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Indigenous Capitalists and Socio-economic Development in the Global South

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Abstract

This paper examines the latest stage of capitalist domination of the Global South by the indigenous elite and its effects on global capitalist expansion.
Similar to the classic practice of exploitation by western corporations, the nascent indigenous capitalists, individuals or groups, exploit the market systems of their economies, investing and controlling the most lucrative sectors. Comparison of this phenomenon in Nigeria and South Africa to those of other emerging economies (China, Brazil, India) shows that these economic actors, history and race notwithstanding, are poised to follow in the footsteps of their predecessors from the West or even surpass them.

Keywords: Indigenous capitalists, Economic development, Global South, Transnational Corporations, Emerging markets, Capitalist Accumulation, Nationalism.

Introduction

The last financial crises of 2007/2008 have brought the question of the viability of capitalism as an economic system to the fore of academic discourse once again. However, as economists and researchers are scrambling to understand what transpired in the financial sector that led to the crises, they are gradually realizing that the global financial sector was and still is to some extent out of any governmental control. Most governments, especially those in the Global South do not have the expertise to regulate and control the financial sector (Feinholz 2010).
The "sophistication" of this sector has gone beyond the understanding of even the best economic analysts. The trial and error solutions being currently experimented by the governments of the concerned countries make it clear that they do not understand the internal functioning of the system thus they do not have any viable solution to this crisis or to future ones.

This state of affairs has led progressive scholars to assume that the end of capitalism and entry into a post capitalist era is near. As much as we would be elated to witness the end of capitalist exploitation of nature and human beings, it would be preposterous to celebrate the end of capitalism without understanding the events and elements that are currently structuring our world. It is a given today that the global economic growth in the 21st century, which is the prerequisite for any viable capitalist system, is going to be led by the emerging markets of Asia and Africa.

Our paper is demanding a serious focus on the socio-economic situation in these regions of the world. The general view of this research work, which is still at its beginning, is that contrary to the general expectations that the people of these countries would be renouncing and abandoning capitalism and its principles, they are from all indications embracing it.

To better understand this paradox, we are going to look at what appears to us to be a new trend in some of the developing and emerging economies with emphasis on what we consider

to be a new set of capitalist actors, indigenous to these countries, but with a mindset on extensive capitalist "crusade" on their countries and on the world at large with little consideration for ethics or due process. The first part of this paper will define this new phenomenon and how it functions. The second part will identify and study the various actors and their various areas of interest. To conclude, we will look at the possible future effects on the economies of these states and their unavoidable rippling effects on the people and the environment in different parts of the world, Western Europe and the United States of America included.

Definition

Historically, the developing countries were considered as the playground of western transnational corporations who, with the tacit and often explicit support of their governments, define the policies and politics in the states where they do business. These western transnational corporations were and still remain a formidable force in the economies of developing nations, at times wielding more power than the governments in these countries. They made use of this power unsparingly to impose their wishes on these countries. These corporations never allowed ethical questions to touch their bottom line. Their brazen response to questions of ethics has always been that they were not charities but profit-driven businesses. With the neoliberal dawn in the late 1970s and early 1980s (Harvey 2007), these transnational corporations swooped on countries they believed were the most profitable for their businesses and on sectors that were most lucrative. In most developing nations, international institutions like the IMF, the World Bank and the Paris Club, using the debt crises as a pretext, had already ensured that economic policies were directed in a way that private profits would be protected and guaranteed.

Most of these countries were obliged to focus on a specific area of their economy and to allow the international market place to provide the products or expertise they lacked. This led to specialization of countries on a limited range of sectors in their economies, which were most of the time, opened to private businesses. Neoliberal laws that were enacted during that period made it possible for private entities to enter economic sectors that were reserved for the public sector before then. Essential sectors like mining, water, health, telecommunications, education, agriculture, land, etc. were 'liberated' from public ownership and 'delivered' into private hands. However, in some countries some of these sectors did not attract foreign investors because they were considered as not being big or matured enough to yield the instant huge profits that these corporations needed before moving into any country (this was the case for most countries of Africa, and some in Asia and Latin America). In other countries, the government was considered as not being "cooperative" enough to facilitate the exploitation of their economies (India, China, Cuba).

That notwithstanding, the neoliberal movement created a big opening for private businesses to gain access into most markets that were closed to them before then. The access was mainly meant for foreign investments but at the same time it made it possible for anybody with some capital to set up business in those countries. This is where our new capitalists come in.

When we talk of the new indigenous capitalists, we are referring to some of the major players in the economies of the developing countries who are rapidly investing in and dominating the most lucrative sectors of the emerging markets. Some of these actors are private individuals; some are old family trading houses while others are corporations. They tend to pursue their business objectives as separate entities but when necessary merge their forces towards common goals. These bodies are generally well organized with a plan of their

objectives that they express without mincing words: the total domination of the economy by all means (Transcorp Nigeria 2011).

