TRANSCRIPT

Redesigning the Economy: Resistance to Change

Rohan Hazell:

The globalisation of financial systems and technological advancements have created unprecedented opportunities for trade and economic activity between nations.

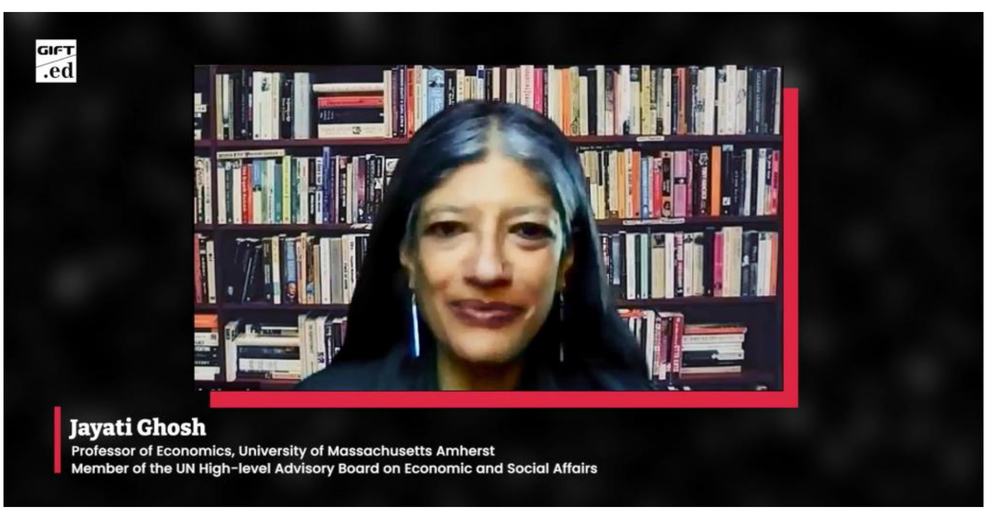
Various multilateral organisations, such as the International Monetary Fund, the World Bank and the Organisation for Economic Development and Cooperation, were founded to recommend policies, stimulate economic trade, and facilitate the economic development of countries within these systems.

While multilateral cooperation has played a role in enabling many developing countries to grow their economies, this has not come without a cost.

Jayati Ghosh is a Professor of Economics at the University of Massachusetts Amherst, a member of the UN Secretary General's High-Level Advisory Board on Effective Multilateralism, and the WHO's Council on the Economics of Health for All.

Professor Ghosh guides us on an exploration of the ways in which multilateral trade and financial systems have shaped the global economy and the development of nations. She also offers her expert insights on overcoming resistance to redesigning our economies for the better.

Prof. Jayathi Gosh:



We have to remember first of all that the economy is a human construct. It isn't something given to us from nature. It is something that human beings created, evolved through societies in different forms, and that whatever form of economy we choose, it's our choice.

That's something that is very hard to get across because people seem to think that it is this inexorable thing that is coming down on them, and they have no real choice or agency in this matter. We've come to a point where constantly we are told that you have to do this because there is no alternative, the economy requires it. There are these rigid economic laws that are going to force you to behave in a certain way, and you have to adjust to that. So we are always told, for example, that austerity is necessary because of the economy, or you have to cope with very volatile capital flows which might cause a financial crisis in your own economy and cause you to lose your livelihood because of the economic laws. That's actually not true.

The economy is a human construct, and that means it can be shaped and changed, and the rules by which it operates can be altered by humans, by societies. And we need to think of making the economy work for us, for people, for society, for a just humane sustainable society.

