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## **Crises and capitalist oligarchies, radical critique of society and its political economy<sup>1</sup>**

Within the social sciences the concern has been formulated since considerable time, who are the agents effectively taking political decisions in the globalized world and which are the consequences of such decisions – and why this is so. This concern has especially been driving towards research on networks of agency (e.g. Kees van der Pijl) and trans-national class structures (e.g. Leslie Sklair or Wilhelm Carroll). Since the beginning of the global financial crisis, this question is again under an intensive debate, not in the least within the space of the Euro. This should not astonish anybody – it is a reaction to circumstances in which „the markets“, especially the „financial markets“, have been unilaterally “driving” politics and incapacitate the politicians. So in spring 2012, at a public event organized by the German Federal Ministry of Finance, a former, long-time secretary of state, now a prominent private business and public sector advisor, has issued a warning that a situation may arise in which the German state – due to the high state of its debt – will no longer be able to raise needed further money on the financial markets.

These questions of looking for relevant subjects of decision-making is not only highly relevant in terms of the national politics in the interior of a nation-state, it is also being looked upon as a key building block towards guaranteeing ‘security’ in terms of foreign policy: After the „Arab Spring” – which had surprised at first – it is no more possible to make abstraction from all external dimensions of politics, nor to overlook the interdependence of internal and foreign policies. Many manifestations reacted to rises in food prices respectively to food scarcity – which appears as a mere “market effect”.

Concepts like ‚oligarchies‘, ‚finance oligarchies‘ or ‚structures of feudal capitalism‘ etc. are becoming more current in contemporary scientific or public debates – by which the authors refer to situations in which small groups of persons appear to dictate the conditions of life and the conditions of effective action to large parts of the population as well as to relevant economic and political agents, thereby rendering powerless important social and political institutions. This is often combined with stressing differences to past situations of ‚political normality‘, and with asking for a ‚return to democracy‘.

In this contribution we shall first address the problem of determining how far these kinds of approaches may help to solve the problems discussed – or whether they have to be seen as a part of these problems themselves. The issue at stake refers to existing relations of power within our societies which can explain effectively existing (or just claimed) inabilities to act respectively the pressures to act in a certain way, as well as their emergence and their interaction with the structures of productions and consumption, with structural crises and societal tendencies of development. Simultaneously it will be attempted to formulate conclusions for a left wing strategy of emancipation and for a strategic notion of political economy capable of empowering the political agencies in this field.

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<sup>1</sup> This Text is based upon a text with the same title contributed by the author to the Common Conference of AHE, FAPE and IIPE, July 2012. In this process the text has been thoroughly revised.

The central element of our argument will be the idea that, if the capitalist oligarchies are in fact determining the main orientation and the modalities of the development of our societies, and if the social, ecological, and human problems connected to it are so hugely important, to look for capabilities of action and for potential kinds of agency in order to slow down the processes of social and ecological destruction and, finally, to overcome and stop the underlying destructive structures of them and to build humane and dignified conditions of life – always starting with and in the interest of those who are the weakest within our own societies and in a global perspective.

Political economy as the science of the relations between human beings in their societal labour processes and economic exchanges (i.e. in the production, distribution, circulation, and consumption of use values) serves the purpose of identifying challenges and possibilities of action. Labour processes and economic exchanges always are structured as metabolic processes between human beings and external nature shaped by the relations between human beings. Developing and using political economy is here called “being active in the field of political economy”, which finds its qualified basis especially in the appropriation of economic history as well as of the history of the respective theories. The most important purpose this activity serves is that of supporting the development of agency, by furthering processes of cognition, communication and practical learning, carried on by people who – because they aspire to living in dignity in their own, self-determined way, on the basis of solidarity with others and ecological responsibility – want to fight and to overcome the state of society, as it is shaped by the capitalist oligarchies.

The argument is here developed in three steps:

1. Clarification of the concept of capitalist oligarchies,
2. Characterization of capitalist oligarchies as main bearers of action of the dominating structures of production and consumption, i.e. the modes of production, of consumption, and the resulting ways of life,
3. Some conclusions on coping with capitalist oligarchies.

### **1. The notion of capitalist oligarchies, old and contemporary capitalist oligarchies**

Until the outbreak of the last global financial crisis, the notion of ‘oligarchy’ resp. of ‘oligarchs’, as it has been current in the scientific and political mainstream has been linked especially to the property of natural resources, especially of carriers of energy, like petrol and natural gas in North Africa, and later in Russia. This notion has been focused upon the power of small groups of persons, in many cases feudal lords, capable of dictating prices on international markets and dominating their societies. They control the life of entire societies, can push through arbitrary decisions, they manipulate events and speculate. (<http://www.openthesaurus.de/synonyme/Oli>, <http://www.enzyklo.de/Begriff/Oligarchie>)

Since the financial crisis has broken out openly, there is a renewed – in relation to the debates on ‘imperialism’ in the past – and still growing debate on “financial oligarchies”, e.g. on Wall Street. (<http://www.stern.de/politik/ausland/was-die-welt-bewegt-obamas-pakt-mit-dem-teufel-661052.html>).

In the debate on these issues, it has been stressed, among other things, that „the right wing“ is in the process of, „fundamentally changing Western society. 60 years of domination of Western middle class are approaching their end. An ‘oligarchy’ is

being put into place“ (<http://www.kontextwochenzeitung.de/newsartikel/2011/08/von-der-oligarchie-des-geldes/>).

If, however, the „right wing“ were capable of „putting into place“ an ‚oligarchy‘, it would have needed the respective agency, as well as the required resources of economic and political power. How it has been capable to do this under the „domination by the Western middle class“ is given no (acceptable) explanation. Even then, the question should be asked what has been the responsibility of this “middle class” for the present crisis.

This question is also avoided by Michael Hudson, who loads the responsibility for the present crisis on the ‚class of rentiers‘ as an ally to neo-liberal ideologists, i.e. on the “class of ‘rentiers’ with tax benefits” to which he ascribes the responsibility for “a new age of polarization”. (<http://www.faz.net/aktuell/feuilleton/die-herrschaft-der-finanzoligarchie-der-krieg-der-banken-gegen-das-volk-11549829.html>). The “Western middle class”, however, is largely part of this “class of ‘rentiers’ with tax benefits”. Presently, a process is taking place, according to this approach, by which „a financial oligarchy” usurps the place of “democratic government” and pushes “entire populations into debt dependency... The success of this daring strategy presupposes terminating any political and legislative processes, which could prevent this. Political panicking and anarchy tend to produce a vacuum, in which the sharks of finance advance rapidly, presenting their own solutions as being without any alternative, not the least with false views on economic history – in the case of the ECB especially German history.“ (<http://www.faz.net/aktuell/feuilleton/die-herrschaft-der-finanzoligarchie-der-krieg-der-banken-gegen-das-volk-11549829.html>).