The fundamental distinguishing factor between these capitalists and others resides in the fact that most of them are origins and natives of the countries where they have their activities compared to the western corporations who come from far. This distinction tends to make it easier for these new capitalists to progress in their different areas of activities. It should be noted here that some businesses were established as fronts by western companies to bypass domestic laws and regulations, but we are interested in those companies or businesses that are wholly owned or controlled based on majority share by citizens or groups from developing countries of the global south. A considerable number of these businesses are just a couple of decades old at the most in their sectors of activities. But their growth in the short period of their existence has become so phenomenal that they need to be accorded more attention. Magnus (2010:6) aptly describes this phenomenal growth in the following lines:

"Developing country exports already amount to about $6000 billion, or nearly two-fifths of the global total, and the rise of emerging market companies has been meteoric. In 1990, there were barely two dozen companies headquartered in emerging nations with individual sales over $1 billion per year. Based on 2008 revenues, there are now about 560, and 111 of them had sales over $10 billion. Three companies – Petrochina, China Petroleum and Gazprom – had sales in excess of $100 billion."

We are not going into the interesting debate that George Magnus brings up in his book about the strengths and weaknesses of emerging markets. Our position in this paper is that these new corporations and businesses are undoubtedly changing the face of global economy and are the new forces of capitalism in the 21st century. Generally, these companies and individuals are expected to do business in an ethical manner given that they are origins of the developing countries where they do their business. The fact that their countries most times still have a high level of poverty and its inherent ills, that they suffered under foreign powers and corporations who were only intent on making the most profit possible with little regard for the welfare of the local population, is another point that one would expect would encourage these indigenous capitalists to avoid repeating the errors of the foreign transnationals and maybe adopt a more ethical and humanitarian business model that could help ameliorate the living conditions in their countries and lift more people out of poverty. However, the reality is that, like their counterparts in the West, these individuals and their companies are not bothered by questions of ethics and fair trade but are rather focused on the huge profits that could be made from their businesses despite the fact that this leads to massive unemployment, lack of welfare coverage for workers, inhumane working conditions and loss of tax revenue for the government to mention just a few inherent ills. The lack of well-established legal and administrative institutions and the high incidence of corruption in most of the countries where they have their businesses make their unethical and at times criminal behaviours to go undetected and unpunished. Let us look at functioning of some of the companies owned by these new indigenous capitalists.

How they function

The observable functions of these businesses are quite simple. In most cases, a person or a group of persons with some capital, not necessarily huge, will start a company and then approach the government for support mainly in the form of highly lucrative contracts or other incentives such as low or no taxation, provision of land and other facilities like security, water and at times, energy. In some cases, even the buildings are constructed, furnished by the state and handed over to these businesses. Governmental aid can come in the form of protection from the forces of the market that may lead to financial loss which the government will

underwrite and indemnify. The companies so protected and covered from risks tend to flourish very rapidly, making huge profits and rapidly diversifying into other sectors. This **diversification** is one of the most disturbing aspects of these new capitalist entrepreneurs. The majority of them rapidly dominate their sectors and develop into giant multinational conglomerates with the avowed aims to dominate as many sectors as they possibly can. While this may appear harmless today due mainly to the fact that these companies are still in their "infancy", it will become a very thorny issue as they develop further.

Another important issue we need to address before presenting these companies is the quasi-heroic honors accorded them, not only by the governments of the countries where they have their activities but also by the citizenry who by error or design worship them and endeavour to emulate them or to refer to them as models to be emulated by their children. This disquieting aspect is the part that we believe progressive scholars need to pay more attention to because a good awareness campaign that exposes the dangers of the neoliberal and capitalist agenda of these bodies and the inevitable consequences on the people would definitely contribute in limiting their influence. Let us now see who these actors are and their areas of influence. We will start with the countries of Africa (Nigeria, South Africa), then move to Asia (China, India) and finish with a brief overview of South America (Brazil).

Nigeria

With a population of over 198 million people, and one of the largest economies in Africa and growing at around 7 percent, Nigeria is considered as one of the most promising economies in Africa. However, the country's overdependence on revenue from petroleum exports for its foreign earnings coupled with other socioeconomic, political and environmental problems had greatly hindered its economic growth in the past. Recent reforms undertaken by the government since the country's return to democratic rule in 1999 have opened the door to increased liberalism in the economy.

