

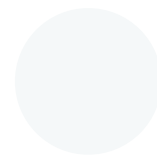
**DEMOCRACY, FINANCE, INVESTMENT,
AND THE DIGITAL REVOLUTION:
SOME IDEAS FOR A FUTURE ESSAY**

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You can't have meaningful political democracy without functioning economic democracy
Noam Chomsky (interview with Bill Moyers in *A World of Ideas*)



The world has never seen a better political and economic system than democracy. However, the ideas for this essay are exploring some of the weakening points threatening democracy globally. I am not focusing on the negativity around democracy but on the surrounding dangers, hoping we will find solutions that eventually will strengthen our democratic lifestyle and practices.

There is a big difference between political democracy and economic democracy. In this paper I will briefly explore the concepts and their difference, and I will present a possible option to reconcile the contradiction between the two, while I'll look at the relationship between digital life and democracy.

The concept of political democracy is often taken for granted in the developed world, despite its relative novelty and having emerged through a persistent and painful **struggle for voting rights** (as seen by the American Civil Liberties Union—ACLU in the link). By contrast, economic democracy is often branded as an impossible and even utopian undertaking, just as social democratization was by certain layers of society 250 years ago.



Democracy

The etymology of Democracy comes from the combination of 2 words:

- Demos, ancient Greek meaning the ruling body of free citizens in ancient Greek city-states, such as Athens.
- *Kratia*, the ancient Greek from Krátos, meaning “power, rule”.
In short, the word has taken the literal meaning of power of the people.

