WTO REGIME AS A NEW STAGE OF IMPERIALISM: DECAYING CAPITALISM AND ITS ALTERNATIVE

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Abstract: Big business corporations as monopoly capital control more than half of the world market share in major industries. In addition, with the establishment of the WTO (World Trade Organization) monopoly capital won governance over "trade rules." This ushered in a new era of corporate globalization. First, corporate globalization is characterized as a new stage of imperialism. Second, it can be characterized as a decaying capitalism. It does not secure a stable and sustainable life; on the contrary, it destroys it, because economic and political power, and therefore income, is concentrated in the monopoly capital. Therefore, for the people to realize a sustainable and stable community life, the corporate globalization regime must be abolished and the community must regain its governing power. This is a new strategy called localization, which is an alternative to the corporate globalization.

Key words: corporate globalization; monopoly capital; imperialism; localization; WTO; decaying capitalism

Introduction

The objectives of the World Trade Organization (WTO) regime are to liberalize trade in goods and services and force developing countries to introduce neo-liberal policies. The purpose is to advance deregulation, privatization, and free trade. T. Friedman (2006) characterized globalization after 2000 as the world becoming flat, whereby every company, organization, or individual can gain entry into a global marketplace, and where all people are free to start businesses which may benefit from a worldwide commercial network. However, this is just one side of globalization under the WTO regime. Multinational corporations as monopoly capital reap most of the benefits of the "flat" world economy.

WTO Agreements have ushered in a new era of corporate globalization. The aim of this article is to show that corporate globalization represents a new stage of imperialism, whereby monopoly capital not only controls the world market, but writes the market rules as well. This new form of imperialism is nothing less than a decaying stage of capitalism in which, quite apart from people being guaranteed the chance to lead happy and stable lives, the very potential for doing so is undermined and destroyed. Finally, principles of localization are presented as an alternative to corporate globalization.

A New Stage of Imperialism

Studies on imperialism can be traced back to J. A. Hobson (1902) and R. Hilferding (1909). Based on their works, Lenin (1917) characterized imperialism as a regime of governance by monopoly capital, concluding that imperialism is a decaying stage of capitalism.

Lenin outlined five pillars by which to define imperialism. The first is monopoly capital gaining control of the major industries of a country. The growth of monopoly capital is a consequence of market concentration caused by competition among firms. Once market concentration reaches a certain point, it becomes possible for a small number of winners to form collusions, such as cartels, which transform the nature of the economy, leading to the dominance of monopoly capital.

The second pillar is the formation of business relationships between industrial and financial monopoly capital. Monopoly capital also forms cozy relationships with government through the financing of political campaigns and through revolving doors. In short, monopoly capital wields governing power over national economies through market concentration, collusions among large firms, and direct political influence.

The third pillar is foreign investment. Drawing on its political influence, monopoly capital effects the transfer of wealth from workers, farmers, small to medium-sized businesses, and the self-employed to monopoly capital. The resulting distortion of income distribution causes disproportionate growth among industries—especially between manufacturing and farming—and suppresses consumption. This leads to over-accumulation, which forces monopoly capital to export merchandise and invest abroad.

The fourth pillar is global divisions among monopoly capital through cartels. These divisions occur in the same way as those which take place at the national level; competition among large firms, and the market concentration which follows, leads to the formation of global cartel agreements.

The fifth pillar is colonization of less-developed countries by the Great Powers, operating at the behest of monopoly capital. Such colonization is an outcome of global competition among opposing elements of monopoly capital. Monopoly capital takes advantage of colonization to monopolize control of natural resources and export markets, and as a means to protect capital invested in less-developed countries against appropriation.