This „financial oligarchy“, these „sharks of finance“ must have developed and emerged in some way – i.e. they must have found or created a framework for social and economic policy, which has made it possible for them, to accumulate such amount of power. And this process must have been compatible with „democratic governments“ and also with the interests of large parts of the population.

This has also been clearly seen by Hervé Kempf. He points to the connections existing between the societal positions of the super-rich in the globalized world, the power of the financial sector, and the privatization of the public sphere, and the spreading of lobby influence, on the one hand, and the interests as well as the behaviour of a middle class, on the other (Kempf 2012: 50-58). As Kempf refrains from engaging in a radical critique of the capitalist mode of production and from analyzing its agents as a special type among the members of modern societies, his capability for explaining the emergence and the nature of capital oligarchies or the present crisis processes is rather limited. His conclusion is: „ ...[we] must reconquer democracy ..., by aspiring to ‚living well ‘ in the sense of the ‘good life’ ... We shall have to invent a kind of democracy without growth“ (Kempf 2012: 58). This is exceedingly short in its underlying analysis: The citizens in the centres of the capitalist mode of production had a kind of democracy, which has helped to bring about, and to reproduce, the social and global divisions, oppositions, inequalities and political discrimination. The way its agents behave and develop their relations to the other members of their societies serve as an explanation for situations, in which „a small number of people behind closed doors take those decisions which have to be taken according to their own convictions “ (Kempf 2012: 50). A closer analysis of this development makes it apparent, who – asking with Gramsci – are these small groups, how they are organically linked to a changing society and have emerged and grown within it, and how the needed consent within society has been produced and reproduced.

Peter Philips and Kimberly Soeiro have asked specifically for the 1% of those who dominate in the globalized world, and have identified – relying upon trans-national analyses of class-structures carried out by Sklair – our decisive groups of agents: Those owning and controlling of Trans-national Corporations (TNC) and their local branches; globalized bureaucrats and politicians; globalized functional elites; consumption elites (commerce and media)

(<http://globalresearch.ca/index.php?context=va&aid=32356>)

Philips and Soeiro can document, based on research on the extractive and investive sector, how the owners and top managers of TNCs are interlocking, also with the owners and managers of further TNCs, with financial institutions, groups of politicians, with the media and with governments, with academic institutions and non-profit-organizations. They can draw up the networks of representatives of the most densely concentrated capital, as well as some of their think tanks, clubs and round tables, and of their formal and informal associations. Those who are active in this context are continuously crossing national borders, while interest-determined media accompany and reinforce their action at high velocity. Philips and Soeiro can demonstrate how these active representatives are interlocking with the command centres of the US- military and of NATO, with the complex security sector or with G7, G8, and G20. The apex of the globally richest and most powerful 1% – 40 million persons – is described as consisting out of six to seven thousand super-rich and super-powerful – i.e. out of 0,0001% of the world population. The „US/NATO military-industrial-media empire“ (Philips, Soeiro) functions in the service of the profit and security interests of the Western 1% members with this small apex

(<http://globalresearch.ca/index.php?context=va&aid=32356>).

This is much more than the „small groups“, Kempf discerns „behind closed doors“.

Even though Philips and Soeiro are in fact addressing the problems of the poorest and especially thematize colonialism, repressions and wars being waged against the globally weakest, they have no answers to the questions of the emergence and the reproduction of such ‘organically growing’ capitalist oligarchies. Or more explicitly: The development of the structures of production and consumption, with the respective ways of life, is scarcely discussed in its interplay to the workings of capitalist oligarchies. This task has to be taken up and mastered with recourse to political economy, if we aspire to a socio-ecological transformation which will be capable of solving the problems of human existence in a way characterized by human solidarity and sustainability – i.e. in a perspective of liberation for all human beings, which will bring social equality together with a solid and sustainable embedding in the biosphere. Such an embedding will have to start with the reduction and destruction of the power of these capitalist oligarchies. These are far from being a new phenomenon, and they had an essential part in causing the global crises of today: the global crises of finance and the economy, the crises of food and the environment, the crises of energy and of material resources.

### *1.1 Old capitalist oligarchies*

Vladimir Ilyitch Lenin has based his critique of Rudolf Hilferding on the distinction between the complete definition of a relation of production in political economy which includes an explanation of the development leading up to it, and an “incomplete” definition which lacks such an explanation. This is important for properly acting in the field of political economy – and it helps to understand the difference between the kind of capitalist and financial oligarchies, as they have emerged in the end of the 19th

century and modern capitalist oligarchies.

Hilferding had resumed his analysis by formulating: „An ever-increasing part of the capital of industry does not belong to the industrialists who use it. They are able to dispose over capital only through the banks, which represent the owners. On the other side, the banks have to invest an ever-increasing part of their capital in industry and in this way they become to a greater and greater extent industrial capitalists. I call bank capital, that is, capital in money form which is actually transformed in this way into industrial capital, finance capital.“ (Hilferding, Finance Capital, ch. 14)

Lenin has commented Hilferding's thesis as follows: „This definition is incomplete insofar as it is silent on one extremely important fact – on the increase of concentration of production and of capital to such an extent that concentration is leading, and has led, to monopoly.“ (Lenin, Imperialism, ch. 3) I.e. to the „concentration of production; the monopolies arising therefrom; the merging or coalescence of the banks with industry ...“ (Lenin, Imperialism, ch. 3).

The result of this development has been a new quality of capital as ‚financial capital‘, overpowering other individual or group capitals in economic life, most specifically on the markets. It is capable of dictating its own conditions for the buying or selling of commodities and of controlling the access to credit, as well as its conditions. This overwhelming power is a result of preceding successes in free competition, advancing the division of labour within society and thereby the socialization of labour, as well as stemming from its sheer accumulated size, or from the alliances and associations of capital owners, combined with its privileged access to qualified labour power, to resources and to credit, and likewise to the administration and the legislature. Its first emergence and its continuous reproduction has been carried out by strategically organizing capital participation, the creation of new corporations and the changing of interest rates, using all methods of manipulation and speculation. Finally „... three to five of the biggest banks in each of the foremost capitalist countries have achieved the ‘personal link-up’ between industrial and bank capital, and have concentrated in their hands the control of thousands upon thousands of millions which form the greater part of the capital and income of entire countries.“ (Lenin, Imperialism, ch. 10) A “close network of dependence relationships” between “economic and political institutions of present-day bourgeois society” has emerged and dominates these societies – the “financial oligarchy” (Lenin, Imperialism, ch. 10). Its emergence led to a differentiation within the capitalist classes, reinforced existing hierarchies within society and constituted new ones. As capitalist accumulation has been accompanied by an advancing international division of labour, contradictions and conflicting interests have been growing also in the world arena.

