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POWER AND PROPERTY

1 The time has come to put the question of property back on the political agenda

It is a question of income. The increase in the global inequality of income distribution has to do with the global distribution of property and property rights. At present the richest 1% of the world's population has income equal to that of the bottom 57%, in other words, ca. 50 million wealthy people have the same amount of money at their disposal as 2.7 billion poor. The top 10% of the U.S. population [25 million] has an aggregate income equal to that of the 43% poorest people in the world [2 billion]. And the situation is getting worse: whereas the richest 10% of the world's population had an income that was seventy-nine times higher than that of the poorest 10% in 1980, in 2000 their income was 120 times higher. Taking the world as a whole, the gap between the richest fifth and the poorest fifth of the world's population has doubled in the past decades. There are also major differences between individual nation-states. The gap between the poor and the rich in the USA is more than double that in Germany, and in Brazil it is six times greater than that in Germany.

It is a question of wealth. There are now an estimated 7.2 million people who have investable financial assets of more than US$ 1 million each; these total assets currently exceed US$ 27 trillion – not including real estate. By the end of 2006, the wealth amassed by these so-called high net worth individuals (HNWIs) is likely to have reached US$ 38.5 billion. North America and Europe account for two-thirds of this group of the super-rich. At the end of 2001, the 57,000 private investors who had financial assets of over US$ 30 million each (not including real estate) possessed roughly US$ 8.37 billion. The top 0.25% of the world's population owns as much wealth as the remaining 99.75%. The 497 billionaires registered in 2001 documented a combined wealth of US$ 1.54 trillion, well over the combined gross national product of all the nations of sub-Saharan Africa (US$ 929.3 billion) or those of the oil-rich regions of the Middle East and North Africa (US$ 1.34 trillion).

This collective wealth of the world's 497 billionaires is greater than the combined incomes of the poorest half of humanity. »*I was asked to discuss, here in Oslo, the greatest challenge that the world faces. I decided that the most serious and universal problem is the growing chasm between the richest and poorest people on earth. The results of this disparity are root causes of most of the world's unresolved problems, including starvation, illiteracy, environmental degradation, violent conflict and unnecessary illnesses that range from Guinea worm to HIV/Aids.*« (Former U.S. President Jimmy Carter in his acceptance speech at the Nobel peace prize award ceremony on 10 December 2002)

It is a question of global corporate power. In 1999, 51 of the world's 100 largest economies were corporations; only 49 were countries (based on a comparison of corporate sales and country GDP). The sales of the top 200 corporations are growing at a faster rate than overall global economic activity. Between 1983 and 1999, their combined sales grew from the equivalent of 25.0% to 27.5% of world GDP. The combined sales of these top 200 corporations are bigger than the combined economies of all countries in the world except the top ten. Some 20 international banking groups plus the »institutional investors«, who carry even more economic weight than they do, control the bulk of international cash flows.

And the chasm is widening. In the last decade alone, nearly US$ 1 trillion worth of state-owned enterprises have been transferred to the private sector on a world-wide scale. Over the past ten years, OECD member countries have taken in more than US$ 650 billion from the sell-off of state-owned enterprises. Of this total, ca.

60% of the revenue was generated by EU members. During the 1990's, OECD cumulative privatisation proceeds reached 3% of the area's aggregate GDP; in some countries, such as Hungary and Poland, they reached a quarter of their GDP. This gigantic transfer of property benefited a small group of big owners. In 1998, 1% of US-Americans owned 47.7% of all stock, whereas 80% owned only 4.1%. 64% of US-American households have stock holdings worth US$ 5,000 or less or own no stock at all. Between 1989 and 1998, nearly 35% of all stock market gains went to the top 1% of the shareholders.[1]

2 What is property?

Property is not primarily a relationship between people and things, but rather a social relationship between classes, social groups and individuals with regard to economic, knowledge-based and natural resources. Property is a process that involves acquisition of the prerequisites for production and services. It means that the owners determine or control the organisation and social quality of production and reproduction processes and appropriate the return. Property only makes sense for owners if it enables them to appropriate manpower, goods, services, resources and/or power. Owners of resources have power, non-owners do not. Ownership justifies the exclusion of non-owners from important social contexts. Owners can translate this proprietary power into ruling power and thus exercise a decisive influence on social development. Legal titles to property are of paramount importance because they provide a statutory guarantee of ownership. Private property, moreover, generates competition between owners as well as between non-owners. This complex impact of property led Marx to the conclusion: »To define bourgeois property is nothing else than to give an exposition of all the social relations of bourgeois production. To try to give a definition of property as of an independent relation, a category apart, an abstract … idea, can be nothing but an illusion of metaphysics or jurisprudence«.[2]
While property has not disappeared, criticism of property relations has been mute for far too long.