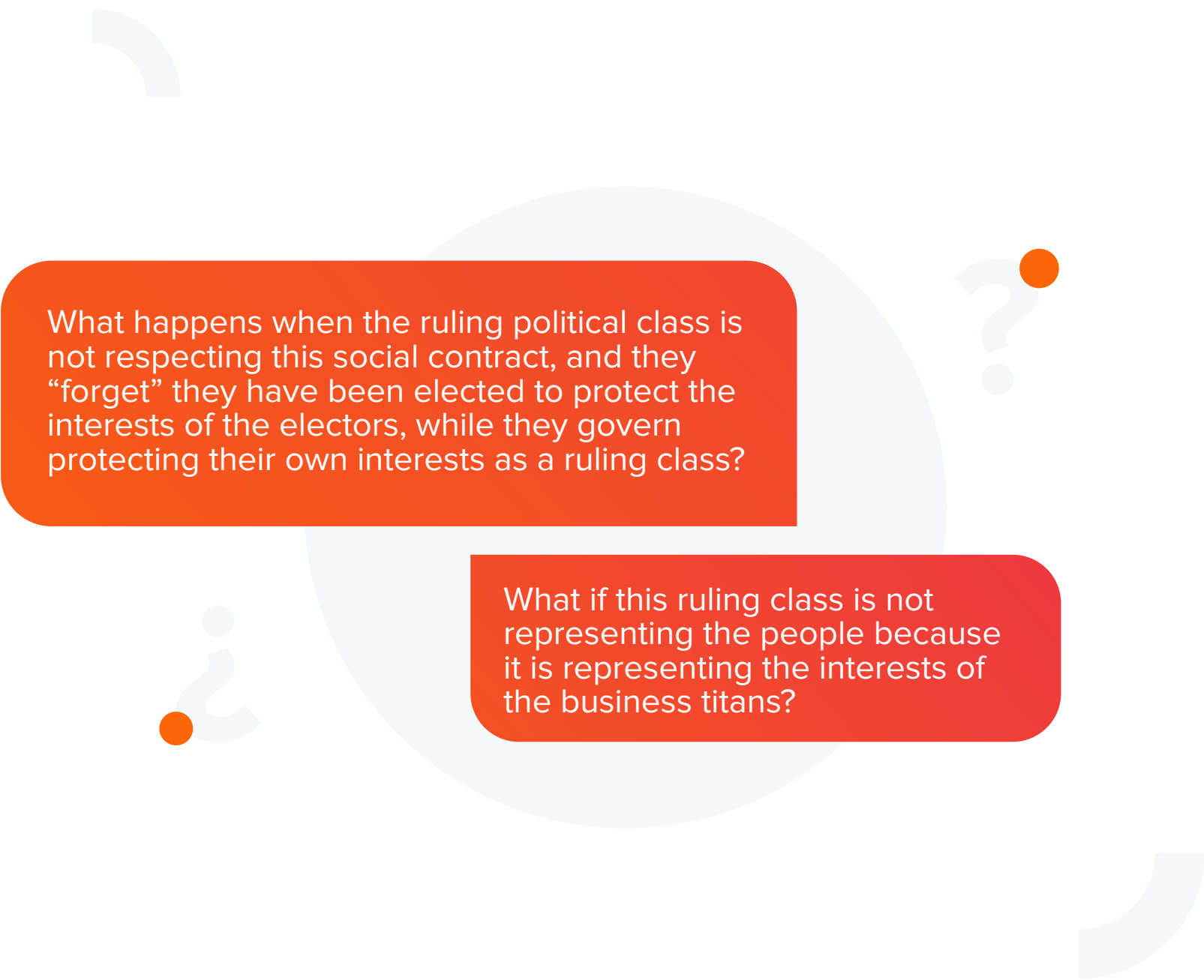
The Electoral Democracy

Much recent political economy and political science literature views democracy in terms of the existence of political rights and, in particular, free and fair elections. This view, often referred to as electoral democracy, is the most common and generalized form of government in the western world. It is also the one coming to the popular imagination when the word Democracy comes to the conversation. The electoral democracy sees in theory that people elect authorities who represent them and work for their well-being, protecting their interests. In this sense, there is a tacit social contract in which the elected officials are working for the benefit of the people who elected them –even for the ones who did not vote for them, since –at least theoretically, the democratic function is to protect the social fabric.

The social contract is inclusive and, in general, for the benefit of the whole population. That is valid if we take in consideration the democratic axiom of being the **government of the people, by the people and for the people** (as expressed by U.S. President Abraham Lincoln in the Gettysburg Address on November 19, 1863).

At the first level of analysis, this arrangement is looking good since, under these dynamics, the electoral democracies have mechanisms guaranteeing a smooth and peaceful relationship between the rulers and the ruled.

A regime is democratic to the degree that political relations between the state and its citizens feature broad, equal, protected and mutually binding consultations; and political rights are widely accepted as an essential dimension of democracy. Their definition commonly revolves around the provision of free and fair elections. Most directly they involve providing an electoral process with these characteristics at the executive, legislative, and local and regional level.



What happens when the ruling political class is not respecting this social contract, and they “forget” they have been elected to protect the interests of the electors, while they govern protecting their own interests as a ruling class?

What if this ruling class is not representing the people because it is representing the interests of the business titans?

A Fundamental Question

In this bag of a broken democratic social contract, we can put political dictatorships (most Latin American dictatorships of the 20th century); corrupt governments (cases are innumerable so there is no need to present a list); and even enemies of their own people (the case of Adolf Hitler is salient in this category; not ignoring the Soviet Union and the totalitarian eastern European regimes, or even right wing regimes engaged in the capture, torture, and disappearing their own people –Pinochet, Videla, Idi Amin Dada, Saddam Hussein, and the list goes on, and on) who got elected, and sometimes did not.

The cases mentioned in this short section –the anomalies of democracy; or the situations in which the social contract has been broken, has been widely studied by political scientists, anthropologists, sociologists, think-tanks, and academic pundits. Thus, it is not my intention to add to those studies. I am just outlining what democracy is, what it should and shouldn't be, and how in the ideal government of the people, by the people, and for the people, every citizen must have access—on an equal basis, to the rights, privileges, and opportunities, as well as the obligations and responsibilities in the menu of the electoral democracy. When that is not the case, we soon realize that our democracy has been derailed.

In some cases of crisis, we have social unrest with coping mechanisms going from an informal and formal collective protest to a full-blown revolution, and everything in between.

The Economic Democracy

Economic democracy is a system where people share ownership and decision-making over the power and resources in their communities. Rather than profit and pure self-interest, it is grounded in values of solidarity, cooperation, democracy, and sustainability.

Where economic democracy exists at substantial scales in urban regions, we see significantly reduced inequality and greater well-being for all, especially working people. Economic democracy reduces inequality and increases the shared wealth we have in our communities, not just creating huge amounts of wealth for a small number of people.

Economic democracy does not just mean creating more programs or more access or ‘input’ and participation. It means real partnership and shared power, control, and benefit for everyday people in the things that matter in our lives. We must understand that our current economic system has changed little since the Industrial Revolution, certainly in terms of workers participation, how key decisions are made on production, profits distribution or investment, ownership types, and the relations of production.

It is my basic assumption that political democracy without economic democracy cannot reach its full potential.

The definition of Economic Democracy comes from the Bronx Cooperative Development Initiative <https://bcdi.nyc/economic-democracy>. I am in debt also to some ideas presented in the analysis paper “An Introduction to Economic Democracy –Cooperatives as Drivers of Economic Growth” by Marko Radovanovic.

“One goal of these biennial summits would be to reform our morally bankrupt global financial system and reduce systemic inequality between North and South”

UN Secretary-General Antonio Gutierrez’s remarks to the General Assembly’s fifth consultation on Our Common Agenda. New York. March 10, 2022 <https://press.un.org/en/2022/sgsm21173.doc.htm>


(I owe part of this section to Tom Maleson’s paper “Should Finance and Investment be Democratized?”)




In the concept of economic democracy, I am holding the following reasoning: if in an electoral democracy, each citizen has an equal right to enjoy the benefits of making decisions, **why shouldn't the same principle also be applicable in an economic democracy?**

In an economic democracy, our current system of private control of finance and investment is undemocratic in the sense that undermines popular sovereignty.