Lenin, however, does not distinguish between tendencies of development (including their internal antagonisms, especially those referring to conflicting interests and compromising between very different agents) and the effective development of a state of society. He has clearly and correctly identified *one* tendency resulting from the overall direction of societal development rather pointedly: „A sort of division of labour is being systematically developed amongst the several hundred kings of finance who reign over modern capitalist society“ (Lenin Imperialism, ch. 2). These “kings” take their share in brutal colonial policy, military conquest and in the competition on international markets. Their position within their societies makes it possible for them to impose their interests on their society and to shape its development.

„Finance capital, in its maturity, is the highest stage of the concentration of economic and political power in the hands of the capitalist oligarchy. It is the climax of the

dictatorship of the magnates of capital. “ (Hilferding, Finance Capital, ch. 25)

Whenever such a development is declared to be „complete“ or „unavoidable“, all counterforces or counter-tendencies are simply marginalized or put aside. If active or potential counter-powers are only seen in the victims, especially in those working for respectively dependent on wages, the only real issue would be how those in power can buy or just impose their “acquiescence”. There is no need then to proceed to a serious analysis of the ways, in which those dominating forces lead the process, calls only for partial examination, as likewise all overlapping of interests between those who are dominating and those who are being dominated can be dismissed as a mere case of „opportunism“.

In reflecting *one* essential tendency, respectively the one that has been dominant in his own time and space, while abstracting from underlying complex constellations of agency, Lenin comes to the conclusion that capitalism is developing production to a point „directly to the most comprehensive socialization of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialization” (Lenin, Imperialism, ch. 1).

History has taken a different path. Those in favour of „complete socialization“ have been far too weak to force history their way.

In those very times, when Hilferding and Lenin have been analyzing financial capital, and when processes of the concentration of capital were progressing rapidly, also and most especially in the USA, the three rating agencies acting so destructively today – Standard&Poor’s, Moody’s und Fitch (“the Big 3”) – were already in existence.

With the *New Deal*, these Big 3, as private enterprises, have been given the official mission by state authority (i.e. by the US government) to rate the security of investment.

Some years before the New Deal, some Wallstreet bankers (from J. P. Morgan, Kuhn, and Loeb), top managers from the big corporations respectively representatives of their foundations – especially in the fields of armaments and basic industries (Standard Oil, Carnegie-Steel, Rockefeller) –, lawyers, journalists, and publishers, intellectuals and politicians engaged in foreign policy in the US have founded the Council on Foreign Relations (CFR), i.e. „the most powerful interest group in foreign relations in the world today“ (Roy 2012: 65). The Ford Foundation and the CIA were later additions; generally speaking „...the aim has been to elaborate the notion of a *global corporate governance*, as a world domination by the big corporations “ (Roy 2012: 65).

„*Financial oligarchy*“ (Lenin) or „*capitalist oligarchy*“ (Hilferding), accordingly, refers, on the one hand, to a group of agency, which relies upon highly concentrated capital organized in enterprises of special societal significance, as well as upon political institutions of civil society respectively the state, in order to impose and realize its own interests. On the other hand, it refers to relations between and among capitalist elites as members of such groups of agency, as well as between them and members of society from socially different groups. The accumulation of their capital is realized via the integration of securing resources and productive operations with finance, commodity production and the realization of these commodities within this group, as well as via the appropriation and the use of the results of work done outside of this

group, by appropriating resources, income, and property – relying on leadership, redistribution and coercion (Gramsci) within society at large – by this very group, based upon its associations and organizations, as well as on the state.

That we have chosen the concept „*capitalist oligarchy*“ does imply no siding with Hilferding in his debate with Lenin (whose historical approach will have to be especially appreciated), but simply reflects our focus upon „capital“, upon the qualitative changes in capital accumulation, upon the qualitative changes in the capitalist mode of production.

„*Old capitalist oligarchies*“ refers to those specific groups of a capitalist elite, which had emerged before the beginning of the neo-liberal, finance driven globalization. The kind of financial capitalism which had emerged in the 19th century had been characterized by level of socialization in which it still has been possible to identify an oligarchy defined by individual persons who could be called by their names. This corresponded to a certain type of the organization of the labour process and of production and to determinate relations between capital and labour.

### 1.2 Modern capitalist oligarchies

Since 1971, it has become the general practice that no longer those who bought, but those who sold securities - i.e. especially the banks – would pay for the ratings (Rügemer 2012: 17). With the increase of the trade in securities the role of these ratings has become more important. Since the middle of the 1970s it is established by law in the USA that stock exchange brokers have to adjust their capital reserves according to their being rated as “investment grade” or “non-investment grade” by rating agencies. Since then the VIPs of the Big 3 have become the counsellors and partners of those in government or in parliament, as well as of a broad array of state, of para-statal public or of private institutions. This private-state-system of rating procedures has then been transferred into national, international, as well as EU law with the globalization driven by the accumulation of financial capital which also started in the 1970s. “Even those who act as ‘propagandists’ of deregulation have created ... also by using the help coming from these rating agencies ... a new system of regulation under private dominance, supported by the state” (Rügemer 2012:11). An analysis of the relations of property shows that the owners of the Big 3 are at the same time co-proprietors of the big banks and of multi-national corporations. The rating agencies function as “the extended arm of their owners”<sup>2</sup>. These, in turn, are

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<sup>2</sup> „The owners of the agencies are simultaneously shareholders of all investment-banks and of all US corporations named on the index of the 500 most important corporations, produced by S&P, as a basis for the speculative transactions of the owners. Let us take, for example, Capital Group: This hedge-fund, which holds shares of both of the two bigger rating-agencies, possesses shares of hundreds of the largest Banks and corporations, e.g. of Microsoft, Wells Fargo, Goldman Sachs, Coca Cola, JPMorgan Chase, Philipp Morris, Royal Dutch Shell, Hewlett Packard, Lockheed Martin, Berkshire Hathaway, Kraft Foods, Citigroup, Yahoo, Monsanto, Northrop Grumman, Pepsico, Pfizer, Waste Management, Starbucks, Petrolio Brasileiro and United Parcel Service, only naming corporations with their main seat in the USA.“ (Rügemer 2012: 62).