Figure 1 shows how the five pillars are related. The figure starts with monopoly capital as governing powers, from which follows a causal relationship down to the last outcome, competition for colonization. In other words, colonization is the final outcome of the governing power of monopoly capital. This is why Lenin considered monopoly capital to be the key to imperialism.[1]

monopoly capital as governing power
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distorted income distribution and unbalanced growth
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accumulation of redundant capital
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merchandise export and foreign investments
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global competition and global collusion
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struggles for colonization

Figure 1 Lenin's "Imperialism"

Looking at contemporary capitalism from the viewpoint of Lenin's "Imperialism," it is clear that four of the five pillars (excepting the fifth) are still applicable to capitalism under the WTO regime. First, a small number of multinational corporations typically control more than half the market-share of major industries. For example, in the commercial seed market, the world's top three corporations (Monsanto, DuPont, and Syngenta of Switzerland) control almost half of the world market. Cargill, along with its top four competitors, handle 85 percent of world grain trade. In the pharmaceutical industry, the top ten corporations hold a combined 54.8 percent share of the world market (ETC Group 2008). In banking, the world's top 45 banks account for nearly 40 percent of the gross tier 1 capital of the top 1,000, and about 45 percent of the total assets (*The Banker*, June 24, 2009). It hardly needs saying that these companies enhance their power considerably through close relationships with governments, and through political contributions, lobbying, revolving doors, and the like.

Second, industrial and financial monopoly capital establish political action groups as a means to advance common political goals. The negotiation of the General Agreement on Trade in Services (GATS) represents a typical example of this sort of collusion between major companies of both the industrial and financial spheres. Third, no monopoly capital can survive without strategic foreign investment, including direct as well as portfolio investment. For instance, automobile companies will not survive without gaining access to Chinese and Indian markets. Fourth, in the course of intense competition over dominant market shares, large multinational corporations often collude to form price cartels (Connor 2001; Levenstein and Suslow 2001). The cartel-based character of monopoly capital culminated during GATT Uruguay Round negotiations, as large businesses cooperated to set market-rules specifically tailored to their own ends.

There is no colonization occurring under the WTO regime. Modern capitalism lacks the fifth pillar of early 20th century imperialism. However, this does not mean that modern capitalism is without imperialism. Monopoly capital has gained new methods of obtaining the governing power over developing countries in place of colonization.

First, major multinational corporations subcontract to firms in developing countries, thereby assimilating these firms into global business networks. For example, big food retailers such as Wal-Mart and Tesco have established global supply chain management networks which subcontract to farmers in developing countries, thereby bringing these farmers under centralized managerial control (South Centre and Traidcraft 2008). Here, prices fetched at farm gates are determined by monopolists at the top of the supply chain.

Second, monopoly capital now dictates the rules of trade by directly involving itself in the crafting of trade policy. Big business coalitions took part in drafting the WTO Agreements. In the case of GATS, multinational corporations, including Citigroup, J. P. Morgan Chase, and Barclays Bank, drafted the proposal under the authorization of US and EU governments, and then used lobbying to push the agreement through at the time of negotiations (Balanyá et al. 2003). In the case of the negotiations for the agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), it was the US Intellectual Property Committee (USIPC), a US business group, which wrote the initial draft, at the request of the US Trade Representative (Weissman 1996). Those party to the USIPC include Monsanto, Pfizer, DuPont, and IBM. Market and trade rules amount to a form of infrastructure vis-à-vis the markets. The body which decides the rules of trade has a considerable advantage over other stakeholders. Under the current setting, it is large multinationals, especially the agents of US monopoly capital, which control the rules of trade, specifically through cozy relationships with the US government. Therefore, it is the governance of trade rules which most distinguishes modern capitalism from the imperialist systems of the early 20th century.

The IMF and the World Bank are monopoly capital's third source of governing power over developing countries. The IMF and the World Bank are under the control of the G7 (the US, Japan, Germany, France, the UK, Canada, and Italy), which hold nearly 42 percent of the votes in these two organizations. Within the G7 itself, only the US (specifically the US Treasury Department) has the power of veto. Furthermore, US and EU companies routinely establish relationships with the IMF and the World Bank directly. Stanley Fisher, former deputy managing director of the IMF, became vice-chairman of Citibank shortly after finishing his IMF tenure. James Wolfensohn, a former World Bank president, came from a senior executive role at Salomon Brothers and, following his stint at the World Bank, returned to Wall Street as chairman of the International Advisory Board of Citigroup. In 1995, while president of the World Bank, Wolfensohn started a Staff Exchange Program in order to facilitate employee sharing between multinational corporations and the Bank (Cray 2006). It was against this backdrop that the IMF and World Bank, through loan conditionality, forced developing countries to adopt open door policies, resulting in a flood of imports from the developed world (Marsden 2003; Weissman 2000; Weisbrot et al. 2009).