I can present 2 reasons to support that previous argument: it keeps the population structurally dependent on, and hamstrung by, an unaccountable minority deciding when and where to finance and invest. And secondly, it deprives the public or an active democratic say (in a sense of providing meaningful involvement as well as broad control) in deciding how to allocate finance and investment, and thus how to determine its own future. That is enough argument to justify the asking for fundamental reforms in democratizing finance through capital controls and public community banks; and democratizing investments through the spread of worker co-ops, supplemented by public investment rooted in local communities.




And since investments are the central political issue for economic growing, and are the only guarantee of society's future, it must be a subject of social deliberation.



Every society produces wealth, part of which is consumed, and part of which is invested for future consumption. This kind of investments that are made, play a defining role in shaping society's future. So, those who control the financial and investment processes have significant control over the shaping of that future.

And here is where the situation becomes tricky.

Any attempt to think through the possibility of reforming society must deal with the fact that when left wing regimes have been democratically elected in the past, they have tended to get immediately battered and bruised by the economic fallout from those controlling finance and investment. The attack from financiers and investors can be so strong that it forces the government to abandon their plans to reform—thus making a mockery of the people's sovereignty. It seems sometimes, like democracy has turned into a system in which only the right-wing regimes have the right to be elected—and therefore, it can made democracy itself appears as it might be a right-wing project; and any transformation of capitalism must be done outside the democratic exercise. Let me provide 2 examples supporting this argument.



1 In 1981, François Mitterrand was elected in France promising “une rupture avec le capitalisme” (a break-up with capitalism). Immediately financiers (institutional investors, short-term speculators, currency traders, bond traders, etc.) withdrew huge sums of money from the country –the capital flight measured \$1 billion per day by his inauguration. Massive speculation against the currency forced the country to devalue the Franc again and again. At the same time, business owners led by the National Council of French Employers (CNPF) called for hiring freeze and started to slow investments as their confidence in Mitterrand’s ability (or desire) to protect their profits crumbled. Less than two years later, with inflation and unemployment skyrocketing, the government admitted defeat and reversed its socialist policies.

2 In 1999, Hugo Chávez was elected in Venezuela and radically shifted Venezuelan politics away from neoliberalism. He focused on social programs and expansive anti-poverty initiatives, providing education and healthcare, engaging with the indigenous population, and redistributing the nation’s massive oil wealth. The response was immediate and predictable. Financiers engaged in large-scale capital flights –estimated at \$26 billion from 1999 to 2001 (equivalent to roughly 12% of the country’s entire GDP). Yet even more devastating was the investment strike organized by the Venezuelan opposition and business elites. Businesses closed their doors, locked out workers, and the oil industry was shut down. The investment strike brought the economy crashing down, –losing 24% of GDP in three months, close to the American great depression numbers. It is well-known that nowadays, the situation remains the same: financiers and investors along with the Anglo-European superpowers maintain today an economic embargo and Venezuela is considered a high-risk country.

In times when in a democratic election, the people elect the “wrong candidate”, we see that those controlling finance and investment, possess significant power, perhaps even a veto, over government policy, and over the voting choice of the people. We see then that some attempts to democratize the economy run into the limits of democracy: the private control of finance and investment.

WOULD FINANCE AND INVESTMENT BE ESSENTIAL \ PART AND PARCEL OF THE PUBLIC SECTOR INSTEAD OF THE PRIVATE ONE?

It is clear to me that a private system of finances and investment, seems like a prison within democracy; and we should break out of this prison and overcome such limits on our democratic dynamics. In this sense, my argument is that the current system of private control of finance and investment seems to be undemocratic and clearly might be undermining popular sovereignty.

In this paper I am not making a political campaign neither in favor of Mitterrand, nor of Chávez (those leaders from the past and their governments are not the issue), but in favor of democracy as The Will of the People. A system functioning selectively in favor of a group of people identified with a specific political/economic ideology, has a clear unfair advantage over a group of people having other ways of thinking. Let me put an example: it is common to see that a small farmer with limited resources won't be able to tap into finances and/or investments as easy as a major agro-industrial corporation does it. Thus, the fundamental question is, **what kind**

of [economic] democracy is the one that benefits members of a high social/ideological class, excluding a member of a lower social class in need, who are not sharing the ideology of the financiers, bankers, and powerful agents who socially engineer the shape and direction of national economies?

Obviously, if politicians believe that voters cannot be trusted with the truth, democracy is seriously at risk. For a democracy to function it is essential that a government respects the people and takes them seriously, not only those that have voted for that government, but all people. Furthermore, in order to exercise their democratic rights properly, people should be informed as fully as possible. Democracy is a form of conflict management within states, just as diplomacy is a form of conflict management between states. Both therefore usually lead to a compromise between different views and different perceived interests. That is certainly the case when a decision requires both agreement between and within states.

