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Fire Front

Destroying the world's living systems and draining its wealth are not perversions of capitalism. They are capitalism.

Whenever there's a leak of documents from the remote islands and obscure jurisdictions where rich people hide their money, like this week's release¹ of the *Pandora papers*, we ask ourselves how such things could happen. How did we end up with a global system that enables great wealth to be transferred offshore, untaxed and hidden from public view? Politicians condemn it as "*the unacceptable face of capitalism*". But it's not. It's the face of capitalism.

Capitalism was arguably born on a remote island. A few decades after the Portuguese colonised Madeira, in 1420, they developed a system that differed in some respects from anything that had gone before. By felling the forests after which they named the island (madeira is Portuguese for wood), they created, in this uninhabited sphere, a blank slate – a *terra nullius* – in which a new economy could be built. Financed by bankers in Genoa and Flanders, they transported slaves from Africa to plant and process sugar. They developed an economy in which land, labour and money lost their prior social meaning and became tradable commodities².

As the geographer Jason Moore points out³ in the journal *Review*, a small amount of capital could be used, in these circumstances, to grab a vast amount of natural wealth. On Madeira's rich soil, using the abundant wood as fuel, slave labour achieved a previously unimaginable productivity. In the 1470s, this tiny island became the world's biggest producer of sugar.

Madeira's economy had another characteristic, that also distinguished it from what had gone before: the astonishing speed with which it worked through the island's natural wealth. Sugar production peaked in 1506. By 1525, it had fallen by almost 80%. The major reason, Moore believes, was the exhaustion of accessible supplies of wood: Madeira ran out of *madeira*. Sixty kilogrammes of wood were needed to refine one kilogramme of sugar. As wood had to be cut from ever steeper and more remote parts of the island, more slave labour was needed to produce the same amount of sugar. In other words, the productivity of labour collapsed, falling roughly fourfold in 20 years. Around the same time, the forest clearing drove several endemic species to extinction.

In what was to become the classic *boom-bust-quit cycle of capitalism*, the Portuguese shifted their capital to new frontiers: establishing sugar plantations first on São Tomé, then in Brazil, then in the Caribbean, in each case depleting resources before moving on. As Moore points out, the seizure, exhaustion and partial abandonment of new geographical frontiers is central to the model of accumulation we call capitalism. Ecological and productivity crises like Madeira's are not perverse outcomes of the system. They are the system.

¹ <https://www.theguardian.com/news/series/pandora-papers>

² <https://www.penguinrandomhouse.com/books/206182/the-great-transformation-by-karl-polanyi/>

³ <https://www.jstor.org/stable/41427556>

Madeira soon moved on to other commodities, principally wine. It should come as no surprise that the island is now accused⁴ of functioning as a tax haven, and was mentioned⁵ in this week's reporting of the *Pandora papers*. What else is an ecologically-exhausted island, whose economy depended on looting, to do?

In *Jane Eyre*, published in 1847, Charlotte Brontë attempts to decontaminate Jane's unexpected fortune. She inherited the money from her uncle, "Mr Eyre of Madeira", but, St John Rivers informs her, it is now vested in "English funds". This also has the effect of distancing her capital from Edward Rochester's, tainted by its association with another depleted sugar island, Jamaica.

But what were, and are, English funds? England, in 1847, was at the centre of an empire whose capitalist endeavours had long eclipsed those of the Portuguese. For three centuries, it had systematically looted other nations: seizing people from Africa and forcing them to work in the Caribbean and North America, draining astonishing wealth⁶ from India, and extracting the materials it needed to power its industrial revolution through an indentured labour system⁷ often scarcely distinguishable from outright slavery. When *Jane Eyre* was published, Britain had recently concluded its first *Opium War* against China.

Financing this system of world-theft required new banking networks. These laid the foundations for the offshore financial system whose gruesome realities were again exposed this week. "English funds" were simply a destination for money made by the world-consuming colonial economy called capitalism.

In the onshoring of Jane's money, we see the gulf between the reality of the system and the way it presents itself. Almost from the beginning of capitalism, attempts were made to sanitise it. Madeira's early colonists created an origin myth⁸, which claimed that the island was consumed by a wild fire, lasting for seven years, that cleared much of the forest. But there was no such natural disaster. The fires were set by people. The fire front we call capitalism burnt across Madeira, before the sparks jumped and set light to other parts of the world.

Capitalism's fake cosmogony was formalised in 1689 by John Locke, in his *Second Treatise of Government*⁹. "In the beginning all the world was America", he tells us, a blank slate without people whose wealth was just sitting there, ready to be taken. But unlike Madeira, America was inhabited, and the indigenous people had to be killed or enslaved to create his *terra nullius*. The right to the world, he claimed, was established through hard work: when a man has "mixed his labour" with natural wealth, he "thereby makes it his property." But those who laid claim to large amounts of natural wealth did not mix their own labour with it, but that of their slaves¹⁰. The justifying fairytale capitalism tells about itself – you become rich through hard work and enterprise, adding value to natural wealth – is the greatest propaganda coup in human history.

⁴ <https://www.reuters.com/article/uk-eu-portugal-madeira-idUKKBN28E24Z>

⁵ https://www.eldiarioar.com/politica/pandora-papers/cancha-offshore-camino-transitado_1_8364520.html

⁶ <https://www.livemint.com/Companies/HNZA71LNVNNVXQ1ealKu6M/British-Raj-siphoned-out-45-trillion-from-India-Utsa-Patna.html>

⁷ <https://www.striking-women.org/module/map-major-south-asian-migration-flows/indentured-labour-south-asia-1834-1917>

⁸ <https://www.jstor.org/stable/41427556>

⁹ <https://www.gutenberg.org/files/7370/7370-h/7370-h.htm>

¹⁰ <https://www.theguardian.com/commentisfree/2019/mar/15/capitalism-destroying-earth-human-right-climate-strike-children>

As Laleh Khalili¹¹ explains in the *London Review of Books*, the extractive colonial economy never ended. It continues through commodity traders working with kleptocrats and oligarchs, grabbing poor nations' resources without payment with the help of clever instruments such as "transfer pricing"¹². It persists through the use of offshore tax havens and secrecy regimes by corrupt elites, who drain their nation's wealth then channel it into "English funds", whose true ownership is hidden by shell companies.

The fire front still rages across the world, burning through people and ecologies. Though the money that ignites it may be hidden, you can see it incinerating every territory that still possesses unexploited natural wealth: the Amazon, West Africa, West Papua. As capital runs out of planet to burn, it turns its attention to the deep ocean floor¹³ and starts speculating about shifting into space¹⁴.

The local ecological disasters that began in Madeira are coalescing into a global one. We are recruited as both consumers and consumed, burning through our life support systems on behalf of oligarchs who keep their money and morality offshore.

When we see the same things happening in places thousands of miles apart, we should stop treating them as isolated phenomena, and recognise the pattern. All the talk of "taming" capitalism and "reforming" capitalism hinges on a mistaken idea of what it is.

Capitalism is what we see in the Pandora papers.

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¹¹ <https://www.lrb.co.uk/the-paper/v43/n18/laleh-khalili/how-to-get-rich>

¹² <https://tax.justice.net/faq/what-is-transfer-pricing/>

¹³ <https://www.theguardian.com/environment/2021/sep/27/race-to-the-bottom-the-disastrous-blindfolded-rush-to-mine-the-deep-sea>

¹⁴ <https://futurism.com/the-byte/jeff-bezos-future-giant-space-colonies>