The common and contemporary owners of the rating agencies „Standard&Poor’s” and “Moody’s” (Shares in percentages):

	<b>Standard&amp;Poor’s</b>	<b>Moody’s</b>
Capital Group	13,2	16,2
Blackrock	4,7	7,0

“co-owners of the other co-owners” (Rügemer 2012: 61). The agencies, their owners and the corporations in which they have a share, are simultaneously clients of the Big 4 among the chartered accountants. They have their legal seats in [off-shore places functioning as a] financial oases (Rügemer 2012: 62-63). This presupposes being close to the government and the state: „It is a private form of regulation legitimised by state protection.“ (Rügemer 2012: 64). This mission of the agencies consists *de facto* in making credit operations possible, which then trigger off further credit operations, , leading to a redistribution of income, assets, and property.

These solid and reliable research findings of Rügemer are capable of explaining, and they do illustrate, an important aspect respectively dimension of contemporary capitalist oligarchies, even though he does not use such a concept. Certainly Rügemer would have achieved further reaching insights, if he had explicitly addressed the task of using his analysis of the Big 3 for a theoretical reconstruction of (modern) capitalist oligarchies, has to remain in suspension.

Rügemer is considering the rating agencies rather as disconnected from economic and social structures, from constellations of agency and interest, or from the societal struggles with which they are connected. And yet his analysis of the relations of property underlying them has shown that they are mixed up with the areas of technology and security, as well as with the energy, transport and agrarian sectors. In explaining redistribution of property and income via the financial markets he convincingly comes to the conclusion: „Not only states and subalternate state organizations have been expropriated, but also private enterprise “ (Rügemer 2012: 64). This is then continued, with some simplification: The „anonymized and global power of capital, with its deep opposition to competition, that has been brought of reach of the legal order (,Rechtsstaat‘) and withdrawn from the reach of democratic decisions on their development, while at the same time protected by state government, constitutes the logical consequence of occidental capitalist private property.” (Rügemer 2012: 67).

Private property is a societal relation between human beings – this is warranted by the owner’s capability of excluding others from its use, and of building a position of power or of social precedence with regard to those others. As a societal relation, it develops as a function of struggles between owners and non-owners. According to this approach, states of society may never be considered as logical consequences of anterior states, but they have to be understood as results and expressions of the relations of forces between the bearers of agency within respective societies. It is certainly convincing to come to the conclusion, that attempts at reform within Western capitalism will necessarily fail, as long as the rating agencies involved in its workings are conceived as autonomous agents and their owners are not being touched upon (Rügemer 2012: 11). And yet, all attempts at analysis, critique, and generating reform proposals will be deficient which separate out the discussion on how to cope with the

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Vanguard	4,7	5,8
State Street	4,6	4,4
T. Rowe Price	3,5	6,1
Bank of New York	1,2	2,1

(Rügemer 2012): 61



rating agencies from the political strife on the solutions to be found for the most pressing societal and global problems.

The strength of this connection can be seen in the role of wars for the development of capitalist oligarchies.

The defeat of the USA in the Vietnam war has led to a dramatic crisis of the US budget and the US Dollar, the loss of the role of the dollar as lead currency, and not lastly to a deep structural crisis of the US society and of the economy. „The embargo on crude oil imposed by the OPEC in October 1973 has worsened inflation and unemployment further, not to mention the blow it has meant to American self-consciousness. The index of the costs of living puffed up ...“ (Greenspan 2007: 82). The problems of production costs induced by the leaps in oil pricing were often addressed by employers by pressuring wages down and demands for deregulation in the labour process to cut costs and to achieve more ‘efficiency’. Technologically speaking, these crises have brought about changes in the structure of energy end use. The high consumption of mineral oil in the transport sector and its central role for the Western economies have been used as an occasion for further binding foreign and development policies to the principle of „supply security “. And even more: The “aspect of oil supply“ maintained its “importance in a traditional perspective of security policy” or regained it (Harks, Müller 2006: 6). All this has had and still has important consequences with regard to financial, budget, and economic policies.

In the beginning of the 1970s large banks and other credit institutions had “introduced new electronic payment systems and computerized systems of data control for payments received and credits granted ... Likewise, annuity and investment banks, together with insurance corporations, saw new possibilities of making profits by an active management of the money deposited, but (similar to the banks) they found themselves hampered from acting on those possibilities by the existing regulation of the financial markets.“ (Reich 2008: 93)

Simultaneously, transactions in securities began to expand and the paying system for ratings was changed. There was significant social change: „This change began, when the technologies, which had been developed in the arms programs of the Cold War, were transferred to non-military uses. This created possibilities for new competitors in transport, in communication, in production and in finance. The stable system of production has been ruptured by these developments – with the result that from the end of the 1970s private enterprise had to compete ever more strongly for customers and investors ... Big corporations dominating entire branches lost some of their power, and the trade unions began to lose their members.

In the course of these changes also the influence of regulatory authorities has been curtailed. The presidents of the boards of directors lost their role as a statesman-like ‘entrepreneur’. Competition growing ever fiercer also impacted upon politics. Swarms of lobbyists invaded Washington, D.C., and other capitals of the world, in order to induce legislation offering a competitive advantage to them (or at least averting a disadvantage). These representatives of vested interests increased their influence on political decision making ever more markedly.“ (Reich 2008: 18-19)

The *Employee Retirement Income Security Act* of 1974 permitted pension funds and insurance corporations to act at the stock exchange. In 1975 stock exchange prohibited stock brokers to negotiate commissions. This has been used as an opening by firms like Merrill Lynch, offering checking accounts to their customers (Reich 2008: 93). In this way, savers turned into investors, with different interests. Investors are interested in multiplying their deposits, and they tend to act in an ever more individualized way, apparently of necessity each time less as citizens.

Reich is capable of showing the connections existing between military interests, new technologies, financialization, deregulation, and a globalization dominated by capital. He also shows that the privatisation of public services and the worsening of living conditions of large parts of the US population could be tolerated due to an attractive offer of new commodities and to the participation in the financial markets. He can go on to show that the big corporations have become ever more “competition oriented”, ever more “globalized”, and ever more “innovative” since the beginning of the 1970s (Reich 2008: 18). In unison with the institutional agencies in the financial markets, and with large parts of the population, they have been able of whipping up these dynamics continuously ever since. Only „laws and regulatory measures“ should be capable of breaking it (Reich 2008: 168).