These reforms that were largely encouraged and supported by the IMF, and other western interests also made it possible for private companies and individuals to invest in some important sectors of the economy. Some Nigerian nationals availed themselves of that opportunity to enter into some of the most lucrative sectors such as petroleum, communications and IT, banking and finance and to a lesser degree, the constructions and agricultural services. These entrepreneurs, most of all benefitted from the government's policy of encouraging Nigerians to participate in the economy under a program titled the Local Content Initiative in the oil sector which made it mandatory for companies to increase the share of Nigerians employed in the execution of their contracts. Some Nigerian businessmen expanded their business interests accordingly and others opened new companies in order to benefit from the reforms. Some members of the elite, mainly politicians, military officers and even members of the academia metamorphosed into influential corporate executives. Among these groups are some of the people and companies that we consider as being part of these new indigenous capitalists. A look at a couple of them and their business interests will help us in our analysis of this new phenomenon. The first on our list is the Dangote Group.

The Dangote Group

The Dangote Group is Nigeria's foremost business conglomerate with activities in diverse economic areas such as Cement manufacturing, Oil and Gas, Steel, Telecommunication, Real Estate, Poly products, Haulage and transport, Port operations, Packaging, and Food and Beverages. Its annual turnover is more than $3 billion dollars and it now has businesses in 14

African countries. According to the group's history, the publicity-shy, 61-year-old CEO started business in the Nigerian cement sector in May 1980, and gradually built his way into the trading of commodities like sugar, flour, salt and fish. And in the 1990s, his group had become one of the *"largest trading conglomerates operating in the country* (Dangote Group 2018). It was noted however that in 1999, *"following the transition to civilian rule /.../ the group made a strategic decision to transit from a trading-based business into a fully-fledged manufacturing operation* (Idem). It is interesting to note here that the group's businesses remained profitable during the worst years of the Nigerian history under various military regimes. But the real point of exponential and unprecedented growth debuted in the early 2000s when the group under the dubious privatization policies of the Obasanjo-led government made very strategic and lucrative acquisitions in the Nigerian economy.

The major acquisitions of the group from the Nigerian government at this period include but are not limited to the following:

1. Benue Cement Plc (Cement production acquired in 2000)
2. Dangote Equity Energy Resources (various investments in upstream and downstream sectors in the early 2000s).
3. Dangote Integrated Steel, Oshogbo (acquired in August 2002)
4. Alheri Engineering Company Limited a Dangote group acquired 3G license in 2007 to provide carrier and 3G wireless services. The company is also engaged in the power generation and distribution sector.
5. Acquisition of a license from the federal government to run terminal E of the Apapa Port, Lagos.
6. Real Estate (the group acquired stakes during the privatization of various public properties notably in the hospitality and tourism sector)

All these acquisitions and their subsequent expansion have led the group to dominate some sectors of the Nigerian economy. However, Mr Dangote's close association with various Nigerian heads of government and his multi-million-dollar funding of politicians and political parties have led to accusations of corruption and cronyism in some of these deals. Mr Dangote does not deny this association but rather cultivates it as a sign of power. In one of the rare interviews he gave to the press, he stated: *"I am close to people in government because I am one of the businessmen in Nigeria, if we don't have the right people there then (all the) money I have is useless. If the country turns into another Zimbabwe, for example, then I will become a poor person."* (Whittington 2007).

This close relationship with Nigerian leaders appears to have contributed largely to the easy acquisitions made by the group. Some of these acquisitions have led to controversies. A good example was the acquisition of petroleum refineries by the group during the last days of the Obasanjo's administration, which was cancelled, by the Yar Adua's administration for non-respect of due process.

The wealth of the founder and CEO of the group Alhaji Aliko Dangote had grown very rapidly since these government-supported acquisitions. The fiscal year 2010-2011 witnessed a 557% increase and the personal worth of Mr Dangote rose from a mere $3 billion in 2007 to $14.1 billion in 2018 making him consistently the richest individual in Africa since 2011 (Forbes 2018). Mr Dangote has stated that his wealth is going to grow further in the next five years. It is important to note here that for a group that is worth billions of dollars and with businesses in many countries, it is very strange not to be able to get easy access to any precise

information on the activities of the group before the year 2000. Mr Dangote's immense wealth and the rapidity of its acquisition will remain a marvel to business analysts for years to come but capitalists like him are gradually making their marks on the economies of developing nations and it is only a matter of time before they set their eyes on the global economy. Mr Dangote is just the most remarkable example of this new class of capitalists in Nigeria but there are other individuals and groups like him with the same capitalist objectives in the country such as the founder and CEO of Globacom, a Nigerian indigenous capitalist in the petroleum and ICT sector Mr Mike Adenuga.