Thus, the WTO regime is nothing short of a regime of imperialism, whereby monopoly capital exercises governing power over both national markets and the world economy. Whereas the first four of the five pillars by which Lenin defined imperialism still apply under the WTO regime, in place of the fifth (colonization), monopoly capital has gained new tools of dominance, most specifically the ability to design market rules. In losing the policy space to protect and develop local firms, developing countries are obliged to become incorporated into a global network managed by monopoly capital. In this way, income is steadily transferred from the lower rungs of the global economy to monopoly capital at the top. In short, the WTO regime constitutes a new stage of imperialism, in which monopoly capital holds hegemony over market rules in place of colonization.

The WTO Regime: A Decaying Stage of Capitalism

The WTO regime was devised under the initiatives of monopoly capital as a means to promote corporate globalization. The next task is to explore what corporate globalization has brought to society. The true nature of corporate globalization is expressed in its outcomes. Lenin characterized imperialism as a decaying stage of capitalism, owing to its unproductive character, which he described as rentier capitalism. The aim of this section is to show that corporate globalization too is nothing more than a decaying stage of capitalism.

Over the past three decades, multinational corporations have drastically increased their shares of foreign investment and have greatly expanded their activities in the global marketplace. UNCTAD publishes the Trans-Nationality Index (TNI), which is a composite of three ratios: (foreign assets)/(total assets), (foreign sales)/(total sales), and (foreign employment)/(total employment). The TNI for the world's top 100 companies increased from 47.0 percent in 1993 to 55.8 percent in 2003, an increase of 8.8 percent (UNCTAD 2007). The top 200 companies increased their share of total assets by 655.9 percent between 1983 and 2002, while the world GDP increased by just 179.5 percent over the same period (Anderson et al. 2005). This gap between the growth rates of corporate assets and GDP shows a considerable income shift from wages to profits. This rise in profits against wages has advanced considerably in the course of globalization (Ellwood 2001).

Turning to the issue of standards of living in local communities, here the bleak side of corporate globalization is on full display. Corporate globalization has created a divided society, distinguished by rising levels of poverty among those at the lower end of the economic spectrum. In the US, which is the most unequal society among the OECD, the Gini coefficient (which measures household income inequality) has risen almost constantly since the late 1960s. Presently, the top 20 percent of US households possess 47.3 percent of total household income (2007) and 84.7 percent of net assets (2004) (Wolff 2001; Mishel et al. 2008/2009). This level of inequality is the result of considerable income gaps between capital and labor; management and the rank-and-file; standard and non-standard forms of employment; and large companies and subcontractors. It is the activities of monopoly capital which have caused the widening of these gaps.

Moreover, multinational corporations have developed so-called downsizing policies, replacing standard employees with their non-standard counterparts. Such downsizing has drastically changed the make-up of society. These changes have transformed what was once basically a cooperative society into one which is markedly divided. Furthermore, this policy of downsizing is itself the result of corporate globalization in two key ways. One is a shift in the power balance toward multinational corporations; the other is the intensification of global competition among multinationals.

Large multinational firms benefit from a wide range of selection-capacity in deciding where to locate facilities, including the ability to outsource production abroad. On the other hand, it is very difficult for workers to cross national borders in search of better employment opportunities; workers must seek jobs within their respective region. This difference in the flexibility of capital against labor gives capital the upper hand in regards to negotiated labor contracts. Deregulation of labor markets further advantages management over labor. Therefore, neo-liberal policies in the labor market affect the power balance between management and labor in just the same way as a collapse of trade unions. For just the same logic as in the labor market, the power balance has undergone a steady shift toward monopoly capital and away from small to medium-sized firms.

Corporate globalization has also widened the per capita income gap between the north and the south, exacerbating the south's poverty. While the number of people living on less than $1.25 per day decreased between 1981 and 2005, the number of people living on less than $2 per day rose considerably over the same period. After the collapse of the housing bubble in 2008, around 1 billion people now face chronic hunger and starvation. Poverty in developing countries often has a historical context, such as estate ownership or civil war. Still, neo-liberal policies have made it much more difficult for developing countries to address issues of poverty within their borders (Oxfam 2002; UNCTAD 2004: 189).