Reich does not elucidate – he even dodges the question – how and by whom the relations of forces within society may be changed in the way required by effectively having such „laws and regulatory measures“ passed and implemented – as result of struggles of societal political forces with the corresponding interests.

The existence of small groups of leaders in the energy and transport sector, in the areas of “security“ and high-tech or in the sphere of finance is the basis for understanding the specificity of the contemporary capitalist oligarchies which have newly emerged in dramatic crises or the simultaneous transformation of the old capitalist oligarchies into modern ones: their capability of controlling the reproduction of economic processes and societal everyday routines essentially by using the mechanisms of the financial markets, while unflinchingly redistributing income, assets and property in their own favour. They are capitalist elites who – within our highly socialized economies – can rely upon highly concentrated (financial) capital, and on informal and formalized mutual relations – among themselves, with those in government and in politics, with legal practitioners, scientists and professionals, with cultural creators, as well as with the leading forces in other areas of the economy. On the one hand, they have created labour processes and production structures within society, which have offered possibilities of attractive consumption for relevant sectors of the population. On the other hand, they have organized financial markets, in which relevant parts of the society could participate with the aim of facilitating attractive life styles or simply making it possible to have a dwelling, an education, health services, old age provision and nursing.

In this perspective, participation in the financial markets has served the function of making the boundaries between social classes and strata more permeable in the sense of an upward movement, in spite of growing differences of income. Certainly, in this way, they also have become more pervious for a movement downwards – the dangers of social descent were increasing. And the growing participation of broader parts of society in the financial markets has in no way contributed to decentralizing the economic or the economic and social policy decision making. In this way, the capitalist oligarchies have created new relations of dependence; they have modified and intensified relations of exploitation, exacerbated social inequalities – but at the same time they have successfully disguised existing contradictions and oppositions, they have successfully corrupted social attitudes and they have intensified the waste of resources and the destruction of the environment; all in all, they have successfully reproduced their hegemony (Gramsci), not lastly by coercion. A decisive tool in this respect has been the privatization of the public sphere.

In this process therefore, „old capitalist oligarchies“ could well transform themselves

into „modern capitalist oligarchies“, simply by relying upon the financial markets to assure their own reproduction via the accumulation of capital, using and organizing these markets, in order to build the capacity of generating and implementing common interests of security and politics with other capitalist oligarchies. This has in no way put an end to interest contradictions and competition within the capitalist class or essentially reduced their intensity. Quite to the contrary, it has led to the globalization of capitalist competition.

Talking about 'a capitalist oligarchy' refers to some singular group of agency, whereas talking about 'the capitalist oligarchy' refers to the common quality of all capital oligarchies that has been shown, as well as to their co-operation for the realization of common interests.

## **2. Capitalist oligarchies as a main agency in the dominating structures of production and consumption**

Capitalist oligarchies aspire to appropriate and secure the resources needed for maximizing profits in all fields lucrative for them. At the same time, they want to control the present and the future of their societies – by leadership, but also by might. Without being a phenomenon specific for the US, the capitalist oligarchies have shaped global developments to a large degree and continue to influence them strongly – due to the structure of US society, because of the close imbrication of the most powerful within the financial sphere, within the area of high tech, within the security area or the military-industrial complex (MIC), and because of the sheer global strategic weight of the US.

In Germany and in the EU, in Latin America, in China and in India, capitalist oligarchies have emerged, developed and changed in a different way, yet always in inter- respectively trans-national competition, and always in a close, although contradictory relation to US capitalist oligarchies. And these processes have always and again been occasioned by crises, by wars, by conflicts and social struggles. This has shaped the structures and processes of the economy, as well as the modes of production and consumption, and thereby everyday life in their societies.

„We possess more than 50% of the world's wealth, but only 6% of its population. This disparity is huge, especially between ourselves and Asia ... It will be our task for the coming period to invent and to implement a structure of relation, which will make it possible for us at once to maintain this disparity without jeopardizing our security. This means that we have to say farewell to all sentimentalities and day dreams and shall have to concentrate our attention upon our immediate national interests. We should not try to fool ourselves that we can afford the luxury of altruism and of being a world benefactor.” (Kennan 1948, quoted after Bhagwat 2010: 1).

These very words of George F. Kennan, then US government planning officer, come to us from the year 1948. They express a regrouping of the power elites in the US brought about forcibly by the war. The social, economic, and political role of capitalist oligarchies had grown, especially in the areas linked to the military-industrial complex. The following passage from Eisenhower's speech of 1961 has been quoted countless times: „In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.“

<http://coursesa.matrix.msu.edu/~hst306/documents/indust.html>)

The commentary Robert Reich has formulated to this passage has not become comparably famous: „Eisenhower had issued a warning against the ,military-industrial

complex', but apparently he had not fully grasped the meaning of this intimate relation for the security of employment and for stabilizing the economy. In the 1950s and 1960s about 100 firms have received about two thirds of all defence contracts. Most of them had collective agreements with the trade unions, so that wage earners received their share of the booty. In the year 1959, about 20% of all jobs in the industry and service sectors of California have been directly or indirectly dependent upon important corporations of the armaments industry ... " (Reich 2008: 63)]

After the Second World War the US continued to work under high pressure on technologies for military use with intensive financial requirements. Especially government circles, energy corporations (especially Nelson Rockefeller & Brothers), the Air Force and their partners in politics, industry (especially Ford) and science (again, from the very beginning, the Ford foundation) developed an interest in changing and rebuilding the national agrarian sector (and later the global agrarian sector) on the same model and on the same principles as applied in the oil respectively the energy sector (Engdahl 2011): „The only way of solving the so-called farming problem once and for all, thereby avoiding fussy government programs, consists in making the progress from an agrarian sector to agro-business" (Davis, quoted after Engdahl 2011).

The „Green Revolution“ has been destined to help in realizing this progress, namely the introduction and generalization of determinate technologies, with genetic engineering being in the forefront, and of the corresponding infrastructures. At the same time, developing countries were to be integrated into an economic and political system determined by the transnational corporations (TNCs) in which any autonomous option of development was blocked for them.

During the work upon these changes since 1948 and in their context, as an integral part of the reworking of the economic structure of the US, computer systems have been introduced. The development of data treatment technologies, first on an analogous, then on a digitalized basis, leading to micro-electronics, has been supported and accelerated in the special interest of government circles as well as of leading agencies in the areas of technology, "security", finance, and in the energy and transport sectors.

