

# Chapter 8

## A Tangential Threat to OECD Resilience: The Twenty-First Century East India Company<sup>177</sup>

This chapter sets out some very general and wide-ranging views, slightly tongue in cheek, about a possible future trading bloc and consequences, based on Critical Information Infrastructure and posing a potential threat to European and OECD resilience in economic terms. This shows that the existing Infrastructure is not just of use to potential asymmetric fighters. The more detailed, and serious, work behind these views has been looked at in the Universities of Northumbria and Nice, at the European Telecommunications Resilience and Recovery Association and the Institut Pericles. The issue dealt with here is about a different type of approach to resilience.

In the seventeenth century, one of the then major global powers, Britain, took the step of establishing a monopoly of commerce between itself and the Far East. The monopoly was given to the British East India Company. This relationship culminated in the effective rule of India and control of much of Britain's import and export trade. The relationship lasted, in one form or another, for over 250 years.

The company's methods were based on a mixture of extraterritorial law and the establishment of key trading relationships. The company annexed territory on the grounds that the ruler was evil; it took over territory and businesses in other ways; and became exempt from many taxes and duties. Eventually the company became corrupt and was taken over by the State, and became the basis of Britain's Asian colonies. A shorter lived, but only by 50 years, enterprise by the Dutch led in turn to the Dutch Asian Colonies.

Essentially these enterprises were state-sponsored resource, globalization and trading empires operating independently in an anarchic environment. The wealth accumulated, directly and indirectly, to the sponsor states. They were a cornerstone of modern-day capitalism, and changed trading practices forever. They also enabled and financed further expansion elsewhere. Even today

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<sup>177</sup> This idea arose from a conversation between the author, then a Research Fellow at Northumbria University, and Christian Tafani, Research Fellow, Institut Pericles, University of Nice, at the ETR2A Conference in Sophia Antipolis in June 2005.

the major data highways in the Far East are based on the key trading sites established by these companies and their allies over 200 years ago.

One view of Capitalism today might be that it has become the dominant economic system across the world. At the same time as the system becomes ubiquitous it also tends toward the lowest common denominator and commoditization. All countries/economies cannot make money out of cars/textiles/other consumer goods in such an environment. As a consequence high-cost “advanced” economies start to move out of mass production/manufacturing and migrate towards “service” and “knowledge economies.”

The next decade will see both the continued rise of economies such as China and India and the drift of manufacturing jobs from the advanced nations. This may gather such momentum over the next five years that anyone who has recently won an election may come to rue the day.

Some economies recognize that this is not going to be good enough to sustain an ever-growing standard of living. They recognize that they will still need to compete with China, and India, if, for no other reason, than to maintain the cohesion, stability and tax take of their own societies. Some advanced economies have sufficient critical mass to be in the position to determine much more successfully than others their own fate. They have large internal markets and relatively secure international trading patterns. It can be assumed that Europe and the USA might be two such entities.

These two entities have very different social approaches. On the one hand there is a purist, noninterventionist, capitalist approach modified by limited Federal Government regulation, generating high-growth on the back of Information Technology improvements in particular. On the other hand is a much more socially motivated model that is constantly concerned that it is not meeting its rival's growth, jobs, and tax achievements. It has a looser Federal structure, but a much more interventionist approach. This gives it cause for concern about the long-term viability of the social model.

Both entities have historically been aggressive. Components of both are more likely to settle their differences by war than other means. Both have tried to take commercial advantage of the “anarchic” vacuum left by the end of the Cold War. Europe has been the prime example of a Christian–Military Complex for a millennium or more. The USA has been the prime example of a Christian–Industrial–Military Complex for a century or more. As the pace of change compresses the longevity of ascendancy the race is on for dominance between a Christian–Military–Information Complex, as exemplified by the USA, and the rest.

This scenario has led researchers at the Universities of Northumbria and Nice to look closely at the implications for the future. The starting point is the NU-UN Hypothesis, which states as follows:

*That recent political, economic, social, technical, environmental and legal acts in the United States, the EU and elsewhere will have the effect, coincidentally or otherwise, of posing a security threat to EU political, economic, social and technical progress particularly in regard to the Lisbon Agenda, growth and jobs.*