The IMF and the World Bank have occupied a central role in bringing developing countries into the fold of corporate globalization. Since the 1980s, under the IMF's Structural Adjustment Program (SAP), more than 100 developing countries have been forced to adopt "open door" policies with respect to investment and trade (Chossudovsky 1997, 1998). Once the door has been pried open, large multinational firms—for instance, the major players of agribusiness and infra-business—are quick to extend their reach into the newly available markets. As a result, considerable damage results to the people of developing countries through, for example, loss of traditional industries like family farming and the privatization of hitherto public resources such as community water supplies. After the 1997 East Asian financial crisis, the IMF met with severe criticism for imposing neo-liberal based readjustment regimes on the afflicted countries. Nevertheless, the IMF has continued to adhere to a neo-liberal approach with respect to the global recession which is currently underway following the collapse of the housing bubble in 2008 (Weisbrot et al. 2009).

The IMF's Structural Adjustment Program was formulated as global rules by WTO agreements. Thus, neo-liberalism has become the predominant feature with respect to international rules on trade. Liberalization of trade policy amounts to nothing but the loss on the part of national governments of the policy space to govern. Developing countries need flexible tariff systems, quantitative import controls, and capital controls to protect their local industries. They also need policies such as local content controls and export subsidies to foster new economic development. WTO agreements prohibit or strictly limit the use of these industrial policies, in spite of the fact that these very same policies were employed to great effect by developed countries during their earlier stages of development. Deprived of this policy space, developing countries are easily brought under the governance of monopoly capital.

Following the collapse of the Bretton Woods system, global capitalism underwent a variety of considerable changes, leading to the intensification of a casino-like character on the part of the financial sector, accompanied by increasing levels of instability with respect to peoples' lives. This transformation of the structure of capitalism proceeded in parallel with the financialization of the economy, the phenomenon whereby trends in financial markets have come to lead the non-financial sectors. In the US, the ratio of financial assets to GDP rose from 4.2 in the 1970s, to 6.0 in 1980s, and to 10.0 by 2007. The share of financial-sector profits, including insurance and real property, exceeded the profits of all non-financial sectors in the US in the late 1990s.

In the course of financialization, it is not just industry that is drawn into the casino economy. Private citizens are also forced to become involved in the action. After retirement, dependency on financial markets increases considerably. The predominant share of pension plans has now shifted from defined-benefit packages to defined-contribution plans for both public and private pension accounts. Pension funds are often tied to speculation in commodity futures, such as futures for cereals or fuels. Nobody knows how much retirement income he or she will eventually gain. In the end, it is the casino economy which determines the final value of pension benefits.

The explosive growth of the financial sector, particularly since the 1980s, is attributable to two factors: over-accumulation on the part of manufacturing industries (especially monopoly capital sectors), and deregulation. Manufacturing sectors in the G7 were faced with over-accumulation in the 1970s, after the period of prolonged growth following the end of the Second World War. Since then, both the rate of profits and accumulation for the manufacturing sector have markedly declined (Brenner 2002). On the other hand, the ratio of operating surplus (cash flow over gross fixed capital formation) has increased (Stockhammer 2007). Over-accumulation leads to the accumulation of surplus money. Monopoly capital has sought an alternative to holding money idle by investing it in the financial sector. In order to realize this alternative, deregulation of financial markets was required. In short, monopoly capital has utilized the financial sector as a means of changing idle money into active capital, leading to the advance of financialization.

In the US, deregulation of the financial sector has proceeded as follows. Firstly, all "interest and financial transaction fee" regulations were abolished by 1986. Second, in 1985, securitization of mortgages was invented by Salomon Brothers. Third, the McFadden Act, which prohibited banks from operating branches across state lines, was deregulated step-by-step from 1974, and finally abolished in 1994. Fourth, the Glass–Steagall Act, which included a provision prohibiting bank holding companies from owning other financial firms, was finally abolished in 1999. Lastly, commodity futures were deregulated in 2000, from which followed the abolition of leveraging regulations in 2004. These acts of deregulation proceeded under the cooperation of the US government and Wall Street. Robert Rubin, a former co-chairman of Goldman-Sachs, served as Treasury Secretary for the Clinton administration. Following his tenure at the treasury, Rubin became an executive officer for Citibank. Alan Greenspan, upon stepping down from his chairmanship at the Federal Reserve, took a consulting job at Pimco. Henry Paulson, a former Goldman-Sachs CEO, served the George W. Bush administration as Treasury Secretary.