In the 1970s, under the motto of „increasing economic efficiency“, president Jimmy Carter has given a hand to changing the laws on health care and consumer protection decisively, making possible vertical integration, i.e. the intervention of corporations from other sectors within the agrarian economy. This has allowed the four big grain companies of the US to expand into other US commodity markets, as well as into the respective international markets, while shifting structures and relations of forces sustainably in their own favour.

These grain companies have closely cooperated (and still do so) with financial agencies on Wall Street – equipped with the most modern technologies of information and communication available – as e.g. Goldman Sachs, JP Morgan Chase and the Citigroup. Since 1999, with Bill Clinton and George W. Bush, financial markets have been spectacularly deregulated – following the recommendations especially of the Goldman Sachs advisor Summers and his assistant Geither. US congress has passed the Financial Services Modernization Act, which has permitted banks, insurance companies, and stock broking firms to execute transactions among themselves, making business with each other (cf. Chossudovsky 2010: 35ff.).

At the same time, trading with derivatives on grain and agrarian produce has been deregulated among the most important banks and financial market agencies. Goldman Sachs was now permitted to speculate on grain and even received a special prime for this: The Goldman Sachs Commodity Index GSCI became

decisively significant in trading with futures on raw materials.

The next step has been the discovery, for purposes of propaganda, of “environmental protection“ by the Bush administration: It began to talk ever more about the need for reducing import dependency in energy carriers. Congress has decided to transfer the enormous subsidies paid out for agrarian production from the production of food and grain to the growing of biomass for biofuels. In 2011 35% of the agrarian effective area has been used for highly subsidized production of biofuel. The US are now, not the least as an effect of these enormous subsidies, the biggest producer of biofuel in the world. This production relies upon processes of genetic engineering which transnational corporations still want to generalize to the rest of the world (Engdahl 2011).

Based on the notion of shareholder value as a philosophy of economic activity, and with hedge funds and private equity corporations as real agency, finance capitalist relations have reached a new dimension in quantitative terms and have produced new qualitative forms of financialization. „The State“ as such acted to further the extension of the available masses of capital on the one, and the enlargement of the spectrum of potential ‘rentiers’ (rent earners) on the other side, bringing in a great number of investors from outside the sphere of finance proper – by simply creating respectively permitting new instruments of finance, on the one hand, while deregulating the financial market and privatizing systems of social security, as well as of public services, on the other hand. This has created new possibilities of managing sovereign debt incurred by governments: by lowering social expenditures and by putting state debt based securities into circulation on financial markets.

Today already a broad array of the population has entered in a new kind of dependency on the financial markets via pension funds, capital covered forms of old age and other social security. Financial markets have become an integral part of the “normal workings” of society.

The „normal workings of society“ presuppose energy security. On a global scale, the energy related activities alone are responsible for ca. 63% of climate gas emissions, among them of 77% of carbon dioxide emissions. About 28% of climate gas emissions and 36% of carbon dioxide emissions come from the use of electricity and heating. The transport sector alone is responsible for more than a quarter of climate gas emissions. It depends for 96% on oil that is responsible for 95% of emissions linked to transport. The agrarian sector is causing 14% of carbon dioxide emissions. If we add the effects of the destruction of CO<sub>2</sub> binding forests by agrarian land cleanings its destructive value rises to 32%, with the effects of the emissions of CH<sub>4</sub>- and N<sub>2</sub>O still to be added. At the same time more than a billion human beings suffer from hunger and malnutrition, and many more millions of them are afflicted by energy poverty.

The emergence and reproduction of the material structures of society underlying these data has been and still is essentially linked to armaments and militarization, to violence and to wars. The military-industrial complex is not only a major client of the energy sector, of transport, of agrarian production/agro-business. It has participated in shaping these sectors from the very beginning. These four areas alone have the effect of an enormous consumption of natural resources, of destructive pollution of air, water and soils, of an excessive utilization of ecological systems. They have an outstanding share in the production of violence against human beings.

**Illustration of reciprocal relationships between energy economy, transportation and agriculture and the military-industrial complex and thereby of networks of protagonists as well as capitalist oligarchies**

(1)	Energy economy (2)	Transportation (3)	Agriculture / agro-business (4)	Military-industrial complex (5)
Energy economy		Fuel, lubricants	Fuel, fertilisers, plant-protection substances	Fuel, lubricants
Transportation	Energy transport		Transportation of fuel, fertilisers and plant-protection products, agricultural products, etc.	Means of transportation and transports
Agriculture	Acreage, raw materials	Biofuels		Biofuels, acreage
Military-industrial complex	Energy security, Excessive land use	Securing of transports	Sealing of surfaces, excessive land use	

Columns (2) to (5) stand for the recipients of goods deliveries, who are at the same time producers of new demand. Column (1) stands for the suppliers of the goods.

This very “destructive quartet” – and especially the area of the MIC resp. of “security” – have played an essential role as one determinant element in the developments of the areas of technology and finance, resp. of the financial markets: (“4+2”)<sup>3</sup> The quartet and these two dimensions of its immediate effects have permeated each other and have become pervasive within the entire structures of production and consumption in contemporary societies. The development and the mode of functioning of structures of production and consumption, of modes of production and life, on the one side, of power structures and dominant politics, on the other, is not explicable without referring to the capitalist oligarchies. These respectively [the interaction and intermeshing between] the leaders in these six economic domains (“4+2”) are – due to their form and the mode of functioning within the process of globalization - strongly interested in mega projects respectively dependent upon the respective projects. They therefore depend on state budgetary and financial policy and on legislation respectively do shape them – which makes the leaders “in policy”, “in ideology” and thus “in the media” so important for them.

„The leaders“ exercise leadership, not only because they are those who are equipped with special wealth and competence within specific areas, in possession of „social and cultural capital“ (Bourdieu), but because they occupy a specific position

<sup>3</sup> 4 (MIK/security sector, the sectors of energy, transport and agrarian production/agro-business) + 2 (financial industry/financial sphere, high-tech area). 4 means the biggest polluters and resource consumers; 2 means the most important and connecting “the 4” conditions for economic dynamics. 4+2 determines the productions and consumption pattern of the society.

within the system of the social division of labour and are integrated into the globalization process under capitalist domination by being part of functionally defined communities pursuing specific interests – i.e. because they do constitute capitalist elites within capitalist oligarchies.

These leaders are capable of organizing their hegemony within their societies, determining a societal consensus subsuming large parts of these societies with respect to issues of income, financial markets, structures of consumption and lifestyles facilitated by them. This consensus tends to have the effect of additional and reinforced destruction of natural ecological systems – via increasing consumption and a growing demand for new commodities. It accelerates and exacerbates the scarcity of resources, and generally reproduces relations of domination and power which have destructive effects on social and ecological conditions of life for many human beings, especially of those who are the weakest within our societies and on a global scale, i.e. of those WHO DO NOT BELONG (van der Pijl).