The Adenuga Group

Mike Adenuga was listed this year in the famous Forbes list of billionaires with a net worth of $4.8 billion (Forbes 2018). But his real worth has always been a subject of speculation because most of his businesses are not listed on the stock market. Globacom, an ICT company is set to dominate the sector in Nigeria and neighbouring countries with its recent instalment of undersea fibre optic cable.

Like Dangote above, Mr Adenuga has maintained very close links with the various Nigerian military rulers as well as their civilian counterparts after the transition to democratic rule in 1999. This has led to allegations that he made his money due to these dubious relations. It is wildly believed that this very close relationship with Nigerian leaders and politicians especially his closeness to Atiku Abubakar, the ex-Vice President of the federation under Obasanjo, led to his arrest and detention on charges related to non-payment of contractual obligations and tax evasion by the Economic and Financial Crimes Commission (EFCC) in 2006.

Mr Adenuga is the founder and CEO of one of the first successful indigenous oil companies in Nigeria, Conoil. He is also the founder and private owner of Equatorial Trust Bank. He has huge interests in the Nigerian Real estate market and overseas. Like other people in this study, the aptly named "Gold digger" is a staunch capitalist who has expressed his wishes to dominate all the sectors in which his group, the Adenuga Group is involved. All seems to indicate that he and his group are on a smooth ride to the capitalist domination of the continent.

Oando Group

Another important figure in the Nigerian indigenous businessmen's club is Mr Wale Tinubu. Trained as a lawyer at the University of Liverpool and an alumnus of the London Business School where he obtained his Master of law, Mr Tinubu, like his other 'mates' availed himself of the opportunities offered by the neoliberal policies of the Nigerian government to acquire Unipetrol, a state-owned petroleum-marketing company which he converted to Oando. Oando rapidly expanded and became Nigeria's foremost indigenous provider of energy services and supplies. Today the company is worth billions of dollars and its CEO Wale Tinubu is one of the richest men in the continent. The group is now Africa's largest independent and privately-owned oil-trading company. It has operations in Ghana, Togo, Liberia and Benin. It has 500 gasoline retail outlets in Nigeria and is listed on the Nigerian Stock Exchange and on the South African Stock Exchange in Johannesburg. It is currently diversifying into the development of independent power plants and refineries. Mr Tinubu has repeatedly stated that the speed of privatization in Nigeria is too slow and that the government should hasten the process and expand it as much as possible (Burnett 2011).

To finish this section on Nigeria's indigenous capitalists let us briefly mention one of the groups whose activities have stood out in the recent history of Nigeria, Transcorp Nigeria.

Transcorp Nigeria

Transcorp Nigeria is an investment company incorporated in November 2004. Its formation was made possible by the proclaimed wish of the Obasanjo-led administration to get local private investors to engage and participate in the economy. But this laudable objective in reality appeared to have been forgotten. The main founders and investors were surprisingly the same group of businessmen and their politician friends. People like the aforementioned Aliko Dangote, Femi Otedola, CEO of Xenon, an oil-marketing group, Tony Elumelu of the United Bank for Africa Plc, Jim Ovia of Zenith Bank, etc. But the two most striking and highly unethical aspects of that process of "localization" was, first, that the company had the sitting Nigerian president at the time Olusegun Obasanjo and some members of his government as investors. And second, that some of these investors were also part of the government commission in charge of identifying public properties that needed privatizing and carrying out the sale.

As should be expected in such a situation, the company was selected to purchase some of the best properties at giveaway prices. The most controversial of those privatized businesses that went to the group was the huge Nicon Noga Hilton Hotels Abuja that the company took over by acquiring 51 percent of its stocks. Rapidly, the company obtained licences into various sectors of the Nigerian economy. After a rather lack-lustre beginning on the Nigerian Stock Exchange, the company is gradually expanding and diversifying. Today it has businesses in various sectors including hospitality, tourism, agrobusiness, energy and international trade. If Transcorp succeeds in its objectives, other groups like it will follow suit. To conclude this sector on the activities of indigenous capitalists in Nigeria, we would like to state that it appears to us that the foundations of a new capitalist movement have been laid and the superstructure of the system is currently under construction. From all indications, the general public has not shown any real opposition to this new system and international observers have been indifferent about this issue. Let us now look at the situation in other parts of Africa with South Africa as our working example.