Furthermore, it is Wall Street banks which have benefited most from the policies of deregulation. They created new financial businesses, inflated them with cash sucked up from household savings, pension funds, and deposits in S&L institutions, channeling these funds into the securities markets. The resulting influx of funds pushed stock prices up. Following the "management buyout" boom, which began in the late 1970s and proceeded through the 1980s, Wall Street banks expanded into the mergers and acquisition (M&A) business, including "hostile" takeovers. Regarding non-financial firms, direct financing has become more attractive because of the rise of stock prices. Thus, since the mid-1980s, household savings and pension funds have flowed into securities markets, especially via institutional investors (such as mutual funds), thus bypassing bank deposits. In short, financialization has gone hand in hand with securitization. After the collapse of the IT (or dotcom) bubble in 2000, surplus money rushed into the real-estate market, causing a housing bubble. Here again, the activities of Wall Street banks played a key part in the inflation of the bubble. Since the 1980s, they had invented new securitized commodities, such as Mortgage Backed Securities (MBS), Collateralized Debt Obligations (CDO), and Credit Default Swaps (CDS), channeling the surpluses which they had inhaled from all over the world into speculation, and blowing up the housing bubble as a result.

Modern capitalism needs speculation to keep the economy afloat. Financial markets now serve not only as a place for speculation, but also as a source of funds, which in turn fuel still more speculation. What forced these changes to the financial sector was over-accumulation by monopoly capital and deregulation initiated at monopoly capital's behest. In this sense, the casino economy, and the instability which it breeds, are direct outcomes of the dominance of monopoly capital.

Furthermore, corporate globalization damages the ecology, thus threatening food security. Multinational negotiations on agriculture were conducted for the first time during the GATT Uruguay Round. Agribusiness leaders, most notably the CEOs of Cargill and Monsanto, took part in negotiations as representatives of the US government. The resulting Agreement on Agriculture (AoA) was written with the primary aim of liberalizing trade in agricultural goods.

Liberalization of agricultural trade causes immense damage to farmers and consumers alike. Those who benefit are overwhelmingly the large stakeholders of agribusiness. The food system is comprised of three parts: the upper stream (seeds, agrochemicals, farm machinery, and fertilizer), the lower stream (trade, processing, and retail), and farming. Agribusiness firms concentrate ownership in both upper and lower stream markets. They then vertically integrate the three stages of the food system, often combining the upper and lower streams (Heffernan and Hendrickson 2002, 2005; Hendrickson and Heffernan 2005; Hendrickson et al. 2001). Farming, caught in the middle, loses initiative in the food system and is put under pressure to cut costs. This impetus to cut costs itself derives from globalization. By putting local products into global competition, agribusiness forces farmers to compete in the world market. The result is a sort of "race to the bottom" in regards to farming.

These cost-cutting pressures force farmers to either exit from farming or expand the scale of production so as to realize lower costs. Through this process, corporate globalization leads to the intensification of industrial farming. What emerge are highly mechanized and immensely capital-intensive farming practices. Moreover, industrial farming consumes natural resources in large quantities, such as groundwater and fossil fuels, both in the transport of products over long distances and in the use of farming chemicals. Industrial farming is also heavily reliant on monoculture, which is used to further raise productivity.

However, this kind of industrialized farming is not sustainable. It is said that nearly 40 percent of the world food supply depends on wasteful irrigation from rivers, lakes, and groundwater. This leads to groundwater depletion and salinization of the land. In the US, 23 percent of farmland is already affected by salt that has accumulated through wasteful irrigation methods (Briscoe 2002). Moreover, massive chemical use poisons land and water, thus destroying vegetation and animal life. These living creatures constitute indispensable elements of ecological systems, which are circular movements responsible for the reproduction of every organism on the planet.