Within the global centres of the capitalist mode of production, there is no sustainable opposition, let alone any rebellion of relevant part of these societies, against these states of affairs – against societal relations and structures which make it difficult, if not impossible for them, to live their lives on the basis of self-determination, solidarity, and ecological responsibility. Whenever democratic protest and democratic opposition have been growing, the dominating groups have proved capable of effecting some kind of reform or of innovation taking on board emancipative demands, while exacerbating competition. They have been capable of fragmenting any emerging agreement on common interests among those dominated by them or of downright preventing its emergence. They have organized, renewed, and perfected a broad consensus with large parts of the population, while unfolding and reproducing the economic structures underlying their domination: structures of production and patterns of consumption, modes of production and ways of life. They base themselves on the economic areas we have discussed before: The industries of finance and “security”, the sectors of energy, transport and agrarian production/agro-business and the high-tech area.

Capitalist oligarchies, i.e. those exercising domination, have not been able nor will they be able to prevent people from articulating their interest of living a life of dignity, of being together in solidarity, and within an intact natural environment – and from organizing to make this effective.

### **3. Some conclusions on how to cope with capitalist oligarchies**

The dominating structures of production and consumption, the structures of domination within our societies, and the power of capitalist oligarchies itself, reflect a situation of structural weakness – both of the victims of this state of affairs and of those who are active against the exploitation and oppression of human beings, against the domination of the capitalist mode of production and the social and against ecological and social destruction.

Even a short historical looking back will teach us that capitalist oligarchies can in no way be reduced to monetary oligarchies – and that they are not a phenomenon which has only emerged in the most recent crisis of global finance. „Those who only talk about greedy bankers who should be forcibly reigned in, are laughable and will get lost in an activism without real significance.“ (Krysmanski, <http://www.heise.de/tp/artikel/31/31763/1.html>)  
Historical hindsight has also informed us that the emergence and reproduction of

capitalist oligarchies, especially as it has taken place under the conditions of globalization, has been intimately linked to the development and implementation of high technologies dominated by the profit motive, and accompanied by a growing exploitation of very different kinds of labour power, with the privatization of the public sphere, with speculation and financialization, and has been connected to militarization and surveillance in everyday life. The societal effects of these developments can be seen in increasing individual isolation and in the manipulation of individuals, in oppression, control and social deformation.

The contradiction between an increase of domination and a simultaneous expansion due to modern technologies and financialization and of the new possibilities of individually shaping one's life is addressed by those dominating, and therefore by the capitalist oligarchies[, looking for and projecting an individualist solution,] by attempting to establish and to implement

(a) a new societal ideal communicated by the media – picturing society as a society of owners of private capital engaged as “entrepreneurs” in shaping their own lives in an independent and attractive way by having recourse to their respective property in labour and money;

(b) financial markets innovations and new forms of managing sovereign debt of the states as a basis for expanding private household finance;

(c) corresponding infrastructures, supporting a flexible and mobile consumption behaviour;

(d) demand for specific capabilities, skills, styles of behaving and ways of life of the owners of the labour force, respectively of the citizens, in order to achieve and to cope with flexibility and mobility;

(e) privatization of social services and public corporations; and

(f) a new type of managers, streamlining enterprise operation according to the interests of ‘rentiers’ – i.e. corporation shareholders – and therefore according to a rule of profit maximizing tending to stimulate speculation.<sup>4</sup>

See Jan Toporowski (Toporowski 2008: 13-16).

Specific over-accumulation of capital, the growing polarization of income, deregulation, privatization and financialization, and growing imbalances in the balances trade and payments in combination have led to the break-out of the present global financial crisis which has then made apparent the systemic mistakes and deficits inherent in the finance driven accumulation of capital.

The fetishism of money and the false appearances of the capitalist mode of production have increased into a dimension of apparent immensity: Economic processes are started by a promise to augment income and property. This promise is documented in an interest-bearing paper which is then handed on, respectively sold. Whereas before that, the fate of the owner of a commodity depended upon whether he was able to sell his commodity, so that the movement of his commodity appeared to define his „destiny“, now the „destiny“ of the individual seems to depend, on whether it will be possible to pay interests on this promise, i.e. whether the “money” will effectively arrive. Whereas under free competition the individual wage labourer has appeared as a debtor of the individual capitalist entrepreneur, even though the class of wage labourers is continuously advancing credit to the class of capitalists, under current conditions everybody appears to advance credit and to run into debt

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<sup>4</sup> For the argument of this part (from p. 13 onwards), I can refer to Brangsch/Dellheim/Spangenberg/Wolf 2012: 69-82.



continuously against everybody else. Before everything else the more powerful always seem to advance credit to those who are poorer. This renders exploitation in the form of a private appropriation of unpaid societal labour ever more difficult to see, especially under the conditions of globalization. Likewise, it rarely becomes apparent, that those who are unable, because they are poor, to utter credible promises of payment, have to step up their efforts of chasing after money – even more so in the face of mounting prices resulting from the privatization of public services and unjust policies of subsidizing economic activities. Both moves are justified by those in government by referring to the difficult situation of public budgets.

Those in power, respectively the capitalist oligarchies, are trying to use the present crisis of finance and the economy, for functionally perfecting the political and legal framework, i.e. for securing and enhancing their own strategies of profit maximization, their hegemony within society, and their security, while bolstering their own foreign policy and ‘security’-oriented positions. These processes do not evolve without internal interest struggles among these elites – as e.g. in the aspiration of the capitalist elites of the EU, to make the EU, and more especially its Eurozone, an important global player. The development of financial oligarchies and of the EU is characterized by contradictory impulses of unfolding and exacerbating relations of competition which, again, will result in exacerbated interest struggles.

Being active in the field of political economy therefore means, on the one hand, to look for contradictions which may and should be used, to define and to strengthen one’s own positions in the struggles and to build democratic-emancipatory counter-powers. Such contradictions concern, on the one hand, the capitalist class itself. It is not only constituted by the capitalist oligarchies, who use the financial markets for redistributing income, property and all kinds of societal resources within their own class to their own advantage and who aim at dictating the conditions of this very process. There always are contradictory interests according to economic areas and branches, especially between the sphere of finance and the production of use values. Likewise, there are contradicting interests between the super-rich and the rich, especially between the “idlers” and the “functional elites“, like scientists, developers, culture creators or physicians ... (Krysmanski <http://www.heise.de/tp/artikel/31/31763/1.html>). Citizens from different classes insist upon knowing, what will happen to their money. In addition, there are contradictions with an ethical or political motivation, especially when they touch upon defining who WE are and upon laying down the consequences for those who DO NOT BELONG (van der Pijl, <http://www.theglobalsite.ac.uk/press/212vanderpijl.htm>).

