

The purposes and powers of utopia

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Neoliberalism is a utopian vision based on a 'world without poverty'. What if we imagine a world in which the problem is not poverty but wealth?



Abraham Ortelius' map of Utopia (ca. 1595). Wikimedia Commons. Public domain.

It is generally accepted that to label a political argument as utopian is in part to condemn it. And yet, a great many political arguments have some utopian refrain. There is something in the possibilities of utopian thinking that seems too rich, too exciting, too open-bordered to pass up. Even in an age in which we are told that politics has become more moderate, more technical, and obsessed with 'evidence-based policy', we find explorations of how we might live if we could do exactly that. And we come across utopian thinking even in the oddest places.

Imagine a beautiful island in uncharted emerald seas. On that island, everyone gets a wage that reflects their productivity, leaving just enough profit for the entrepreneur to invest in their company and remain competitive. This allows each and every firm to provide goods and services at the cheapest price to a nation of consumers who seek out the best value for money in all things. There is little waste. Everybody can know about the state of the markets for jobs and goods and services, and everybody is free to change their working and purchasing preferences. This makes everybody happy. Society is a great agglomeration of little acts of decision-making in the marketplace, which has its own positive overall effects in producing a near-perfect balance between wages, prices, and investment.

All of this free and competitive interaction keeps inequalities in check, and if there are some people

considerably poorer than everyone else this is not morally troubling because they had roughly the same opportunities as everyone else. One can always work harder. One can always be ambitious. There is no red tape or government diktat to stop you. In fact, on this island – let's call it Mercadia, a market-Arcadia – the government does as little as possible, checked as it is by vibrant and free associations of citizens as well as a range of economic interest groups. Everyone obeys the rule of law, which is there to ensure that contracts are honoured, that private property is respected, and that people are not harmed by the actions of others. There is also minimal social provision to make sure the most vulnerable are not left to suffer. Elections allow everyone to participate in the way they are governed and to provide a reassuring legitimacy for the state. There is good governance and a free market society. The economy grows, and it grows in a stable fashion.

Now, this island does not exist; nor has it ever existed. But I would wager that this characterisation is quite familiar to readers. That is because it is the utopian premise embedded in the politics and policy-making of a great many governments in the present day. It is also – with some tweaking – the great assumption of *ceteris paribus* (all things being equal) that enables economists to make predictions and process massive amounts of data. Economists often start (implicitly or explicitly) by assuming that all humankind is composed of utility-maximising and rational individuals who strive in fairly 'flat' social landscapes within which they can access knowledge, be mobile, and exercise unconstrained choice. This is a utopia, as David Graeber writes in *The Utopia of Rules*, that is based in a "refusal to deal with people as they actually are". This is our contemporary flat earth theory, a mystical terrain with few contours but those established by factor endowments and market catchment areas.

Utopian it might be, but Mercadia exerts a great deal of ideational power. This is not because it is a realistic destination for humankind, but because it is located at the helm of so many ships of state, coursing through the choppy waters of global capitalism in search of this island paradise. Mercadia is a dream held in the hearts of so many of those who wield power which allows it to evade one of the main concerns that people have with utopias: a lack of realism. There is nothing so reassuring for a utopian than a hold on power that can create facts on the ground: building a model factory/community as Robert Owen did, or setting up a new society of settlers in a supposed *terra nullis* as various religious communities did in the New World. Or, indeed, working for the World Bank, which claims that *our dream is a world free of poverty* and believes it has the resources and knowledge to do this.

The policy advice of the International Monetary Fund and World Bank, the 'Washington Consensus' on economic strategy, the invigilation of national economies by credit rating agencies and international banks, and the locking in of law-like rights for international capital – all of these provide a strong-armed and integrated political project based on the faith that today's utopia can become tomorrow's reality.

From a defence of utopia to a contestation of utopias

Bizarrely, those who argue that we need to seek different grand visions, because progress toward a Mercadian utopia is halting, socially deleterious, highly contested, unstable, and environmentally insane, are those most commonly criticised for not facing facts or for being unrealistic. 'Utopian' is often a derogative term aimed at the left when they claim that 'another world is possible'. It is something of an irony that liberal marketeers call those who see the realities of capitalism 'utopian', when they themselves are constantly airbrushing capitalist globalisation as a progressive, consensual, and positive-sum project that tends towards equilibrium.

