

*the civilising of
global society*

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Property rights should be limited by law to prevent those who have more than enough using them to deny others their right to the means of making a livelihood. Moreover, companies should be banned from political activities of any kind because political rights reside only in real people.

Proponents of market liberalism claim the free market is the essential foundation of political democracy -- a guarantor of the rights of people against the abuse of state power. They neglect, however, the important ways in which the unfettered market tends to function as a profoundly undemocratic institution.

Political democracy vests rights in the living person, one person, one vote. By contrast, the market recognises only money, not people -- one dollar, one vote. It gives no voice to the penniless, and when not balanced by constraining political forces can become an instrument of oppression by which the wealthy monopolise society's resources, leaving the less fortunate without land, jobs, technology or other means of livelihood. Only when wealth is equally distributed can the market be considered democratic in any meaningful sense.

Global markets are now dominated by global mega-corporations -- among the most undemocratic and unaccountable of human institutions. By its nature the corporation creates a legal concentration of power while shielding those who wield that power from accountability for the consequences of its use. Many mega-corporations command more economic power than do the majority of states and dominate the political processes of nearly all states. Their growing unaccountable power poses a serious threat to the basic economic and political rights of people everywhere.

The time has come to re-examine some of our most basic assumptions about the nature of democracy, human rights, and the institution of the corporation. The survival of our political freedoms depends on recognising that economic rights are an essential foundation of political democracy. Consider for example two of the most fundamental of all human rights -- the right to a means of living -- literally the right to live -- and the right to participate in making the decisions that affect our lives.

The Right of Access to a Means of Living.

The earth's life-sustaining resources are a common heritage of all life. All people are born with an inalienable right to a sufficient share of these resources to create a secure and fulfilling life for themselves and their families. They have a corresponding responsibility to share and steward these resources to the benefit of all persons and other living things.

Since the most basic requirements of living depend on the products of the earth, there is a fundamental -- though often neglected -- connection between livelihood rights and property rights. English philosopher John Locke set forth a moral justification for property rights in *The Second Treatise of Government* published in 1689. Locke argued that where unused land is abundant, a man has a right to appropriate for his private and exclusive use the land which he tills to produce for his basic subsistence needs. It is through the application of his labour to make the land produce that he acquires this private right. Locke stressed that given the condition of abundance, such appropriation in no way deprived others of similar opportunity. Locke was also clear that the rightful claim to a property right followed only from the application of one's personal labour. Furthermore, he said, this claim legitimately extended only to such property as required to meet one's own material needs -- suggesting that a property right is virtually synonymous with a livelihood right,

Locke, however, went beyond this relatively unassailable moral argument to seek justification for actions of those who accumulate property rights far beyond their personal needs. Presuming that property rights are most likely to be accumulated by clever and industrious persons who seek to realise their full productive potential, Locke argued that the result of this accumulation would be to maximise the wealth of society and thereby the well-being of all. It is essentially the same argument that economists make to this day in defence of inequality based on the assumption that the surpluses created through investments of the wealthy in a

growing economy will be widely distributed through society in the form of high-paying jobs and well-funded public services.

It is noteworthy that the moral defence of inequality imbedded in Locke's thesis and the work of most modern economists rests on two inadequately examined assumptions: 1) natural wealth is abundant relative to need; and 2) the benefits of an overall increase in economic activity are widely shared even when wealth is distributed unequally. Unfortunately, for several billion people who find their livelihoods increasingly at risk, neither premise is valid in our present world. To the contrary, the poor are being excluded from access to land, technology is eliminating jobs faster than it is creating new ones, and public services are being systematically dismantled -- all to increase the riches of those whose wealth already exceeds any conceivable need. In short, property rights are being used routinely to justify the exclusion of those without property from access to a decent means of living.

As suggested by Locke's argument, the rightful purpose of a property right is to protect a person's right of access to a means of livelihood or to secure for the individual a just reward for entrepreneurial initiatives that create a better life for all. A property right loses its legitimacy when its exercise by those who have more than they need denies others of their rightful means of livelihood or otherwise diminishes their opportunities for a full and meaningful life. The livelihood rights of the many come before the property rights of the few. Recognition in our laws and public culture of this limitation of property rights is fundamental to the market's socially efficient function.

The Right to Participate in Decisions That Affect One's Life and Community.

