

constitute 5% of total costs for truck companies. The number of trips undertaken by a truck could increase by 40%, if forced delays by crooked cops are avoided (ibid). A typical truck driver spends upto 11 hours a day at such stoppages. Thus, the bribery-extortion directly results in a higher cost of doing business; not only does the cost per trip rises, the productivity per trip also falls because of the frequent stopovers. This increases the cost of transportation for every consumer good that is freighted across the road network. The cost of corruption in trucking industry to us, as consumers, cannot be estimated in the absence of data on the extent to which the increased costs are transferred to the consumers. But the effect of billions of dollars of additional cost could not be foreseen as insignificant.

Allocations of 2G/3G bandwidth and coal have figured among the most controversial scams in the recent years. The allocations of these resources is alleged to have been made at *lower* than the market price and to favoured companies. This would, at first glance, suggest lower costs for consumers too. But the prices take into account the cost of bribes as well and result in much higher prices. The rates of 2G and 3G services have been continuously rising, even by 100% in the recent years. (Times Of India 2014)

This kind of biased decision-making results in interests of a few individuals taking precedence over rights of all. Government expenditure is prioritised as per the opportunity to extort bribes rather than general welfare. The poor in these cases pay for the cost of the bribes in terms of higher prices for the necessities or in terms of inferior quality. A Tearfund report states that ‘there will almost certainly be overinvestment in capital goods’ like defence or huge projects offering greater opportunity for graft.

The issue of cost of corruption to consumers is not just of an alternate representation of facts. It is a way of transforming mind-boggling figures into something we, as taxpayers *and* consumers, can relate to. And hopefully, change.

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The Apocalypse of Capitalism

Raavi Aggarwal-3rd year

Summary: *Is capitalism heading towards an inevitable apocalypse such that no solution to the problems that plague the capitalist structure can be found within the system? This article seeks to address this question and challenge the long held view that capitalism is the only efficient form of economic system.*

Today’s global economies are caught in what the Economists term, the ‘modern form of capitalism’. Society has been polarized into distinct economic classes, namely, the ultra-rich, comprising mostly of entrepreneurs and company executives, and the middle class, constituting administrators, clerks and company

employees. Millions of young students (caught in the rat race to get to the top of the ladder) compete fiercely for the handful of high paying jobs that are offered to MBA graduates in Multi-National Corporations. By joining a company as a fresh graduate and working up the ranks, employees hope to make a decent living in due time, if not become rich. Unfortunately, there will always remain a distinction between the employee and the employer. A firm's ultimate motive, to earn the maximum profit possible, is brought about by economizing on costs; employees are paid their marginal valuation and the employers expropriate all surplus revenue. Thus, while incremental increases in a worker's pay will improve his standard of living, he may never become opulent, unless he were an employer himself.

A typical capitalist society is predicated on four main foundations that define and help sustain it. The buying and selling of labor power means that a worker can easily be hired and fired by firms. The employers set wages and the terms of work and employees must abide by them. Further, the establishment of property rights as well as the right to own the means of production, allocated in favor of the capitalist class, sets a clear distinction between the owners of the means of production and the workers. The owners command power whereas the workers are solely dependent on the industrialist for their employment and livelihood. In addition, the generation of surplus value, in the form of profit on investments, which is then reinvested, leads to multiplicative growth in capital and in effect, sustain the firm's rate of profit. Moreover, the existence of commodity production, which signifies production not for direct consumption but rather for sale and exchange in the market is a defining characteristic of capitalism; one that buttresses the system and ensures its continuity.^[1]

The entire capitalist system favors a small affluent segment of the population but does nothing to empower the worker. The Marxian concept of Abstract labour, which defines labor as human effort exerted to complete a task, rather than specialized labor that utilizes skills and effort tantamount to the specific task at hand, implies the free mobility of labour within an industry. A worker can easily progress from one firm to another, with the same set of skills at hand, and find himself well suited for the next job. While this may count in the worker's favor, it essentially implies an

easy replacement of workers by the employers and low bargaining strength of workers. The worker's employment and wage eternally remains at the firm's discretion and he must constantly prove himself to the firm in terms of his marginal output.

The question now to be pondered over is that how can the middle class be economically empowered? Is there a way to create a system where the vast majority of the population is responsible for its own livelihood rather than depended on a few employers, who, not only dictate the worker's salary and their working conditions but whose actions also lack the transparency and accountability?

The common ownership of the means of production would ensure an equitable distribution of endowments among all members of the community. Marx predicted the eventual fall of capitalism, precipitated by the inherent contradictions between the different social classes in the system. He claimed the system would evolve into a socialist one. However, recent experience, as witnessed in Russia, has disproved the sustenance of the socialist economy and Marx's prediction has, thus, been undermined.

But, what if policies could be altered such that excess profits earned by firms were blocked and instead, the surplus revenues were to be redistributed between all members of the company? However, it is observed that the progression of ideas and their conversion into innovative technologies occurs through the incentives of legal patents and a temporary monopoly power to produce and sell commodities. A legal ban on excess profits may result in decline in inventions and create impediments to development of more advanced technologies for production. However, the objective of business need not be restricted purely to earning greater profit. The preeminent car manufacturer, Henry Ford, in the 1920s, revolutionized the method of production and the process of carrying out business. By reducing the length of the workday to 8 hours and hiking workers' pay to \$5/day, he set down new standards for production.^[2] It was indeed the Fordist era that metamorphosed small and local businesses into large scale MNCs through use of unique modes of mass production. If businesses could, thus, join hands with the government with the intention of providing a real service to the public through invention and technology, rather than merely striving for surplus profit, the world

at large, with the haves and the have-nots, would be able to benefit from the Earth's vast bounty of resources. By devising cost-effective techniques of production, the now intangible technologies, such as surgical implants, robotic technology et al, could be provided to the poor at lower rates.

The idea of the Third Industrial Revolution, conceptualized by American Economist, Mr. Jeremy Rifkin represents another paradigm shift in the methods of production from using oil and fuel powered technology to using renewable energy resources to overcome the resource constraint currently being faced by the worldeconomies. Through the cultivation of energy provided by the sun, tide, biomass and so on, each individual can be empowered to meet his own energy needs. This process will lead to the creation of "social capital", accessible to each individual and a

further reordering of economic power from the present hierarchical to a lateral scale. ^[3] This could redefine the capitalist system and the world in which this mode of production has hitherto thrived.

Whether this restructuring of society is plausible and feasible is a debatable issue that does not provide direct solutions. However, the eventual fall of the present day capitalist society is inevitable. A point will arrive when the inherent contradictions between the different social classes will rise to such a level as to take the form of a class struggle and thus, bring about the demise of the prevalent capitalist system.

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^[2] *My Life and Work*, Henry Ford, 1922

^[3] *The Third Industrial Revolution*, Mr. Jeremy Rifkin, 2011