Do the super-wealthy pay taxes?



In the western world there is a notion that appears in papers, news, rumors, the so-called ‘common sense’, and even conspiracy theories. This notion has taken the informal role of appearing as if it is factual information, even though it has not been perhaps, properly factually checked: the notion that **the wealthy pays less taxes than the rest of members of society**. If this is true, as the lore suggests, we would be living in a world lacking an economically democratic environment/dynamics. Thus, the notion of democracy as a system treating all citizens equally, could be rightly put into question.

I am presenting below 7 links from regular and credible sources of information, arguing that the wealthy are not paying taxes as they should be paying. By posting these links I am trying to contribute –to my readers, in the positive questioning of our economic/political system of democracy. In fact, if indeed the wealthy are not paying; or paying disproportionately less than the working class, we the people, need t o actively find a civic way to right that wrong in order to reshape our society towards a fairer political economic democracy.

The U.S. super-rich pay almost no income tax (BBC)
How the rich avoid paying taxes (vox.com)
The richest 1% dodge taxes on more than one-fifth of their income, study shows (Washington Post)
How the richest people on Earth avoid paying taxes. (CNN)

Billionaires pay a fraction of taxes (businessinsider.com)
Australia’s economic system is rigged...it’s time to make billionaires and corporations pay (greens.org Australian media).
Peter Thiel’s midterm bet: the billionaire seeking to disrupts America’s democracy (October 15th, 2022) The Guardian.

The Digital Revolution and Democracy or Surveillance Capitalism

The commerce of Data –and this data is us

*(I owe most of this section to the book **Surveillance Capitalism** by Shoshana Zuboff, and to the book **The Internet Trap, how the digital economy builds monopolies and undermines democracy** by Matthew Hindman)*

According to Zuboff the digital revolution has created a Surveillance Capitalism, where the human experience is the raw material for translation into behavioral data (we have become a product –our data, that is traded, sold, and profited from). This is running contrary to the early digital dream of building, through digitalization, a global democratic network where every single citizen would have access to a global forum having her voice to be heard—the utopic democratization of knowledge and citizen’s democratic participation; (or the United Nations wish to make digital technology as a force for human well-being, solidarity and progress; or the **European Digital targets for 2030** about empowering businesses and people in a human-centered sustainable and more prosperous digital future).

However, digital connection and connectivity is a mean to other’s commercial ends. In short, the products and services of this digital model (social media for instance) are not the object of a value exchange and they do not establish constructive producer-consumer reciprocities, being instead the ‘hooks’ that lure users into their extractive operations in which our personal experiences are scraped and packaged as data bought and sold without our consent –sometimes even without our knowledge (we become merchandise in the hands of the big corporations driving our consumption patterns into what has been already denominated as the builders of prediction products anticipating *future behavior*. Intimate details about our innermost selves are bought and sold online). Thus, surveillance capitalism knows everything about us.

This data is available as raw-material for marketing and political campaigns, and also available to intelligence and law-enforcement agencies, usurping individual decision rights in favor of unilateral surveillance and the self-authorized extraction of human experience for other's profits. If industrial capitalism dangerously disrupted nature, surveillance capitalism is dangerously disrupting humanity. Thus, the way the industrial revolution was able to pollute and destroy the environment, surveillance capitalism is now polluting and destroying human lives.

Zuboff gives a clear-cut definition of Surveillance Capitalism (not to confuse with Capitalism as an economic mode of production), and due to its importance, I am happy to transcribe her 8 points:



A new economic order that claims human experience as free raw material for hidden commercial practices of extraction, prediction, and sales.



A parasitic economic logic in which the production of goods and services is subordinated to a new global architecture of behavioral modification.



A rogue mutation of capitalism marked by concentration of wealth, knowledge, and power **unprecedented in human history.**



The foundational framework of surveillance economy.



As significant a threat to human nature in the twenty-first century as industrial capitalism was to the natural world in the nineteenth and twentieth.



The origin of a new instrumentarian power that asserts dominance over society and presents startling challenges to market democracy.



A new movement that aims to impose a new collective order based on total certainty



An expropriation of critical human rights that is best understood as a coup from above: an overthrow of the people's sovereignty.

Let's not forget that the Internet was supposed to fragment audiences and make media monopolies impossible. Instead, behemoths like Google and Facebook now dominate the time we spend online—and grab all the profits while we are the product bought and sold without our approval.

The case of the “Global Election Management Agency (GEMA)” or how digital technologies can go against democracy

“Today in the United States we have somewhere close to four or five thousand data points on every individual...So we model the personality of every adult across the United States, some 230 million people”

Alexander Nix, CEO of **Cambridge Analytica** (CA), October 2016.