Presently, the most devastating risk to biodiversity is biotech crops, introduced by multinational corporations such as Monsanto. Although biotech seeds, such as herbicide or pest resistant strains, may raise productivity in the short term, they also adversely affect crop diversity. Once biotech seeds are in use, it is hard to control their migration, and cross-pollination is prone to occur with other plants. This sort of accident has already been reported across many countries.

For these reasons, industrial farming does not guarantee food security for the people. For one, it forces farmers into insolvency due to the pressure to cut costs in the face of competition from multinational agribusiness. It also destroys the ecology, thereby damaging the integrity of both the natural environment and species diversity, which are indispensable to sustainable farming.

Finally, corporate globalization undermines local communities, which are the fundamental basis of peoples' lives. The local community stands on three legs: a viable local economy, common control of public resources such as infrastructure and public services, and self-governance of community affairs (policy space). Corporate globalization threatens each of these three legs. First, it deprives workers, small to medium-sized firms, the self-employed, and farmers of their livelihoods.

Multinational corporations have no reason to adhere to the will of a particular community. In their quest for higher profits, they downsize, outsource, replace local workers with subcontractors overseas, and undermine small-scale farming. All of these things destroy employment prospects, and thereby diminish the effective demand of local communities.

Corporate globalization also eats away at the second leg, common control of public resources. It is becoming difficult for local governments to sustain public services because of pressures from monopoly capital to cut corporate taxes and privatize the commons. WTO Agreements take priority in regards to business decisions relating to the commons. GATS opens the door for large companies to force local governments to privatize public goods and infrastructure. TRIPS ensures the right of monopoly capital to own living forms, such as seeds and genetic information, as private property.

Corporate globalization also undermines the third leg, community self-governance. As mentioned above, corporate globalization is a stage of capitalism whereby monopoly capital both governs the market and determines the market rules. Local community interests were virtually unrepresented during GATT Uruguay Round negotiations, as big business CEOs and government officials colluded to draft agreements which deregulated trade and deprived local communities of their policy space.

The effects of corporate globalization on community life allow for no other conclusion than that corporate globalization represents a decaying stage of capitalism. Corporate globalization guarantees people neither a happy and stable life nor security of food or livelihood. This decaying character originates from the power of large firms. In regards to the power balance between capital and labor, the WTO regime occupies the opposite pole of democracy. The history of capitalism is a history of collusion between economic and political power, by which capital has been steadily concentrated into fewer and fewer hands, and especially from the early 20th century onward, into the hands of big business. Corporate globalization is the culmination of a process whereby corporations have seized control of the power of governance as a means of influencing economic and political affairs.

R. Reich (2007) criticizes modern capitalism (which he terms "supercapitalism") for "its negative social consequences" such as the widening of the income-inequality gap, "reduced job security," the loss of local community, the weakening of public morality, etc. And, while he concedes that large firms now hold overwhelming economic and political power, he does not accept the notion that monopoly capital is the culprit behind these social diseases. The culprits are, he insists, the activities of consumers and investors who are merely out "to get the best deals [they] possibly can" (that is, low prices, quick responses, and high returns).

While it is true that progress in information and communication technology has made global competition among large firms harsher, it is also the case that large multinational corporations control global markets through the command of high market shares, and that they tailor the market rules to fit their businesses and to facilitate expansion into new markets (Crotty 2007; Balanyá et al. 2003). Simply put, power and gain are two sides of the same coin. Reich should have stopped to think about who has gained most from globalization. It is monopoly capital which has benefited most, and it is the governing power of monopoly capital which has spawned the divided society in which we now live, undermining the ecology and hollowing out local communities all the while.

Localization

There is considerable ongoing debate between "globaphobes" and "globaphiles." The decaying nature of modern capitalism shows that free trade is not a panacea for citizen welfare. The task of this section is not however to recount the arguments between globaphobes and globaphiles. Rather, the aim is to outline an alternative system. The matter at hand is how to restore viability, independence, and sustainability to local communities. But before arguing how this may be achieved, it is worthwhile to clarify the social conditions necessary for realizing such an outcome.