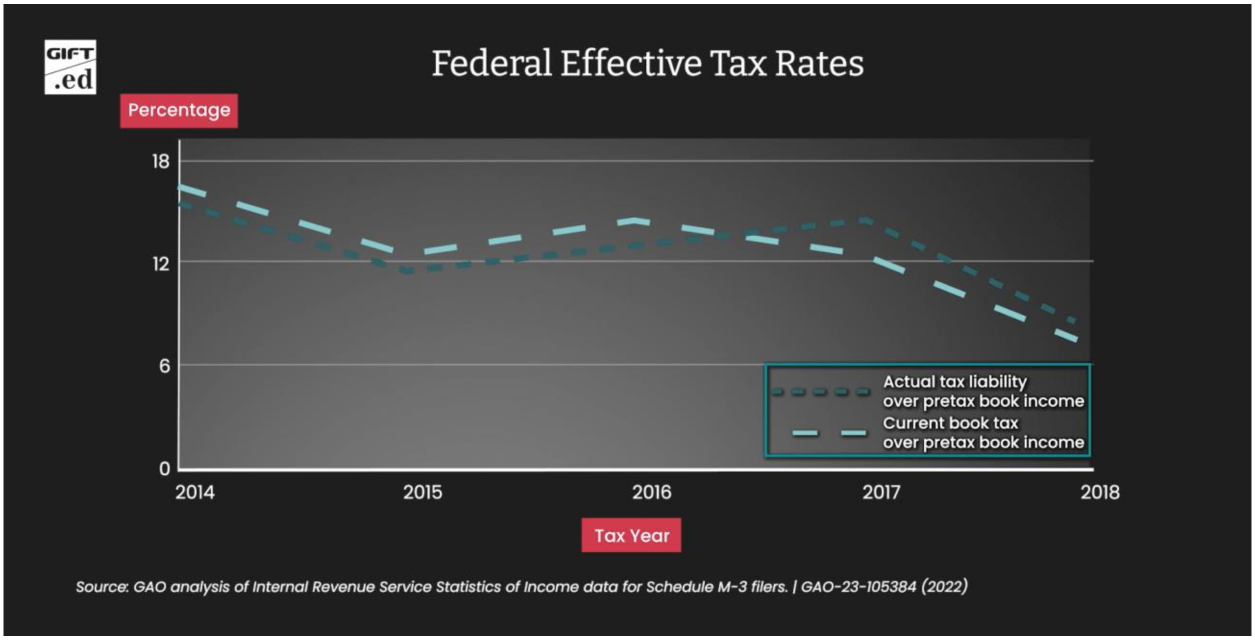
Instead of thinking what we have to do to conform to these requirements of this economy, we have to say, well, we have economic arrangements. How do we change those arrangements so as to enable the greater good of all? So as to enable life on this planet, to enable us to avoid extreme ecological destruction?

These are now obvious questions because we are facing these existential threats on the planet and for humanity. We are facing extreme inequality of wealth, of incomes, of opportunities, and we are getting social tensions and political upheavals that come out of such inequalities.

So obviously we have to do something. What does that mean?

It means that we must create a framework for the economy to function, which does not necessarily privilege those who are already wealthy, those who hold capital, and those who can thereby influence governments to make those rules and regulations in their own favour. We have to have a more democratic framing of laws, rules, regulations, which gives greater opportunities for all, which ensures a more equitable sharing of the economic pie, and which does not stifle the growth of small, micro, medium enterprises or individuals who are self-employed and of those who are working for wages for a living.

The most obvious resistance to this change is from those who benefit from it currently. That is to say, who benefits? Large capital benefits. Very wealthy people benefit. Let me give you an example.



Multinationals pay effective tax rates, which are tiny, which are less than 10% of their profits, whereas domestic employers and firms end up paying whatever is their national tax rate, which is usually 20% and above. And they can do that because they're using existing rules.

Those rules can be changed. We can opt for a system of global, unitary taxation that forces multinational companies to pay the same as all other companies. But those rules are being thwarted at the international negotiating level by governments that are under the sway of their own multinational corporations, by their corporate lobbies. So it's power that is determining this.