Cambridge Analytica (2103-2018) started as a subsidiary of the private intelligence company and self-described “global election management agency” **SCL Group** (Strategic Communication Laboratories) whose founders had strong links to the Conservative Party (UK), the British royal family, and the British military. The firm had offices in London, New York, and Washington D.C. the company combined misappropriation of digital assets, data mining, data brokerage, and data analysis with strategic communication during electoral processes. While SCL had focused on influencing elections in developing countries since the 1990s, Cambridge Analytica focused more on the western world, including the UK and the United States. In 2016, CA worked for Donald Trump’s presidential campaign, as well as for **Leave.EU** (The campaign was fined £70,000 in May 2018, after the Electoral Commission found that they failed to report at least £77,380 in spending. In February 2019, Leave.EU and Eldon Insurance owned by its founder Arron Banks were fined £120,000 over data law breaches). A number of prominent members of the campaign have subsequently been linked to alleged **Russian interference in the 2016 Brexit referendum**. CA’s role in those campaigns has been controversial and is the subject of ongoing inquiries in the UK and the US.

On 1 May 2018, CA and SCL filed for insolvency proceedings and closed operations (in the next section we will read about the Facebook Affair). Politico reported SCL was known for involvement in military disinformation campaigns to social media branding and voter targeting. SCL gained work on a large number of campaigns for the US and UK governments' **War on Terror** advancing their model of behavioral conflict during the 2000s. SCL involvement in the political world has been primarily in the developing world where it has been used by the military and politicians to study and manipulate public opinion and political will. Sharon Weinberger –writer from Slate, compared one of SCL hypothetical test scenarios to fomenting a coup.

The global election management agency (gema) was able to set-up offices in different countries where they did “in-depth-electoral analysis and influence voters”. The gema operated in Australia, India, Kenya, Malta, Mexico, United Kingdom, United States.

THE FACEBOOK AFFAIR

In the 2010s, personal data belonging to millions of Facebook users was collected without their consent by British consulting firm Cambridge Analytica, predominantly to be used for political advertising (the political advertising was individually tailored by a sophisticated algorithm to alter behavior and influence voting for the *right* candidate).

The data was collected through an app called "This Is Your Digital Life", developed by data scientist Aleksandr Kogan and his company Global Science Research in 2013. The app consisted of a series of questions to build psychological profiles on users, and collected the personal data of the users' Facebook friends via Facebook's Open Graph platform. The app harvested the data of up to 87 million Facebook profiles. Cambridge Analytica used the data to provide analytical assistance to the 2016 presidential campaigns of Ted Cruz and Donald Trump. Cambridge Analytica was also widely accused of interfering with the **Brexit referendum**, although the official investigation recognised that the company was not involved "beyond some initial enquiries" and that "no significant breaches" took place.

Information about the data misuse was disclosed in 2018 by Christopher Wylie, a former Cambridge Analytica employee, in interviews with **The Guardian** and **The New York Times**. In response, Facebook apologized for their role in the data harvesting and their CEO Mark Zuckerberg testified in front of Congress. In July 2019, it was announced that Facebook was to be fined \$5 billion by the Federal Trade Commission due to its privacy violations. In October 2019, Facebook agreed to pay a £500,000 fine to the UK Information Commissioner's Office for exposing the data of its users to a "serious risk of harm". In May 2018, Cambridge Analytica filed for Chapter 7 bankruptcy.

Other advertising agencies have been implementing various forms of psychological targeting for years and Facebook had patented a similar technology in 2012. Nevertheless, Cambridge Analytica's openness about their methods and the caliber of their clients — including the Trump presidential campaign and the UK's **Vote Leave** campaign — brought the challenges of psychological targeting that scholars have been warning against to public awareness. The scandal sparked an increased public interest in privacy and social media's influence on politics. The online movement #DeleteFacebook trended on Twitter.

When we look at the commodification of data (our online life) to be trade and/or sold without our authorization, nor even with our knowledge we see a clear indication of digital technology interfering with our democracy. But, when we add the use of technology to manipulate people's will and electoral results, we see a clear indication of digital technology undermining/eroding our democracy. We are facing the dilemma of having the free use of technology making a political/cultural impact (sometimes with negative effects); or regulating the reach (and therefore the impact) of technology in our culture. The bottom line is that we must learn from this kind of bad experiences, while we are ready to defend our democratic dynamics. Further down, I will touch on the subject of digital technology and the socioeconomic gap (another pertinent issue representing a grave danger to our democracy).

*I owe this section to the book **Exponential –Order and Chaos in an Age of Accelerating Technology** by Azeem Azhar*

The Exponential Gap

The Digital Revolution is pushing humanity through a period of dramatic transformation, where a big chunk of the population feels the pace of change as too fast, and technology is using software as the intermediary in almost all human activities of our digital world (I take from **Dr. Clayton Christensen** the definition of technology from his book **The Innovator's Dilemma**, as: *the processes by which an organization transforms labor, capital, materials, and information into products and services of greater value*).