1 J.V. Beaverstock, P.J. Hubbard and J.R. Short: Getting Away with It? The Changing Geographies of the Global Super-Rich, in: Globalization and World Cities Study Group and Network Research Bulletin 93 (2002) [http://www.lboro.ac.uk/gawc/rb/rb93.html];
Merrill Lynch / Cap Gemini Ernst & Young: World Wealth Report 2002, 2002 [http://www.capgemini.de/servlet/PB/show/1004459/WorldWealthReport2002.pdf]; OECD: Financial Market Trends: 2001 Privatization Trends, Australia 07/09/2002
[http://www.oecd.org/pdf/ M00031000/M00031987.pdf];
Schlussbericht der Enquete-Kommission »Globalisierung der Weltwirtschaft – Herausforderungen und Antworten«, 14. Deutscher Bundestag, Drucksache 14/9200 v. 12.06.2002; www.inequality.org; www.wem-gehoert-die-welt.de.

3 How does property develop?

a) At the international level, globalisation takes the form of a *massive increase in the concentration of private ownership of capital* and the political power that stems from it. Within the framework of the international concentration of capital, the vast amounts of capital on the money, capital, securities and foreign exchange markets that are under the control of a handful of large banks, institutional investors and international financial funds are growing at an astronomical rate compared to capital invested in production and services. International financial power is increasingly shifting to property of the kind that soaks up capital on the financial markets and away from ownership of the material means of production, which had been the case until near the end of the 20th century. One consequence of this concentration of capital is the increase in global polarisation and social injustice.

b) The ongoing privatisation of public property is another process that is attracting attention to the topic of property. For over thirty years now, the privatisation of what used to be public or common property, which culture and customary rights had long prevented from being sold and marketed, has been proceeding at a pace few people imagined possible. The inventory of common wealth would appear to be no more than a historical document in which no more entries are being made. Privatisation is one of the cornerstones of neo-liberal economic policy. Privatisation, however, surrenders the capacity to shape policy to private interests just at the time when major social upheavals require creative strategic power on behalf of the public good. The privatisation of public companies also robs the state of tax revenue and restricts its political room for manoeuvre.

c) New kinds of property issues are becoming critically important in the wake of the global environmental crisis. Natural surroundings that previously could be freely used by everyone as a public good are now being turned into private property. A drastic illustration of this is the new wave of privatisation of the water supply. Today, thirty-one countries and over one billion people have no access whatever to clean water. Every eight seconds a child dies from drinking contaminated water. But now water is to be treated like any other tradable commodity, with its accessibility and use determined by the principle of profit. According to

2 Karl Marx: Das Elend der Philosophie, in: MEW Bd. 4, Berlin 1959, p. 165; English: Karl Marx: The Poverty of Philosophy. Chapter Two: The Metaphysics of Political Economy. 4. Property or Ground Rent
http://www.marxists.org/archive/marx/works/1847/poverty-philosophy/ch02d.htm

Fortune Magazine, the annual profits of the water industry currently amount to about 40% of those generated by oil sector and are already substantially higher than the profits of the pharmaceutical industry, which are close to US$ 1 trillion. But only about 5% of the world's freshwater supply is currently in private hands, so it is clear that a huge profit potential is looming as the water crisis worsens. There are ten major corporate players now supplying freshwater for profit.[3]

This illustrates a paradoxical development. Capital based on private ownership thrives on competition, which tends to generate unrestrained and destructive growth that overburdens nature, exhausts resources and thus undermines the very foundations of human existence. Yet the response to such destructive influences of capital ownership is to extend this ownership to whole new spheres of nature. Governments are transforming natural resources into disposable property, allegedly because the necessary follow-up costs have to be allocated in conformity with market mechanisms. Now the »property potential« of nature is to be tapped. In line with neo-classical concepts, titles to property in the form of exclusive rights to dispose of it as the owner sees fit are being introduced for the pollution of air, soil and water and for the exploitation of minerals and other natural resources. The state issues titles (certificates) or licences for the pollution or exploitation of nature, which are later to become tradable on special markets. The prices of these rights to exploit nature are included by the owner in the corporate costs and are supposed to provide an incentive to »economise« on the use of nature. Thus nature itself is being turned into private property.