South Africa

South Africa is the most developed economy in Africa. It is a relatively well-diversified economy with strong mining, manufacturing, agricultural and services sectors. Since the end of apartheid, the country that was on the brink of financial bankruptcy has seen its economy growing by over 6% for over a decade now. This economic growth buoyed by the lifting of sanctions by the international community as well as the adoption of neoliberal policies by the ANC-led government has led to the dawn of a new era of growth for capitalism. Just like in Nigeria above, some individual private businessmen and women have jumped on this opportunity to create new companies capable of dominating not just the South African domestic market but also to expand into foreign ones. And like in Nigeria most of these new capitalists have been maintaining close relationship with the political leaders of the country. The Black Economic Empowerment (BEE) now Broad-Based Economic Empowerment (BBEE) policy of the South African government is perceived as a means of compensating party supporters. But despite this criticism, the businesses created by the concerned individuals nonetheless grow and expand rapidly as we are going to see here. We are going to look at some of the actors involved in this new phase of capitalism. The first on our list is Mr Patrice Motsepe of African Rainbow Minerals Limited.

Patrice Motsepe and African Rainbow Minerals Limited

A lawyer who forayed into business, Patrice Motsepe is the Executive Chairman of African Rainbow Minerals (ARM), one of South Africa's largest mining companies. In addition to gold, the company has business interests in platinum, base and ferrous metals He is worth over $2.3 billion and is listed as one of the richest South Africans. This wealth mainly came from his investments in the South African mining sector which debuted in 1994 with his acquisition of low-producing mine shafts from big mining companies and turning them around into profitable ventures. Mr Motsepe's business acumen and industriousness contributed to his success but it is widely acknowledged that the BEE policy and his close relationship to the political leaders of the ANC was the determining factor that facilitated his rapid and immense accumulation of wealth. Motsepe promised to donate R10 million over a five-year period to the Zuma Foundation in 2010 (Sapa 2010). This enormous wealth and his close relationship to party leaders have been criticized as cronyism by some South Africans and even led to calls by trade unions to nationalize his wealth (Idem). But the great majority of the people see him as a symbol of success and a cause of pride. The next South African indigenous capitalist on our list is Mr Koos Bekker.

Koos Bekker and the Naspers Group

Trained in South Africa and the United States of America, Mr Koos Bekker, the CEO of Naspers Limited is a full-fledged member of this new class of capitalists. His company Naspers Limited formerly Die Nasionale Pers (The National Press) has been in business since 1915. It has interests in the electronic and print media sector as well as in the private education sector. During the apartheid era it participated actively in maintaining the system. This helped to make it one of the most successful businesses in apartheid South Africa. Since the end of apartheid, the company has been expanding in Africa and globally. It now has businesses in more than a hundred countries including the US, China, India, and Russia. It is the largest media group in Africa with over $12 billion in market capitalization. It is expected to continue expanding in the future. Mr Bekker is considered as one of the most influential figures in Africa.

The next group that we are going to study in South Africa is the MTN Group.

MTN Group

Founded in 1994 by a group of South African businessmen including Koos Kepper above, the MTN group is a giant telecommunication corporation in Africa. In its short history, the company has expanded its activities to 22 countries mainly in Sub-Saharan Africa and the Middle East. It is now one of the largest telecommunication companies in Africa with total assets worth of over $21 billion. The company's rapid expansion is one of the most important factors that put it in our list. Its activities in the two largest mobile phone markets of Africa, South Africa and Nigeria, and the pace of its expansion and acquisitions make it to be a strategic company to watch. Other emerging market companies are courting it for mergers and cooperation (Lakshman 2008). Let us conclude this part on South Africa with a another indigenous capitalist.

Mvelaphanda Holdings and Tokyo Sexwale

Mosima Gabriel Sexwale who is popularly known as Tokyo Sexwale is one of South Africa's new indigenous capitalists. The former freedom fighter and communist, who spent years in Robben Island with Nelson Mandela and other ANC freedom fighters is a man with different lives. From a communist freedom fighter, he became one of South Africa's most powerful

politicians. After his retirement from politics in 1998, he went into business and founded the Mvelaphanda Holdings, a company with huge interests in the oil sector and the South African mining sector. His company is said to be the third largest diamond company in the country. But his interests go beyond the oil and mining sectors into areas like electronics and real estate (Joubert 2008). In an article titled "Comrade Capitalist", Rebecca Leung of CBS narrated the prison-to-riches story of Mr Sexwale pointing out that his immense wealth was acquired because of his political connections and the BEE policy seen above (Leung 2004).

The CBS article noted that he was one of "*a handful of black leaders and former political prisoners who have gotten really rich by converting their political power into capital."* (Idem) From all indications, Mvelaphanda Holdings is poised for a very "bright" future in South Africa and beyond. It is clear here that though the Nigerian and South African indigenous capitalists function in two different contexts, it is not difficult to see the factors and characteristics they have in common. Both countries have capitalists that are ready for business and have shown their adaptability to various obstacles in order to achieve their business objectives. Their capitalist mindset is unwavering and they are ready to conquer Africa and move on to the rest of the world. Let us now look at the other emerging market countries like China, India and Brazil and see how they conform or contrast to those of Nigeria and South Africa that we have seen above.