Let's take email and later Facebook as samples: by making contact between people easier, email and Facebook drastically altered how humans interact with colleagues, family and friends. After this technology has taken off, its effects are felt everywhere. When liquid water turns into steam, it is the same chemical, yet its behavior is radically different. The rapid reorganization of our society today is just such a moment. We are in a phase of transition, and we are witnessing our systems –in fact, the whole human experience, transforming before our eyes. Water is becoming steam and we have been able to hear the predictions of digitality as a way of making a great democratic planet. But in reality, we have not fully understood the weakening of democracy by digital technology, because when something unexpected happens, we realize that we are not aware of our severe limitations to our learning from observations or experience, and the fragility of our knowledge. We are not either aware of our blindness with respect to randomness, particularly the large deviations from what we have learned to be *the way things should be*. A lot of the good stuff that happens in life is not agreeing with what we usually call *common sense*.

Too fast for democracy?

Or, as democracy tries to mitigate the socioeconomic gap, technology is helping to increase that gap.

The PR company **Edelman** runs a renowned annual survey on trust on the public sphere. One of their key questions –put to 30,000 people in 20 countries –is whether they feel comfortable with how quickly technology was moving. In 2020, more than 60% of the respondents felt the “pace of change was too fast”, a number that had been creeping upwards for several years. **The survey shows** consistent concerns that technology companies are not adequately preparing society for the impact of their innovations.

This pace of change is getting faster and faster (in computing, artificial intelligence, renewable energy, education, medicine, etc.), creating an exponential gap: technology moves too fast, while our politics, our economies, and our ways of life are moving too slow to keep up with the rapid transformations: to give two examples:

- 1 | We see that in some countries, there is not even legislation about digital technology in financial institutions and/or other regulated entities;
- 2 | Countries like Australia have launched the **National Blockchain Roadmap**, while countries like Nicaragua and the rest of Central America, has not even a preliminary study on digitalization. Clearly the access to digital technology increases the gap between the **Global North and Global South**.



So, in short, while technologies are being invented and scaled at an ever-faster pace, all while decreasing rapidly in price, our institutions –from our political norms to our systems of economic organization, to the ways we forge relationships –are changing more slowly. The result is the already mentioned exponential gap: the chasm between new forms of technology –along with the fresh approaches to business, work, politics and civil society they bring about—and the corporations, employees, politics, the democratic practices, and wider social norms left behind.

Of course, all the previous contentions only raise more questions. What effects do exponential technologies have in different spheres –from work, to conflict, to voting, to politics? And what can democracy do, to prevent the exponential gap eroding our societies if we take into consideration that technologies are not neutral, but they recreate the systems of power –**with its inequalities and the socioeconomic gap existing in the rest of society?**

The Generation of Billionaires, and/or Unlimited Growth

“[there is] a false assumption that the triumph of capitalism is the triumph of democracy and the market economy. The relationship of capitalism to democracy and the market is in fact nearly identical in nature to the relationship of cancer to the body. We get cancer when some of our cells forget that they are part of our body and pursue their own unlimited growth by feeding on the body on which its own existence depends. The capitalist cancer similarly seeks unlimited growth by feeding on democracy and the market economy. One key to resolving our crisis, is to cure the cancer so we can restore health to democracy and the market” Dr. David C. Korten quoted from his essay **“Do Corporations Rule the World? And Does it Matter?”** (*Organization and Environment*, Vol. 11 No. 4 December 1998 pp 389-398)

As 2022, the biggest 5 companies in the world by **market capitalization** are:

- Apple with a market cap of \$2.65 trillion (#5 company in the world by annual revenue). Founded in 1976.
- Saudi Aramco with a market cap of \$2.33 trillion (number 4 company in the world by annual revenue). Founded in 1933.
- Microsoft with a market cap of \$2.10 trillion. Founded in 1975.
- Alphabet (Google) with a market cap of \$1.54 trillion. Founded in 1998
- Amazon with a market cap of \$1.42 trillion (# 2 company in the world by annual revenue). Founded in 1994.

When we see the top 20 companies in the world by market capitalization, we see the pattern that technology and energy companies rank among the most valuable companies in the world.

MILLENNIALS AND BILLIONS

People born between 1981 and 1996 are known as Millennials, and there are about 100 millennials billionaires in the world, predominantly from technology and finance. Mark Zuckerberg is the only millennial billionaire, until recently, among the 10 richest people in the world (he founded Facebook in 2004, only 18 years ago!). According to Forbes, by March 2022, there are 2,668 billionaires in the world representing \$11.8 trillion in wealth—as opposed to 140 billionaires back in 1987. Thus, in the last 33 years, 2,528 people have become billionaires. This creates the sensation that you are no longer successful if you are a millionaire. You must be a billionaire!.

