland	0.72	30 Ireland	0.713
31 Iran	0.62	31 Denmark	0.711
32 Turkey	0.61	32 Thailand	0.666
33 Thailand	0.60	33 Argentina	0.661
34 Singapore	0.59	34 South Africa	0.634
35 Kuwait	0.58	35 Nigeria	0.516
G7:	43.08	G7	41.18
G20:	63.38	G20	64.69
G20 (Without G7)	20.36	G20 (Without G7)	23.575

Yellow: G7 and G20 Membership
Green: G20 Membership

The power of wealthy countries within the Bretton Woods Institutions is reflected in the apparently permanent leadership of the World Bank and IMF by citizens of the US and Europe, respectively; while Chinese, Indian and Brazilian nationals hold second-tier leadership positions. The US Treasury enjoys veto power, given its 15%+ holding of votes in both institutions, using it regularly for geopolitical purposes. IMF membership was adjusted slightly during the 2010-15 voting reforms, as China rose from 3.8% to 6.1% of shares, along with smaller increases by three of the other BRICS. In contrast, Nigeria and Venezuela both lost 41% of their voting power in 2015, and even South Africa's share declined by 21%. In other words, reform is illusory, and never touches deeply-rooted neoliberal orthodoxy.

The comfort zone linking multilateral agencies and corporate profits

Aside from the international financial institutions, some of the most important forms of corporate influence over global economic governance are to be found in the clubby rooms of the World Economic Forum (WEF), held annually in Davos, Switzerland as well as at continental level. In 1992, this was where Nelson Mandela was pressured to give up on the idea (from the 1955 Freedom Charter) of better redistributing South Africa's mineral, banking and monopoly capitalist wealth amongst the citizenry. The WEF is where the latest trends in philanthro-capitalism are unveiled, led by the Bill and Melinda Gates Foundation and Clinton Global Initiative.

As South African analyst Lebohlang Pheko asked after hearing Gates deliver the 2016 Mandela Lecture in Pretoria, "How can a small club of extremely rich white men who have bullied markets, governments and competitors in the most undemocratic ways, now be looked upon to decree on democracy and accountability merely by the size of their bank balances and trust funds? This perhaps is the most insidious form of state capture." Specifically, she worried, "Companies such as Microsoft, McDonalds, Philips, have used international institutions such as the World Trade Organisation to flout labour and human rights, push for inequitable tariffs which disable the Global South and have boosted their won trade output by 250% over the past 20 years."

Two other multilateral institutions invaded by global corporations are the United Nations itself through the UN Global Compact – developed by Kofi Annan in the early 2000s to attract funds from large firms – and the World Bank's International Finance Corporation. The latter faced notoriety in 2012 when its main poster-child for corporate social investment was the platinum mining house Lonmin at Marikana, for which the Bank had deployed more than \$135 million in loans and investments. In reality Marikana was the site of such social

dissatisfaction that a wildcat strike (in which miners demanded a 100% increase to \$1500/month) led to police firing on a crowd of several thousand strikers, killing 34 within a half-hour. Yet the Bank retained its investment and when visiting South Africa a few days later by coincidence, its president Jim Kim – once an NGO health activist – refused to even mention the incident much less visit the scene of the massacre.

The Bank's largest-ever loan was then being disbursed to South Africa, for \$3.75 billion to construct a coal-fired power plant, 'Medupi'. The largest such power plant under construction in the world, Medupi was rife with corruption and delays, not to mention social and ecological damage (including climate change). Objections included the bias in the state electricity company's pricing regime, which gave the world's largest mining house (BHP Billiton) the world's cheapest electricity (\$0.01/kWh), a tenth the price ordinary low-income people paid. When outsourcing construction of Medupi's boilers, the country's ruling party was implicated in accepting a bribe from the Japanese firm Hitachi. The US Justice Department prosecuted and notwithstanding a \$19 million settlement by Hitachi under the Foreign Corrupt Practices Act, again the Bank was silent with respect to its own liabilities.

Multilateral development banks are increasingly committed to providing mega-project infrastructure subsidies, such as Eskom offers bulk-electricity purchasers. Public Private Partnerships (PPPs) are emerging in deals offered by the World Bank and regional development banks. But with financial volatility now rising again and the end of the 2002-11 commodity super-cycle confirmed, a greater desperation characterises extractive-industry firms, which are seeking as many global, regional and national subsidies as possible, no matter how irrational the mega-project in question. In early 2016, the World Bank strongly endorsed the export of 18 billion tonnes of coal from South Africa, for example, no matter that when the mega-project rail transport was planned, the price was \$170/tonne, twice its 2016 peak. In addition to crony capitalists connected to the SA ruling party (Oakbay and Shanduka), the major winners will be the world's largest mining corporations, including BHP Billiton, Anglo American, Glencore and Exxaro.

The ability of multilateral institutions to turn a blind eye to major violations of economic, political, social and ecological governance continues unabated. In winning endorsements for introduction of Genetically Modified (GM) Organisms, multinationals – including Dow, Syngenta, Monsanto and Bayer – have been caught bribing national governments. The Gates Foundation controversially supports the International Rice Research Institute to promote GM products with vitamins.

To support these firms, the World Trade Organisation (WTO) Trade Related Intellectual Property System grows ever stronger (in spite of a vital exemption for emergency medicines). The WTO Nairobi summit in 2015 led by the Brazilian Director General Roberto Azevêdo was, according to the University of Ghana's Kwame Nkrumah Chair Horace Campbell, not only a potentially fatal blow for food sovereignty, but excluded "'African issues' from the agenda while simultaneously pushing through the expansion of the Information Technology Agreement, which benefits US corporations."

The same invasion of multinational corporate interests is observable in the World Health Organisation (WHO), dating to the late 1990s when due to funding pressures, its director Gro

Harlem Brundtland began PPP relationships for the Tobacco Free Initiative, the HIV/AIDS campaign, the Global Alliance for Vaccines and Immunisation, Roll Back Malaria, Stop TB Partnership, Safe Injections Global Network, and the Global Polio Eradication Programme. WHO's pro-corporate officials abandoned the universalism and primary health objectives of the seminal Alma Ata Declaration, which it criticised for "the complete omission of private finance." It began pursuing "third generation" reforms aimed at making "money follow the patient."

Such clubby relationships contribute to the sense that multilateral public sector leaders have succumbed to the blandishments and even bribery of multinational corporations. Civic leader Danny Kriskandaraj criticises "the collusion between business and political elites who want to protect their collective grip on power and money by limiting citizens' options to speak out, take action and criticise... Too often when governments choose to ignore citizens' voices, it is to the benefit of the big businesses waiting in the wings."

It doesn't have to be this way. Back in 1987, the UN hosted a constructive state-led approach to solving a global crisis – the ozone hole's expansion – that entailed a ban on CFCs. Subsequently in one other counter-example, the power of Big Pharma was foiled at the 2001 Doha WTO summit when South Africa's Treatment Action Campaign and its allies made a persuasive case for exempting AIDS medicines from intellectual property rights, thus allowing tens of millions of HIV+ patients access that would not have had the drugs. In South Africa alone, this raised life expectancy from 52 to 62 years.

These are the kinds of struggles for justice and planetary stewardship in which enlightened leaders and citizen activists stood up against multinational corporate power, making multilateral institutions work for the world. They are rare indeed, but should inspire more of us to tackle power at the global scale.