China

China is considered as the most formidable of the emerging markets. Its unprecedented economic growth, which has lifted millions of people out of poverty over a very short period of time, has become a point of admiration and awe all over the world. This mesmerizes scholars and politicians as can be attested by the heated debates and works on China and its economy. Saying that the 21st century is China's does not raise eyebrows anymore though doubts about China's successful use of its immense potential abound.

Just like in the case of the other emerging economies that we have treated in this paper, instead of trying to predict the future of Chinese economic dominance of global economy in the 21st century, we are going to focus our attention on the capitalistic nature of some of the indigenous actors driving this extraordinary growth. Before dealing with these actors, we deem it important to note here that the Chinese economy because of its socioeconomic and historical structure is unlike that of any other country that we have studied. The communist experiment in China still has immense influence on its economy. The result is that business ownership may not be as easy to decipher, as it would be in other economies. Most of the largest Chinese corporations still seem to be ran under the State-Owned-Enterprise (SOE) system but things are not as clear as we would wish them to be. In his book. Huang (2008) observed that in 1997, the share of private company ownership output in China depending on the set of data used was calculated to represent up to 68.4 percent or as low as 21.2 percent in the same year. He noted that some scholars have classified the Chinese companies into two basic categories, the state sector and the non-state sector.

The state-sector firms according to Huang are the traditional SOEs whereas the non-state-sector firms includes a large variety of companies including collective enterprises, what he called "truly private firms", shareholding enterprises, domestic joint-ownership firms and Foreign Invested Enterprises (FIEs). Huang also distinguished the roles played by these different sectors in the recent economic growth in China. In short, he posited that the phenomenal growth of the Chinese economy in the 1980s, contrary to the generally acclaimed version in the West, was driven by private-sector firms mainly in rural China and that it was only in the 1990s that the party and the state intervened to redirect economic policies from the

rural provinces to the urban cities with the results that we all know today. What is interesting for us is that however one looks at and analyzes the current Chinese economic system, one tends to arrive at the same conclusion: that it is increasingly capitalist in nature. Almost all the scholars and economists have accepted this as a given though some prefer to call it a state-capitalist system, or Red Capitalism as it was described by Carl E. Walter and Fraser J.T. Howie (Walter and Fraser 2011) or Capitalism with Chinese characteristics as Huang Hasheng did (Huang 2008). Whatever the preferred term, there is no mistaking the fact that the Chinese economy is increasingly capitalist and all tends to indicate that it is still at its initial state and will definitely continue in that direction. Our interest lies in the capitalist nature of the Chinese economy, be it state-run or private sector-driven. We are going to use some of the indigenous Chinese firms to show this trend. The first Chinese company that exemplifies the indigenous capitalist firm on our list is Huawei.

Huawei

Huawei is a private sector company founded by Ren Zhengfei, a Chinese businessman, in 1987 (Huawei 2018). At its beginning, it was a sales agent of Private Branch Exchange Switches (PBX) for a Hong Kong company. Headquartered in Shenzen, China, Huawei has since grown into a world-class telecommunications and networking company. It is now an integrated company covering all aspects of its business from Research and Development, production and marketing of its products, to the provision of bespoke network services to telecommunication carriers worldwide. With a $92 billion revenue in 2018, over 110, 000 employees and operations in over 140 countries, the 31-year-old company is today a heavyweight in the global telecommunication market second only to Ericsson in market strength. But like the other emerging market indigenous capitalists that we saw earlier, the rapid rise of Huawei still remains a marvel to most analysts (Huang, Op. cit. 11-13).

Its ownership structure is another area of interrogation. Though its revenue is in the billions, it is not listed on the market. It is said to be an employee-owned company with its millionaire CEO Ren Zhengfei holding 1.42 percent of its shares. But there is a lot of scepticism over this ownership issue (Juha 2011). Moreover, its close cooperation with the Chinese Military, ergo government, like in the case of the other indigenous capitalist firms, raises a lot of questions about its success. This relationship has made it lose a couple of contracts and acquisition opportunities. But despite these issues, the company, as China's largest private sector company remains a formidable example of Chinese embrace of the capitalist model. The next two companies on our list are Baidu Inc. and the Hangzhou Wahaha Group. These are two companies that are respectively founded, owned and controlled by indigenous Chinese businessmen. Both companies were founded in the past two decades and now have billion-dollar businesses. Let us start with the first one Baidu Inc.