With the information given in the previous paragraphs, we can see clearly few things:

- Technology driven companies (digital and/or digitalizers) have been able to have an exponential growth at a velocity never seen before in the history of the world.
- Technology-driven companies tend to become bigger than was previously thought possible —and traditional companies get left behind. This leads to winner-takes-all-markets, in which a *few super-mega* companies dominate —with their rivals spiraling into inconsequentiality.

- State-size companies are challenging our most basic assumptions about the role of private corporations (there are already some technological-driven companies having more revenues than nation-states and, there are more on the rise).
- CEO's and owners of those companies have become *instant* billionaires (in 10-30 years, the time it took to all the previous generations to become millionaires).
- Never in the history of humanity, digital technology entrepreneurs have enjoyed so much profit.
- Never in the history of the world, we have had so few with so much, and so many with so little, creating what it seems to be an unbridgeable financial gap. According to ***Inequality Kills*** (January 2022, report from OXFAM) the wealth of the world's 10 richest men has doubled since the pandemic began, while the incomes of 99% of humanity are worse off because of COVID-19. Widening economic, gender, and racial inequalities—as well as the inequality that exists between countries—are tearing our world apart. According to the same report, Inequality is a killer, contributing to the deaths of at least one person every four seconds. It makes our world less safe for all of us — and particularly for the poorest people, women and racialized groups.

If you would like to take a look at the richest people in the world, please click the link below:

<https://apartmentsapart.com/the-richest-people-in-the-world-in-2022/>

Here are 7 facts about the world's wealthiest people on the planet (same Oxfam report):

- The wealth of the 10 richest men has doubled, while the incomes of 99% of humanity are worse off, because of COVID-19.
- The 10 richest men in the world own more than the bottom 3.1 billion people.
- If the 10 richest men spent a million dollars each a day, it would take them 414 years to spend their combined wealth.
- If the richest 10 billionaires sat on top of their combined wealth piled up in US dollar bills, they would reach almost halfway to the moon.

- A 99% windfall tax on the COVID-19 wealth gains of the 10 richest men could pay to make enough vaccines for the entire world and fill financing gaps in climate measures, universal health and social protection, and efforts to address gender-based violence in over 80 countries, while still leaving these men \$8 billion better off than they were before the pandemic.
- 252 men have more wealth than all 1 billion women and girls in Africa and Latin America and the Caribbean combined.
- Since 1995, the top1% have captured nearly 20 times more of global wealth than the bottom 50% of humanity.
- Let's not dismiss the fact that –according to the **World Health Organization** (WHO), The number of people affected by daily hunger globally, rose to as many as **828 million** in 2021, an increase of about **46 million** since 2020 and **150 million** since the outbreak of the COVID-19 pandemic. It is very difficult to affirm (if not impossible) that people who are unable to feed themselves live in a democratic system; and a world where almost a billion people go hungry, is a democratic world.

“We need a vision of an alternative economic system free of capitalism’s structural flaws” **Dr. Richard Wolf** in *Democracy at Work: A Cure for Capitalism*

Corporatocracy

I can summarize the definition by saying that corporatocracy is the power of the corporations. In fact, we see this power when the corporations, or corporate interests control the economic, political and judicial systems. This concept has been used in explanations of bank bailouts, excessive pay for CEOs, as well as complaints such as the exploitation of natural treasuries, people, and natural resources. Sometimes it has been used in conjunction with criticism of the World Bank or unfair lending practices, or free-trade agreements. Corporate rule is also a common theme in dystopian science fiction media (does anyone remember **Cyberdyne** Systems Corporation and **Skynet** its sophisticated AI network in the Terminator movies? Or **Lex Corp** ran by Lex Luther? or **Tyrell Corporation** in the Blade Runner films?)

Historian **Howard Zinn** argues that in the United States, the government was acting “pretending neutrality to maintain order, but serving the interests of the rich” (by the way, exactly as Karl Marx described the capitalist states).

Nobel laureate economist Joseph Stiglitz argues that there has been a severe increase in the market power of corporations, largely due to U.S. antitrust laws being weakened by neoliberal reforms, leading to growing income inequality and a generally underperforming economy. He states that to improve the economy, it is necessary to decrease the influence of money in U.S. politics.



American economist **Jeffrey Sachs**, in his book **The Price of Civilization** (2011), described the United States as a corporatocracy, as a result of various trends, including the fact that large **corporations are using money to finance elections campaigns.**

In 2013, Nobel laureate economist **Edmund Phelps** criticized the economic system of the U.S. and other western countries in recent decades as being what he calls “the new corporatism”, which he characterizes as a system in which the state is far too involved in the economy, tasked with “protecting everyone against everyone else”, but in which at the same time big companies have a great deal of influence on the government, with lobbyists’ suggestions being “welcome, especially if they come with bribes”.

In 2015 interview, former President Jimmy Carter stated that the United States is now “an oligarchy with unlimited political bribery” due to the **Citizens United versus FEC** ruling, which effectively removed limits on donations to political candidates. **Wall Street spent a record \$2 billion** trying to influence the 2016 United States elections.