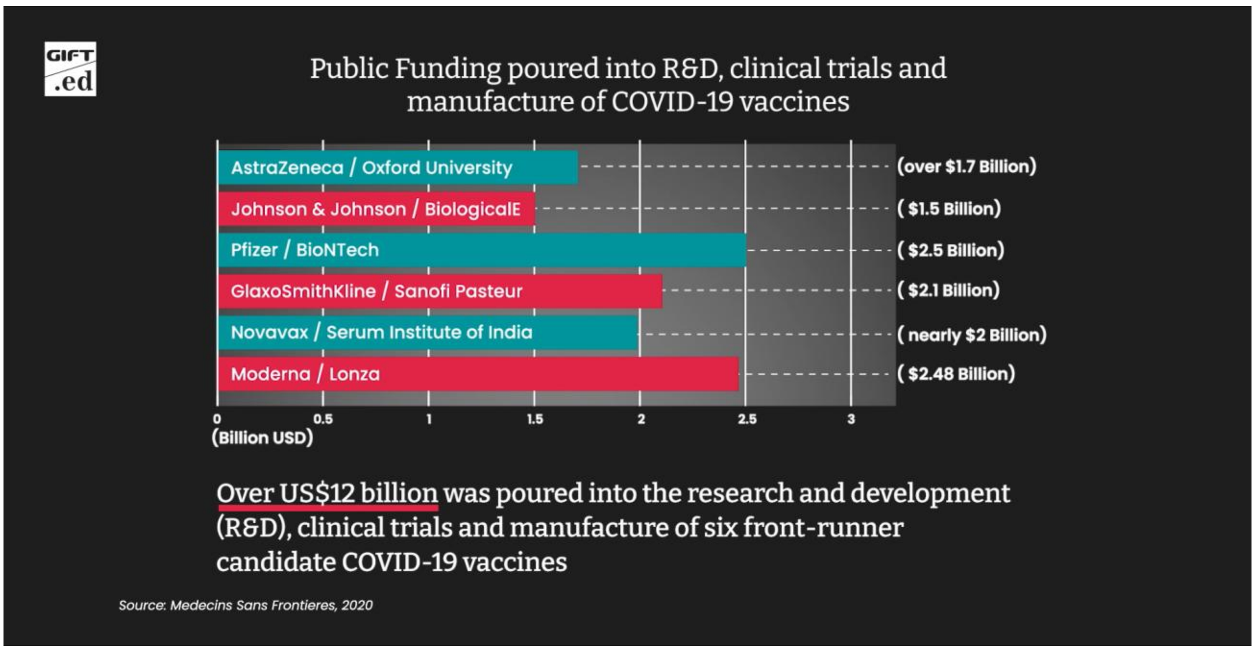
Similarly, with high-net-worth individuals, we could implement rules for having a global asset register, where you share information about who owns what, where, who is the beneficiary owner of a lot of this wealth, which is hidden, secreted away in trusts that are secret. We could do this. It's quite simple. It just requires a change in regulation. Why is that not happening? Because of the power of rich individuals to affect government policy.

So essentially, the reason we're not getting change is because of the power of large corporations, of rich people who are benefiting from this current state of affairs, when everyone else is not.

How do we address that power, the countervailing power of people? In other words, we have to have enormous popular mobilisation. We have to make it impossible for governments to ignore that voice. We have to force governments to respond to very legitimate demands of, let us say, equal rates of taxation. I'm not even saying higher, but equal rates of taxation for the very rich compared to others, because currently they avoid and escape a lot of those taxes.

We have to demand, for example, that knowledge, which is publicly assisted and supported, and the creation of knowledge which is done with public subsidies, should be shared with the public, should be shared with others.

So, for example, at the moment, the TRIPS agreement, the Treaty on Trade-Related Intellectual Property Rights, which is part of the WTO set of agreements. That enables companies to hold patents and other intellectual property, which makes them monopolise the knowledge.



So in the COVID-19 pandemic, we saw that pharma companies benefited hugely from many different subsidies. At least 12 billion in terms of R&D subsidies to promote research into vaccines. The US government alone gave more than $6 billion. Moderna got around $2 billion. Pfizer, which basically has the other mRNA vaccine, used the technology created by BioNTech, which got nearly 500 billion Euros from 500 million Euros from the German government.

So, all of these companies have benefited from public support. This is taxpayer money, and yet they are allowed to hold onto patents that make them restrict their knowledge. So, other companies cannot produce this. They get the monopoly controlled, they set prices, they overcharge governments across the world for the technology that governments help them to create. And we allow them to do this.

This benefits no one except big pharma. So, why do we allow it? Because of the lobbying power of big pharma. Once again, we need the lobbying power of people to counterbalance this. And so we really have to have much greater awareness of what's going on, much greater mobilisation, much greater popular resistance to such policies.

Rohan Hazell:

Viewing the economy as a human construct opens possibilities to reimagine and redesign it to serve the majority. But first, we must understand the rights we have as citizens and taxpayers, and the role we can therefore play, collectively, to influence policy decisions.