d) A whole new category of property rights is emerging. The connection between property and nature has recently reached a new dimension as the result of research in biotechnology and, in particular, genetic engineering. A battle is raging over the ownership of genetic resources, to establish private ownership of life or living material by patenting genes that have just been discovered, i.e. they have been isolated and their information content and function determined. This is a battle to acquire the exclusive right to plant, animal and even human source material as the basis for isolating individual DNA sequences – parts of human genetic make-up; these can then be transferred to the genetic make-up of other organisms or used in pharmaceutical and medical research. Structural elements of life and the creation of new living organisms are becoming the object of monopolistic property rights. Reference was made above to the extension of private property rights to large parts of nature that have been regarded and used by everyone as public goods since time immemorial. What concerns us here is how to safeguard access to fundamental structures of life, which until recently had not even been known, and ownership of knowledge about them. The aim to »cash in« on this knowledge, i.e. to turn it into a profitable business, in the pharmaceutical industry, in agro-industrial complexes, in seed production, in veterinary medicine and human medicine requires vast capital expenditure. Hence in this area, too, a further international concentration of capital is in full swing. Ownership of genetic resources and their exploitation creates new forms of social exploitation and relationships of dependence between transnational companies in the foodstuffs, seed and pesticides market, on the one hand, and millions of farmers, on the other.

THE HUGE COST OF DRUG PATENTS

Patents enable pharmaceutical companies to charge monopoly prices for up to 20 years after introducing a new drug. This is said to benefit society by providing incentives for research. But is the benefit worth the cost?

According to the Center for Economic Policy Research, the answer is a resounding 'No.' Here's the math:

- U.S. pharmaceutical companies spend about $25 billion a year on research, of which about 70% is for 'copycat' drugs that mimic competitors' brands and add no significant health benefits.
- The federal government could fund 100% of non-copycat research — and place the resulting drugs in the public domain — entirely from cost savings to Medicare and Medicaid.
- The savings to consumers from lower drug costs would amount to hundreds of billions of dollars each year.

in: The State of The Commons. A Report to Owners from Friends of the Commons, 2003, www.friendsofthecommons.org, p.21

e) The ownership of immaterial information about recently discovered genes and structural elements of life outlined here touches on a further new dimension of property. The growing role played by knowledge, data and information means that ownership of these very heterogeneous types of immaterial resources is gaining eminent importance in the property structure of modern societies. Ownership of immaterial knowledge and information forms one of the pillars of the new world order. Included among the new objects of immaterial property that constitute changed relationships of dependence – in addition to »software« as a key commodity – are business concepts and business ideas. Franchising is one of the new magic words. It describes the issuing of licences to so-called business formats. This ownership generates new relationships of dependence. But above all, consumers' ways of life are

3 Maude Barlow & Tony Clarke: Who Owns Water? In: The Nation, September 2, 2002
[http://www.thenation.com/ doc.mhtml?i=20020902&s=barlow]

changed. Knowledge of customer profiles aimed at long-term securing of a customer base is taking the importance of property to a wholly new dimension. It is no less important for corporate profit than many an industrial production plant or patents.

Copyright Extensions

1790	First copyright term 14 years + 14 renewal
1831	42 years
1909	56 years
1962	59 years
1965	61 years
1967	63 years
1968	64 years
1969	65 years
1970	66 years
1971	67 years
1972	68 years
1974	70 years
1976	Copyright is extended to author's life + 50 years and 75 years if owned by a corporation
1998	95 years !

4 The culture of property

The market of owners and proprietors is not a town square or a bazaar but a movement, an army on horseback galloping after those who seem to have money to spend or are most likely in a position to borrow the funds needed to keep pace. The market only keeps moving when it can trade the whole world, where everything has to have its price and can be bought and sold. Every minute new markets are emerging – markets in people and mice, in medicinal herbs and seeds, in biological spare parts and virtual software.. New price tags and licence numbers everywhere you look. But there is even more to come. According to the logic of the total market, the supply of products and services must be available at all times; it must be possible to satisfy any need at any time, and new needs have to constantly generated. Boundless growth and uninterrupted tearing down of barriers, incessant incorporation of things into the world of markets are one and the same thing.

Life for those active in the markets consists only of danger and stalking the prey. They lay claim to anything and everything. They go the whole hog. They leave no scope for any other utopia. There is no alternative, as was hammered into our heads by Margaret Thatcher's neo-liberalist credo. The essence of their movement is ceaseless crossing the line. They accept no barriers and no borders. Even the depths of the inner world – the human psyche – and the alien worlds in virtual space that are passed off for the real world are incorporated. They do not stop. They leave nothing out. They aim to keep stretching the limits right out into the universe. They only find an inner balance if they are constantly on the rampage. They are the real globalisation.