Born with reason, conscience, and the capacity for intelligent choice, all people have the inalienable right -- indeed the obligation -- to use these gifts to participate actively in the decisions that affect their lives and communities. The rights of speech and assembly derive from this basic right to participate. The right to participate resides in the person and does not rightfully extend to any corporation.

In the economic realm the exercise of the right of participation extends far beyond choosing among those products the market finds it profitable to offer us. It includes the right to participate in setting standards and priorities for the economic affairs of our communities, the uses to which our local resources will be put, and the conditions under which we will engage in external trade and invite the participation of others in our domestic economies.

This right is under attack by the world's mega-corporations that seek to establish their own right to move across the face of the planet without restriction to extract resources, exploit unorganised and unprotected labour, evade taxes and environmental regulations, and monopolise indigenous knowledge and genetic materials without regard to the human and environmental consequences. Their weapons of choice are international agreements on trade and investment that take precedence over the rules and regulations established by people and their governments to govern local commerce. Negotiated in secret and implemented without full public discussion and democratic assent, these agreements are systematically eroding the democratic rights of people to regulate their own local and national economies, and to set rules for commerce consistent with their own values and judgements regarding their

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personal and community needs. The interests of money and the fictitious legal persona of the corporation are thus placed ahead of the interests of living persons and their communities -- all in the name of market freedom.

It is useful to recall that Adam Smith, the patron saint of free marketeers, favoured a market comprised exclusively of small buyers and sellers. Smith considered the corporation to be an instrument for monopolising markets and saw no place for such institutions in a properly functioning competitive market economy. By his reckoning the corporation is an anti-market institution.

A corporation comes into being only through the public act of the government that issues the corporate charter. The creation of a corporation is thus a public, not a private, act and its only justification is to serve a public purpose. Whatever privileges or authority the corporation may enjoy are derived from the authority of government, which is itself derived from the will of the people. It therefore follows that the corporation is rightfully subject to the will of the people and to whatever laws people freely chose to establish governing its function.

Nor does a corporation rightfully enjoy any privilege beyond the jurisdiction of the government that issued its charter unless and until the people of another jurisdiction explicitly chose to grant it such privilege. It is the proper function of the corporation to implement the laws that people establish through their governments, not to participate in their creation. Indeed, it is essential to the integrity of democratic governance that corporations be barred from political participation of any kind on the theory that political rights reside only in real people.

The idea that corporations should enjoy the rights of flesh and blood persons -- including the right of free speech -- grew out of a U.S. Supreme Court decision in 1886 that designated corporations as legal persons entitled to all the rights and protections afforded by the Bill of Rights of the U.S. Constitution. Significantly, the U.S. Constitution makes no reference to corporations. It was a decision without legal or moral foundation made by a corrupted court system.

As citizens it is our right to revise existing legal codes to make clear that human rights belong only to flesh and blood persons. Similarly, it is our right to replace trade and investment agreements that abrogate the most basic political and economic rights of people with international agreements that protect the rights to economic and political choice of all people against infringement by democratically unaccountable institutions -- either state or corporation.

Markets are important institutions and they have an essential place in any democratic society -- functioning within a framework of democratically determined rules and public safeguards. There is nothing democratic, however, about an unregulated market that responds exclusively to the needs of the wealthy and subordinates human rights and interests to corporate rights and interests. In the end only an active and politically engaged citizenry can assure the protection of our human rights from the arbitrary use of power by either states or corporations. Institutional power and legitimacy flow from the will of people, and when any institution usurps our natural rights, it is right of the people to restructure, replace, or eliminate, that institution.

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Biographical Sketch :

David C. Korten holds MBA and PhD degrees from Stanford Business School and taught for five years at Harvard Business School before joining the Harvard Institute for International development to head a Ford Foundation project to strengthen national family planning programmes. He moved to Southeast Asia in the late 1970s, working first for the Ford Foundation and then as a regional advisor on development management to USAID. Eventually, disillusioned with the official aid system, he spend the last five years of his fifteen in Asia working with NGOs identifying why

development was failing.

*He came to realise that the deepening poverty, growing inequality, environmental devastation, and social disintegration he was observing in Asia were also being experienced in nearly every country in the world. Moreover, the United States was actively promoting policies that made matters worse. For the world to survive, the United States must change, and he returned to the US in 1992 to help bring that change about. He has since written two highly influential books, *When Corporations Rule the World* (1995) and *The Post Corporate World: Life After Capitalism* (1999).*

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