One salient example of this airbrushing concerns unfree labour. Liberal political economy was constructed on a distinction between slavery as a 'historic' phenomenon and free labour as a modern capitalist phenomenon. One can find this in Adam Smith, John Stuart Mill, and myriad commentaries on 'modern slavery' by liberal economists. A basic argument underpins this liberal proposition: unfree labour is

anathema to capitalism because it constrains capitalism's efficiency and productivity maximising properties, which are based on adaptive individuals learning skills, making maximising rational choices, and producing that complex Hayekian information economy in which freely-determined price signals allow coordination and dynamism.

Except that 'modern day slavery' has *grown* as capitalist globalisation has expanded, as many articles published on *Beyond Trafficking and Slavery* have demonstrated. Unfree labour flourishes not as the last redoubt of a marginal illicit economy but as a core constituent of capitalism. It is a product of global migrant labour regimes established by capitalist states; the rise of precarious labour contracts; of the relentless downward pressure on wages in agricultural and low-price consumer goods sectors; and of the increasingly complex commodity chains dominated by large transnational corporations. This is a remarkable ideological coup: liberal market framings of the global economy are considered 'realistic', even though they are based on an idealised vision of labour, opportunities, positive-sums, and brighter futures.

So, now that we understand how liberal utopias define global poverty and unfree labour as residuals to be tidied up by nimble liberal governance, let us explore utopian imagery that *contests* Mercadia. We shall do so by considering the phenomenon of global poverty, a complex condition that is strongly interwoven with the production of unfree labour regimes.

'Our dream is a world free of poverty'

At the turn of the millennium, the main device through which the World Bank and other western donors proposed to deal with global poverty was through the 'poverty reduction strategy paper'. This strategy involved a mixture of spending on basic social provision and infrastructure mixed with a continued economic liberalism, which, as we now know, made little difference to global poverty and inequality. Indeed, by many measures poverty and inequality have continued to increase over the past decade, and it goes without saying that the super-rich have been doing very well. This brings us to the crux of the matter. The poverty problem is not the poor. It is the rich and the Olympian amounts of wealth that they have accrued. In light of these broad patterns, I would like to propose a *wealth* reduction strategy paper, and, in doing so, a far more effective poverty reduction strategy. It is not a nice romantic neoliberal win-win strategy; it is the best kind of lose-win.

Before setting out this strategy, a few caveats and explanations. I will be using some very crude figures to set out my proposal. Every one of these figures can be contested, as calculations of wealth and poverty are constantly being revised in light of new methodological techniques and data sets. There are also many more tangible 'political economy' questions that can be raised, for example about the pricing of assets; the 'invisible' nature of part of the income of the poor; the ability of the rich to hide assets. I am happy to accept that all of the figures are guesses made by international institutions and academic researchers, but nevertheless suppose that they remain effective illustrations of the kind of world we live in and the possibilities for wealth reduction that are on offer. I do not think that revisions in these figures – perhaps even quite large ones – will change the substance of the case.

A thought experiment for harsh times

According to Credit Suisse, the top 1% of the world's individuals possess about half of the world's total wealth. Total global wealth (assets minus income) is calculated at about \$250 trillion (that's twelve zeros), so the total wealth – assets held by the richest net of their incomes – is \$125,000,000,000,000.

I argue that, ideally, the 1% should be forcibly dispossessed of this wealth in order to produce a more socially just global income distribution. This means taking these assets (financial, property, industrial

capital) and converting them into income by monetising them. Let us assume that the estimated values of this wealth are realised on sale (perhaps to the nearly super-rich, perhaps to states). We would then have choices about how to distribute the money as grant income. The most commonly-held view of social justice and its relationship to poverty is that one should start with the poorest and work your way up.