Political Lobbying in the United States

It is a paid activity in which special interest groups hire well-connected professional advocates, often lawyers, to argue for specific legislations in decision-making bodies such as the United States Congress, it is a highly controversial phenomenon, often seen in a negative light by journalists and the American public, with some critics describing it as a legal form of bribery, influence peddling, and/or extortion.

While lobbying is subject to extensive and often complex rules which, if not followed, can lead to penalties including jail, the activity of lobbying has been interpreted by court rulings as constitutionally protected free speech and a way to petition the government for the redress of grievances, two of the freedoms protected by the First Amendment of the Constitution.

The number of registered Washington lobbyists is substantial. In 2009, The Washington Post estimated that there were 13,700 registered lobbyists (the total population of a small city). In 2011, The Guardian estimated that in addition to the approximately 13,000 registered lobbyists, thousands more unregistered lobbyists could exist in Washington. The ratio of lobbyists employed by the health care industry, compared with every elected politician, was six to one, according to one account.

Still, of all the entities doing lobbying in Washington, the biggest overall spenders are, in fact, corporations. In the first decades of the 2000s, the most lucrative clients for Gerald Cassidy's lobbying firm were corporations. Wall Street lobbyists and the financial industry spent upwards \$100 million in one year to "court regulators and lawmakers", particularly since they were "finalizing new regulations for lending, trading, and debit card fees". Big banks are 'prolific spenders' on lobbying: JPMorgan Chase has an in-house team of lobbyists who spent \$3.3 million in 2010. The American Bankers Association spent \$4.6 million on lobbying. An organization representing 100 of the nation's largest financial firms called the *Financial Services Roundtable* spent heavily as well. A trade group representing Hedge Funds spent more than \$1million in one quarter trying to influence the government about financial regulations, including an effort to try to change a rule that might demand greater disclosure requirements for funds. Amazon.com spent \$450,000 in one quarter lobbying a possible online sales tax as well as rules about data protection and privacy. Corporations which sell substantially to the government tend to be active lobbies. For example, aircraft manufacturer Boeing, which has a sizable defense contract, pours millions into lobbying. Between January and September, Boeing spent a total of \$12 million lobbying according to research by **Open Secrets**. Additionally, Boeing has its own political action committee, which donated more than \$2.2 million to federal candidates during the 2010 election cycle.



It is clear that in the United States there are no limits for donations/funding of political campaigns. It is also clear that corporations, interest groups, banks, etc., spend billions lobbying to write or change laws according to their interests. I have one single question: is this healthy for our democracy? Is it possible that these practices are suggesting the existence of an immense financial gap? While the corporations and the financial world are able to influence legislation, what are the options of ordinary working-class citizens? Is this a good sign suggesting we have an economic democracy?

CONCLUSION

At this point, I would like to suggest that we don't have a functioning economic democracy. We can infer then that the digital revolution has augmented the global socioeconomic gap, instead of opening a global participation for a flourishing democracy (as it was prophesized by the ones who proposed the digital revolution as a global panacea).

If Dr. Chomsky is right, the non-functional economic democracy is a major obstacle for a meaningful political democracy. In addition to what I've presented already, I would like to repeat the words of the American author and former professor at the Harvard Business School Dr. David C. Korten:

The real power of world rule resides with the global financial markets that dominate the decisions of both corporations and governments, demanding ever greater financial returns to shareholders regardless of the cost to society. The costly reality is masked by increases in stock market and GDP indices that create the illusion of increasing prosperity even as global capitalism destroys the real capital on which our well-being depends. The key to resolving our crisis of growing inequality, environmental devastation, and economic instability is to recognize that there are real and attractive alternatives to the new global capitalism that have nothing in common with the failed model of socialism. One of the more promising involves restoring democracy and putting in place the conditions necessary for the market's healthy functions

At this crucial moment in history when political and economic systems **are not** our main planetary problems such as environmental degradation and global warming threatening human life (issues that have already deserved hundreds of books), we need to rethink our current positions. I am suggesting we need to be posing new questions such as

- Do we have to reorganize/rebuild/restructure our economic and political democratic systems?
- Can we tame the unleashed digital forces in order to support a real economic and political democracy?
- Can we drive the exponential gap for the building of a better world not for the world's oligarchs, but for most of the population?

● Should we question the nature of wealth, specifically the relationship between money and wealth? We must be clear of a fundamental axiom: money is not wealth. It is an accounting measurement, a number that by social convention we agree to accept in trade for things of real value.

Because lots of people confuse the two, we have come to embrace policies and institutions that are destroying the real wealth of the planet and society—most particularly our natural, human, social, and institutional capital—to make money. What we do, sometimes, is to destroy wealth to make money, clearly representing the triumph of money over life.

You might think it is too idyllic or part of a dreamy mind. This is the reality we are facing today. It is time to act.



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