V. Shiva (2005: Ch. 2) advocates "earth democracy" as an alternative to corporate globalization. Earth democracy is composed of four basic principles of sustainable society. The first is "ecological sustainability." That is, the recognition that all species have intrinsic worth and that their life-cycles are interdependent of one another. The second is "community control of the commons." Resources vital to sustenance, including public services and infrastructure, should not be privately owned; public resources must remain in the commons. The third is "security of livelihoods." That is, the idea that all people have the right to basic needs, such as food, water, housing, and jobs. The fourth is "local sovereignty," which amounts to community self-governance in regards to local economic affairs. Localization of the economy does not mean a closed economy; rather, it is the idea that local production should have priority over trade. These four principles are necessary conditions for sound and sustainable community life. The second principle, community control of the commons, and the fourth, local sovereignty, are necessary conditions for the third, security of livelihoods. The first principle, ecological sustainability, guarantees preservation of the environment, thereby protecting sustainability of livelihoods as well. These principles are not just the necessary conditions for sustainable society (Cavanach and Mander 2004), they are also the policy guidelines for realizing it (Korten 2001).

It is a requirement of earth democracy that corporate globalization be dismantled. This is because corporate globalization denies all of the principles of earth democracy. Therefore, the power structure of corporate globalization must be broken up. First, the Anti-Trust Act must be reformed so that governments can mitigate the power of large firms in the global marketplace. Large companies that have no technical reason for maintaining such large organizations should be broken up into more governable segments.

Second, market rules such as WTO agreements, should be rewritten. Introduced in the name of deregulation and trade liberalization, the aim of these rules has been nothing other than to allow large companies to use monopolistic power to control the global marketplace. Local governments must take back the right to formulate policy on matters affecting their own communities, reclaiming the policy space which has been hijacked by the WTO, the IMF, and the World Bank.

Third, the ability of corporate power to design market systems must be checked. The political power of big business is principally based on cozy relationships with government. Therefore, political contributions from corporations must be prohibited, lobbying tied to political money should not be allowed, and revolving doors between big business and government must be closed (Marx et al. 2007). Finally, corporations should be deprived of the entitlement to express their political opinions through media, think tanks, etc.

Simultaneous to the dismantling of the excesses of corporate power, it is also necessary that communities regain their independence on matters of economic policy. The arguments presented below are intended to itemize the policy tasks needed for the rebuilding of community-based society.

The first task is to strengthen the foundations of the local economy. Here, the policy matter is how to secure productive investment in local communities. Local governments need to protect and support their home firms by adopting policies such as local contents regulations, and reinvestment rules in regards to profits gained locally.

The second task is to support and nurture local businesses, such as small to medium-sized firms, the self-employed, family farming, and so forth, as these represent core elements of the local economy. The priority of industrial policies must be to shift power from big business to these local actors. The objective of such a policy shift should be to strengthen reproductive circulation within the local economy. Local actors are interdependent on one another through the internal circulations which occur at the local level. Therefore, the strengthening of local actors leads to the independence of the local economy. But this policy does not amount to locally closed economies (autarky). To the contrary, it is essential that local industries establish linkages with external markets to ensure viability of the local economy. What is important here is for local actors to take the initiative in establishing these linkages. Therefore, large firms need to be regulated so as to prevent them from damaging the interests of local economic actors. Large companies should be made to support local actors rather than inhibit them.

The third task is for local communities to regain control of the commons. The commons, including natural resources (water, soil, seeds, gene information), public services and utilities (municipal water supplies, electric power sources, educational services, medical care), are indispensable to peoples' lives. It is thus a prerequisite to the establishment of economic independence that local communities retain their policy space on issues which concern the commons. Even in cases of private ownership, local communities should have the final say with respect to governance of the commons. In addition, it should be strongly encouraged for citizens to develop a stake in the local economy through, for example, promotion of the co-ownership of cooperatives and the establishment of municipal holding companies.

Localization is a way for people to realize democracy on a higher level. Upon this new dimension of democracy, local citizens can make strides toward more healthy and sustainable lives.

Note

1. According to Panitch and Gindin (2004), colonization, not monopoly capital, forms a key category in the definition of imperialism.

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