Baidu Inc. and Robin Li

Baidu Corporation was founded by Robin Li and Eric Xu with headquarters in Beijing. The company started out as an Internet search company and has been growing ever since expanding into general media services including the following: Web search services, Pay for Placement (P4P) platform, Protheme services, TV advertising, and software applications. It is the largest search engine in China today and has opened a portal in Japan. It was listed in 2005 on NASDAQ and was included in the NASDAQ-100 index in 2007. The company's co-founder, chairman and CEO, Robin Li is now one of the richest men in the world in Mainland China with an estimated wealth of $13.9 billion. At 49, Robin Li is the symbol of China's new indigenous capitalists. His company has put the maximization of profits at the top of its

priorities and values. It has been actively participating in the Chinese government's program of information censorship. This may partly explain Google's quandary in the country, which could only translate into more growth and expansion for Chinese indigenous online businesses with Baidu getting the largest share. Let us now move to the next company, the Wahaha Group.

Zong Qinghou and the Hangzhou Wahaha Group

Headquartered in Hangzhou, Zhejian province, the Wahaha group is a private-owned conglomerate with business operations in dairy products, water and soft drinks. Though it traces its origins to the sales department of a school-run business in Changsheng district with a loan of 140,000 RMB and 3 employees, the group is today one of the largest businesses in China. Currently, it has 150 subsidiaries in 29 provinces and 58 production bases all over China. It employs over 30,000 people (Wahaha 2018).

Mr Zong Qinghou, 72, is the founder, Chairman and CEO of the company since its foundation in 1987. His net worth is estimated at $9.4 billion in 2018 according to the Forbes Millionaires List, Mr Zong Qinghou, despite his close links with the Party is a bred to the bone capitalist with aims of expanding his business and diversifying into other sectors. He once stated that "20%-plus growth isn't enough to satisfy Wahaha." (Forbes 2018). During his company's legal battle with Danone over their joint-venture businesses, it was revealed that Mr Zong Qinghou had been evading taxes in China. This we might consider as a confirmation of his capitalist credentials.

The companies and individuals above are but a little example of the faces of the new indigenous Chinese capitalist system. Companies that were inexistent a couple of decades ago are now growing rapidly and vying for global economic dominance through the maximization of profits and the accumulation of wealth and the ownership of the means of production. That the Chinese State is behind some of the largest of the Chinese companies like Sinopec and COSCO should not blind us to the fact that these companies are highly capitalistic in their functioning even though the Chinese government is still considered as a communist regime. Some of the executives of these companies are billionaires and hundreds are millionaires.

To close this part of the Chinese indigenous capitalists, we should bear in mind that the Chinese society has not shown any ideological refusal of the capitalist system that is rapidly expanding in their country. Instead, there has been widespread embrace of capitalist wealth, in reality, though the rhetoric is still anti-capitalist or rather, anti-West. Young Chinese men and women are being brought up with a highly individualistic education based on intense competition for everything (Bennett 2018). The "little emperors" generation are most likely going to be as consumerist-minded as their western counterparts if not more so. A look at the sales growth of brand products suffices to point out this. In 2010, China overtook the US as the largest consumer of luxury goods and second only to Japan. It now has more billionaires than any other country in the world with the exception of the United States. That the economy is dependent on exports is not due to the Chinese people's aversion to spending their money but rather due to the fact that the wealth distribution system still leaves them out of the consumer society. David Leonhardt puts it best when he states, "modern Chinese society hardly seems hostile to the idea of consumption. The problem is how little money so many people have." (Leonhardt 2010). In other words, the people are open and ready to consume but lack the money to do so due mainly to the unequal distribution of wealth. However, those that have the money do not relent in their consumption.

This is the situation in most emerging markets as we are going to see in the case of India.

India

India like China had a centrally planned economy bordering on socialism up till the period of the global wave of neoliberalism in the late 1970s and early 1980s. However, the real opening of the Indian economy occurred in the late 80s and early 90s and continues till date. But unlike China, India has always had a relatively mixed economic system in which private ownership of businesses was possible. But most of all, it has a democratic political system and this makes a lot of difference in the opening of the country to ideas, in this case, capitalism and neoliberalism. It made it possible for India to create a private sector that is one of the most dynamic in the emerging markets.

However, with this dynamism came the increased concentration of capital and the means of production in the hands of a few well-connected percentage of the population. Names like Tata, Ambani, Mittal are no more strange names today outside India but rather familiar brand names of large companies listed on stock exchanges with assets and revenues counted in the billions. These Indian names are symbols of the indigenous capitalist class in India. This class has grown inside and outside India with the rapid growth of India's economy in the last three decades. While some of these companies have been in business for a long time, the rapid growth of their wealth has been unprecedented in the last three decades. The same goes with their expansion. Indian companies are no more limiting their businesses to the domestic market but are increasingly entering foreign markets through acquisitions and mergers. The Mittal family for example has grown from an Indian steel corporation to become the largest steel company under its current name ArcelorMittal. While the biggest of the Indian companies are investing in the economies of industrialized nations of Europe and North America, the smaller ones are focusing on the economies of other developing nations. A good example is that of the Karuturi group's failed attempt in the countries of the Horn of Africa.