According to the World Bank, there are about 896 million people living on less than \$1.90 a day, a commonly-used categorisation of global extreme poverty. This means that those people are, on average, earning \$688 or less per year. According to the International Labour Organisation, the global average wage income per year is just under \$10,000. So, in any one year, the world's most income-poor would have to be compensated for a shortfall of \$9,312 per person to reach the global average. That amounts to around \$8.3 trillion (\$8,343,552,000,000), or a shade less than 6.7% of the \$125 trillion we took from the super rich. That leaves \$116.6 trillion left in the pot for the next year, enough to maintain those 896 million people at the \$10,000-a-year average for another fourteen years.

One important issue with the figures here is that the very crude mean global income calculation does not adjust for the numbers of children within each country. But, I would argue that we need to break away from the strong association of grant allocation to the 'working poor', mainly because children and older people (both warmly defined as dependents by economists) are often especially poor and vulnerable.

According to UNICEF, about 22,000 children die from poverty-related diseases every day (mainly diarrhoea). The WHO estimates that poor sanitation and unsafe water kill about 17 million people per year, and that there are about 170 million underweight children. Malaria kills about 600,000 people per year; tuberculosis kills about 1.5 million people a year (often in conjunction with the immune-deficiency caused by AIDS). And so on, and so on. Global mass poverty is a litany of unnecessary death. The statistics point to one clear conclusion: 896,000,000 people are living, but never far from illness and death. So, a simple and rather undeniable fact is that this transfer of wealth into income for the poorest has a basic and direct effect in massively reducing poverty-related deaths in the hundreds of thousands if not millions.

If you need further convincing that this thought experiment is not morally convincing, consider further the implications of a sustained generational income transfer. Poor people do not simply consume this income; they build more productive lives. Fifteen years (which morbidly coincides with an entire productive life for millions) is long enough to invest, plan, build up skills, adapt, and grow. In other words – and there is a wealth of evidence in livelihoods studies to back this up – giving money to the poor means providing a powerful dynamo to global production, innovation, and growth. Raised and stable incomes would also mean more people getting education and training – indeed the provision of the grant incomes could be conditional on participation in primary education. That is something some countries already do. There is a strong multiplier effect in this redistribution, which would create further broader upward movement in global average incomes and reductions in global inequality.

If you agree that the saving of lives and energising of livelihoods are desirable outcomes but are concerned about the 1%, don't be. If these 'high value' individuals are really so valuable, one can assume that they would have the wherewithal to re-establish themselves fairly quickly. After all, they have only had their *wealth* taken from them. Whatever incomes they were earning would likely be reduced, but not removed; and their primary residence would remain their property. It would be a hard task indeed to pity the millionaire who loses her financial portfolio, makes do on a reduced but comfortable income, and has no choice but to lay off some of the domestics. Only the most absurd liberal neutrality can argue the wrong in this with a straight face.

Perhaps we can reassure the mewling 1%-ers as they flail about in their algae-filled pools that the assets they possessed have been put to far better use. Perhaps they will be pacified by the knowledge that the best economic arguments suggested that the accrual of massive wealth amongst such a small number of individuals was significantly undermining the prospects for sustained growth *everywhere*. Or, perhaps, we

could just leave them in their pools. The idea that politics is about pleasing or justifying decisions to all is patently absurd.

Political realities

In 1729 Jonathan Swift wrote the dark satire [*A Modest Proposal*](#). In it, he suggested that the solution to mass poverty in Ireland was to eat the poor – their infants to be precise. My proposal has the merit both of allowing the world's poor to live and the world's super wealthy to remain uneaten. It is also not offered as satire, although it is clearly idealistic. It seems to me that the practicalities of this kind of global conversion of the rich's wealth into the poor's income are extremely difficult to address, but as a basic socially just redistribution it seems almost like common sense.

It is worth bearing in mind that there is nothing in this proposal that challenges global capitalism, just its current distribution of wealth. Capitalism – historically unprecedented in its flexibility and tenacity – could endure this transformation. Aspects of my proposal are already made by those mainstream writers who think that income transfers to the poorest will revitalise markets and that unproductive wealth distorts the proper functioning of a market economy. The rub is political: how can one generate a political challenge to a global oligarchy that exercises such immense control over economies, states, and peoples? It is difficult to imagine how liberal reformism or enlightened elite global governance would be fit to this task. But in the absence of 'realistic' political projects to address the cohabitation of extreme poverty and extreme wealth, the spectre of more radical political possibilities remains.