

Book Review: The Poverty of Capitalism by John Hilary

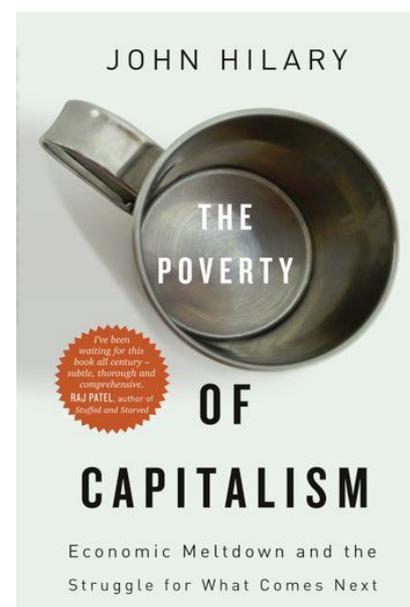
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*Capitalist growth is widely heralded as the only answer to the crisis still sweeping the global economy. Yet the era of corporate globalisation has been defined by unprecedented levels of inequality and environmental degradation. In this book, **John Hilary** sets out to reveal the true face of transnational capital in its insatiable drive for expansion and accumulation. Readers might find in this book compelling reasons to support a move away from capitalism, writes **Sarah Morley**.*



The Poverty of Capitalism: Economic Meltdown and the Struggle for What Comes Next. John Hilary. Pluto Press. October 2013.

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John Hilary's *The Poverty of Capitalism* is a study of poverty, power and injustice in the global political economy of the 21st Century. The book centres on the economic crisis and the misdeeds transnational corporations have committed in their pursuit of profits. Hilary cleverly employs shocking case studies and statistics to persuade readers that it's time for meaningful change.

Hilary is the Executive Director of [War on Want](#), described by *The Guardian* as one of the [most radical charities in Britain](#). *The Poverty of Capitalism* reflects the work of War on Want, by looking beyond outward symptoms of poverty and identifying the root causes of global inequality and justice by examining social, political and economic forces. The book comes at an important time when world economies are still rebuilding after the financial crisis. As politicians and academics look to implement preventative measures for the future, Hilary urges readers that a return to capitalist growth threatens to only exacerbate problems. The era of corporate globalisation, Hilary asserts, has led to the polarisation between the rich and the poor. In 2012, the richest 1% in the world saw their share of global assets increase to 46%, whilst the bottom half of the world's population own barely less than 1%. The UK is experiencing similar trends and is now a more unequal society than at any time in the past 40 years. Hilary suggests that a silver lining to the global economic meltdown is the exposure of the true nature of the capitalist system in the modern age. He argues that capitalism's drive for growth at all costs is not sustainable, destroys communities and extinguishes the world's natural resources. Despite these concerns, the G20 announced that the same institutions of capitalist rule would return to police the system as before, and consequently the World Bank and IMF continue to push for global convergence to a capitalist system.

In examining corporate power in practice in Chapter Two, Hilary tells us of the consequences of neoliberal expansion, one such being the ascendancy of corporate power over sovereign states. Hilary writes that 'in country after country, government elites redesigned social and economic systems in order to create new market opportunities for capital...at the international level, a new generation of trade agreements negotiated in multilateral, regional and bilateral forums secured the foundations of a globalisation that prioritised the interests of transnational corporations over the needs of labour, society [and] the environment.'

One of many examples given of this ascendancy is Swedish energy company Vattenfall's €3.7 billion law suit against

Germany. Germany announced shortly after Fukushima that it would not be extending the life of the country's nuclear plants



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beyond 2022 due to the risks involved and as a result revised its Atomic Energy Act. This move by the German government was in reflection of the public's deep opposition to nuclear power. Vattenfall argued that the revised Act reduced the book value of two of their German plants and asserted their right to [pursue Germany for compensation](#). The suit was formally registered in May 2012 at the World Bank's International Centre for Settlement of Investment Disputes and currently awaits arbitration. The company has reason to be confident of the outcome, however, as just three years ago another similar but separate case was settled between the two parties for an undisclosed sum. The case illustrates how corporate power has expanded to the point that public policy in even the strongest states can now be held hostage by commercial interests.

Hilary also examines Corporate Social Responsibility and in later chapters looks in detail at the extractives, garments and food industries. These industries are chosen by Hilary to highlight ways in which the ongoing process of neoliberal globalisation has brought communities into conflict with capital. It is within these chapters that the reader may have the greatest connection with the book and find the most compelling reasons to support a move away from capitalism. No economic sector, Hilary asserts, offers such a stark reminder of the devastation that capital causes in its relentless pursuit of profit than the extractive sector. Few cases demonstrate this better than Shell's longstanding involvement in the Niger Delta. The region of the Niger Delta, Hilary explains, 'exemplifies the 'paradox of plenty' experienced by so many communities suffering under the natural resource curse: a fountain of great riches for others, but itself mired in desperate poverty and racked by violence.' Shell's long term domination of the Nigerian oil industry has meant that they have become heavily involved within the government, including involvement in the suppression of the Nigerian people, importing weapons to arm Nigerian police forces, and the participation in the [torture and execution of nine human rights activists](#) .

The lasting thought which remains after reading these three chapters is that the programme for corporate globalisation was developed not for public benefit, but to further the interests of the few. The continuing impoverishment and exploitation of people is used to generate ever greater profits for those at the top. Even Pope Francis recently criticised capitalism and the "trickle-down" theory of economics, he maintained that "there was the promise that once the glass had become full it would overflow and the poor would benefit. But what happens is that when it's full to the brim, the glass magically grows, and thus nothing ever comes out for the poor."

Hilary goes on to optimistically discuss alternatives to capitalism in his final chapter, as communities try to reclaim sovereignty over their natural and economic resources. Whilst it is difficult to envisage a world rid of capitalist behaviour, the book reveals the under belly of the corporate world and the damage that it has caused. *The Poverty of Capitalism* is an important read not only for the young social activist or those interested in capitalism, but for anyone who has a general interest in politics looking to understand the true costs of global capitalism.

Sarah Morley graduated with a Master of Laws, with Distinction, from Durham University. She is currently a PhD Student and a part-time teacher at Durham University, and was awarded the Durham Law School Scholarship. Sarah has a particular interest in Company Law and Corporate Governance. Her current research is an international study which explores the development of takeover practices and the factors that affect the takeover and corporate governance environment, including the effects of litigation. Prior to joining Durham as a PhD Student in 2013, Sarah qualified as a Welfare Rights Advisor and subsequently specialised in Money and Debt Advice. [Read more reviews by Sarah](#).