This transformation is the new all-embracing movement of modern-day capitalism. What once remained outside is now being brought in. Karl Polanyi put it very succinctly: »The economy is no longer embedded in social relations; social relations are embedded in the economic system.«[4] In essence, this is a declaration of the capacity to link up everything to the market and the cycle of capital, i.e. the economic motif as the prerequisite for the functioning of numerous social systems. A theatre does not have to generate beauty, but must use the aesthetic dimension to make profit; a college is not supposed to educate, but to produce graduates with the ability to function on the labour and capital market and so earn money. Wherever politics takes action, the economy is already there, not just as a remote effect or context but as the immediate meaning and condition of proper functioning.

There is a monetarisation, commoditisation and marketisation of the living world taking place that can be felt every day and everywhere as a generalisation of the money motive. This new, powerful, or to be more precise, determining presence of the money motive is enforced as a norm in areas, spaces and ways of life that were hitherto largely free of such a presence. This domineering presence together with the new inequality among people that is inevitably bound up with it, is perhaps the key feature of post-Fordist capitalism.

Commons	Market
social property	private property
sharing, open access	exclusion
transparency	secret – »no entry except on business«
use-value	exchange-value
enduring	transitory
managed for long-term common benefit	managed for short-term private profit/rent
decentral, non hierarchical cooperation	Instrumental, commodified relations
public decisions on regulation	market decisions

4 Karl Polanyi: The Great Transformation, Frankfurt/Main 1978, pp. 88f.

5 For a new plurality of property forms

The power of property to rule depends not solely on the strength and inventiveness of capital, but also on the weakness or fortitude of opposing social forces. All over the world there are new conflicts and battles for the revitalisation of old ideas of what is public, of communality, of common property and of what is a general framework of reference for economic activity. These options go back to the traditions of the *res publicae* and *res communes*, the common land, communal property, the Commonwealth, the Commons and co-operatives or the public domain and public trusteeship. In their radical variants they are directed towards the *res extra commercium*, aimed at overcoming commoditisation and towards the social construction of the unsalability of goods essential for life: »The world is not a commodity« (Attac). What are the paths that should be taken? For the foreseeable future, a new plurality of property forms needs to be defined and created.

Social ownership: in conformity with their inner nature, essential conditions for a self-determined life, such as natural resources, health care, education, culture, information, knowledge and the existential consequences they have for human life and its natural foundations, public safety and housing should not be made available and distributed according to the yardstick of ownership of capital and profit maximisation. When this yardstick is used, it results in the concentration of qualitatively high-grade supplies in the hands of the rich and prosperous and dwindling supplies for low income earners. In short, health and education for all is good for society as a whole. Exclusion of the poor on the grounds of their inability to pay is detrimental to the whole of society. Forms of social property are generally more suitable for the provision of essential public services to supply these goods.

Private ownership of capital and ownership by people running small businesses etc. have proven their worth for the economically efficient production and distribution of mass consumer goods and investment goods. However, private or individual goods can also be supplied by public companies if they act in accordance with market conditions. Production, services and commerce held in private forms of ownership require that a particularly strong state-controlled social and ecological framework be put in place. Much of what the state is responsible for, it does not have to run itself. Reducing and overcoming the profit dominance of big business does not necessarily mean transforming large capital ownership into different forms of property. Such a step can and will be necessary wherever the resistance to greater justice and ecological sustainability cannot be broken in any other way. In other cases, overcoming the dominance of profit would mean that large companies would be forced by pressure from trade unions and other opposing forces, by government regulations and economic, tax, technological, social and environmental policy to conform to much improved social standards conducive to the ecological transformation of society while still striving for profit.

Various forms of communal property, such as co-operative property (above all in agriculture) and in the non-profit sector (third sector), have proven their value as viable forms of ownership for handling many tasks that do not always produce a return on investment and that are much better off in the responsibility of autonomous economic players rather than state employees. Often it makes good sense to combine *municipal or local* and *public property*.

The development of a property mix such as was described above would be tantamount to changing the balance of power between classes, social groups and players with regard to property. As such it would constitute a change in property relations themselves. The rule of capital would be weakened. The conditions for a new benchmark for the free and universal development of each and every individual would improve. They would mark the launching of a process of transformation towards a just society. This process must build on a movement from below and it must include a fundamental cultural change. We want to expand democracy in all areas of society. Far-reaching democratisation presupposes a profound change in power and ownership relations. Economic democracy has two central perspectives:

an overarching structural perspective encompassing ownership and control of means of production and
a strong grass-roots perspective involving democratic organisation, self-governance and influence from the bottom up.[5]

Translation: Joan Glenn

5 This is an important argument in an excellent new study and position paper by the Centre for Marxist Social Studies: Power and Ownership, April 2002 [www.cmsmarx.org].

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