Karuturi Group

Karuturi is an Indian indigenously-owned company that was founded in 1994 by Ram Karuturi. The company that started in India as a flower company dealing with rose flower exports have since grown and expanded to dominate its market sector globally. Its rapid rise was quite phenomenal but the most striking thing about this company is its capitalist tendencies. The company in its quest for higher profits diversified into different business sectors such as Agriculture, food processing and IT. It expanded its agricultural branch through a set of aggressive acquisition of farmlands in Africa. These acquisitions popularly called "land grabbing" by activists led to conflict between the company and local farmers in Ethiopia where it got an 80-year land lease contract from the government that handed over vast expanses of farmland one of which was estimated to be two times the size of the state of Rhode Island.

Mr Ram Karuturi, the CEO of the company, true to the capitalist ideology, expressed the hope of dominating the global agribusiness, which he rightly considers as the next most strategic and lucrative market (Marant 2011). The company was also on the verge of acquiring a million hectares of land in Sudan when its current financial problems started. Karaturi's modus operandi is unprecedented in recent history. It gives us a glimpse of what the future would be like in the developing countries where the types of Ram Karuturi are going to be the norm rather than the exception.

Despite the abject poverty in which a great part of the Indian population is living in, capitalism as a system appears to be taking hold without much successful opposition there. A recently published Globescan poll on public support of the free market in 2010 around the globe found that developing nations and emerging markets of Asia and Africa are increasingly in support of the free market system whereas Europeans and Americans are gradually turning against the system. It found that public support of the free market system is

at 59 percent in India. This gives us an idea of the increasing influence of capitalism in that country. Before concluding this research, let us give a brief impression of another of the emerging markets, Brazil.

It appears to us that the findings and analysis of this paper could be extrapolated to other countries like Brazil where indigenous capitalists are helping establish a neoliberal economic system with great support from the government. As the economy is being "liberalized", the people are encouraged to consume more even if they have to do so on credit. The former President of Brazil, Ignacio Da Silva Lula proudly stated that bankers and the corporate world in general have never made as much money as they did during his administration (CBS News 2011). He was unwavering in the support he gave to these corporate interests. Despite the immense social welfare improvements in Brazil during the last decade, the result today is that we have an increasingly consumerist market economy in Brazil which is moving gradually but steadily towards a more capitalist society with all its inherent ills. Dilma Rousseff, continued in the same direction as Lula during her tenure in office.

The Globescan poll results mentioned above also shows the difference between China and the US on the issue of perception of the free market as the best available economic system. It is striking to see that in that poll that the Chinese public at 67% agree with the statement that "free market economy is the best system." Furthermore, the study found that apart from the Chinese and the Indians, 53 percent of Russians, 67 percent of Brazilians, and 58 percent of Nigerians surveyed were in support of the free market as the best available economic system.

Conclusion

As capitalism and neoliberal policies take root in the emerging markets and other developing nations, we need to reflect on the effects this may have on people in those countries and in the industrialized nations of Europe and North America. As mentioned earlier, the effects are already being felt in some areas like massive unemployment, lack of welfare coverage for workers, inhumane working conditions and loss of tax revenue. But the main effects would be the rejuvenation of the capitalist system, which would lead to increased exploitation of the already diminishing natural resources and more environmental degradation. The conquest and domination of certain sectors of the global economy by the new actors above, who have proven to be as unscrupulous as their western counterparts will definitely retard the expected fall of the capitalist system. Workers in the countries of the emerging markets and other developing nations will bear the brunt of these new capitalists just as those of Europe and America did in the past and are still doing today. The ongoing attacks on social and health programmes in Europe and North America would continue and may be exacerbated by the activities of these new actors if nothing is done to regulate their activities.

After analyzing the activities of these new indigenous capitalists in the emerging markets and developing nations of Africa and Asia, we have arrived at two conclusions. The first one is that ethics is not part of the worries of the new indigenous capitalists. Like their counterparts from Europe, North America and Japan, these individuals and companies are amoral, and for lack of a fitting descriptive term, we would say "anethical" a neologism in the form of amoral that means the lack of any sense of ethics. They have proven once again if any proof is needed that the combination of capitalism and ethics is and will remain an oxymoron. The second one is that though capitalism is wavering in the developed nations of Europe and North America, its seeds are apparently taking root in the emerging markets and it is poised to renew itself in a radically different way unless progressive scholars put in more effort in studying and analyzing it, creating public awareness of its dangers and confronting it at its new base in Africa and Asia.

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