In these dimensions, entry points may well be found, in order to stimulate critical reflection in people, to make them aware of the problems of those who are weaker – and to give them the needed courage for autonomous and solidarity based action, for joining forces with the aim of giving a productive turn especially to the following contradictions – i.e. in order to impose just and sustainable solutions. The capitalist mode of production requires the cooperation of people. Those who do cooperate may, however, resist the constraints of working as detail worker (which also may apply to highly qualified people) or they may offer resistance to constraints to operate in the sense of social and ecological destruction (a). At the same time the new technologies and the changes occurring with financialization are producing new needs for possibilities of individually shaping one’s lives. In many cases, they do not only offer new possibilities to capitalist oligarchies of enlarging their power, but likewise offer new possibilities to those who are struggling against them and working to realize alternatives on a societal level (b). People in very different social situations

are interested in their health or in education – or at least in that of their children. They have a strong interest in self-determination and therefore in reasonable and dignified work and secure income, in having nature intact and in living in a peaceably functioning everyday life. They do perceive competition, nature destruction, societal and global cleavages or political and religious competition, surveillance and militarization as a threat to themselves. They are capable of refusing to accept the explanations and political responses of those in power. Also all those who do participate in administering their societies tend to construct and to pursue some kind of converging interests, even between socially and politically very heterogeneous forces: Given the conditions of the dominant mode of socialization, factors like the “quality of human capital” or like locations with “relatively reasonable” values for air, water and soil quality have become irreplaceable conditions for success. And besides, “there only is this one world”. (c)

For human beings can use such contradictions as starting points for an autonomous way of life, if only they can use, defend and enlarge their individual or collective possibilities of action, between „more“ or „less“ competition, between „more“ or „less“ participation in the exploitation of those who are weaker, in the waste of resources, environmental pollution and destruction. Such a process demands further democratization – in the sense of appropriating and securing the possibilities to determine oneself, how to live and to have a real influence upon how life in society is organized and how society develops. There are, however, important limitations to such possibilities – because people have not learned to use them and because necessary learning processes within societies have not been organized; because within our societies ecologically reasonable behaviour is not rewarded and because there are no sanctions against destructive behaviour; because the needed options for individual choice are not available on the basis of the existing social structure of production and in the everyday life of our societies – because the groups exerting their hegemony in the economic and political sphere, especially the capitalist oligarchies are capable of imposing their interests and of determining the development of the structures of production in our societies; and – last not least – because all those who are aware that this is a socially and ecologically destructive process and have the will for living their lives on the basis of social solidarity and ecological sustainability are still too weak to take up an effective struggle against those who exert leadership in our societies, in order to changing the structural relations of power and to achieve real changes in the everyday life of our societies. „Those who only speak about the necessary fight against neo-liberalism, shun the responsibility of concrete and specific political action.“ (Krymanski <http://www.heise.de/tp/artikel/31/31763/1.html>)

A decisive challenge for those active in the field political economy will therefore be the task of identifying the specific causes as well as those concretely responsible for social and ecological destruction and crisis processes, i.e. differentiating the distinct roles, interests and responsibilities of socially and politically heterogeneous agents, as well as the relations between them. Research in the field of political economy has to take up the continuous task of analyzing capitalist oligarchies and provide insights into their activities. This includes reconstructing their conditions of reproduction and identifying their basic interests in order to determine their foreseeable lines of action and their probable projects. In this way it can be seen that capitalist oligarchies will work towards a continuing public debt build-up, privatization, financialization, surveillance, militarization, as well as towards the corresponding technological developments and mega-projects, the required legislation and the production of the needed „human capital “. Without these developments capitalist oligarchies would be

unable to secure and to augment their resources, their property, and their domination. They simply have to redistribute, to appropriate, to subalternate, and to subdue – and they destabilize entire states, de-solidarize entire populations, push people into ruin, and destroy human living conditions. Under the conditions prevailing in the present situation, the capitalist oligarchies are facing the challenge, to make use of the „debt crisis“ which they have caused themselves for starting a new strategic offensive. This will specifically address the issue of extending their spaces of appropriation – which is essentially done via the processes of globalized financialization respectively of financialized globalization. In this process the capitalist oligarchies are preaching economic growth and try to marginalize everything which could impair their own economic and ‘security’ interests. Hans Jürgen Krysmanski refers to this by talking about „capitalism based high-tech-refeudalization“ and about the construction of a “high-tech-fight-machine spanning the globe“ (Krysmanski 2009, 2012). They shall be able to render impossible any articulation of alternatives to our present societies.

Research in political economy should further show how it will be possible to simultaneously convert, deconstruct and put away societal structures of production and reproduction, especially the “4+2” (energy, transport, agriculture/agro-business, security, MIC, and the spheres of high tech and finance) shaping them and how in this process human living conditions, relations between human beings and the natural environment may be defended and improved upon.

The situation of political defensive the left is facing since a long time requires a kind of research in the field of political economy which refers to the actual dimensions of current problems in our societies in order to identify possibilities of action in the here and now and in order to help the effort to arrive at real solutions for these problems, while at the same time strengthening the forces of democracy and emancipation. Being aware of one’s own situation in the defensive should motivate to look more closely for those agents who do in fact actively confront the current problems and the societal situations and structures underlying them. The politics of social change carried out by the left addresses four closely linked dimensions of the life of our societies:

- (a) public finance, and not in the least systems of social security, development aid, budgetary stabilization and debt reduction, mirrored by the problematics of the financial markets;
- (b) special projects pursued by those in power, by governments, by specific corporations – like privatization, private-public-partnership, mega-projects respectively specific projects on the municipal or regional level<sup>5</sup>;
- (c) the reaction to/coping with poverty and social exclusion, discrimination and repression and violence – the demands for social, democratic, and ecological (minimum) standards;
- (d) fighting against socially and ecologically destructive projects or practices by governments or international institutions (EU, WTO), which already have been realized or are in the process of realization, like the EU directive on services, free trade agreements, WTO-conventions.

A closer analysis of really implemented activities in the field of the politics of society

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<sup>5</sup> The latter often are linked to issues of energy, transport, agriculture/agro-business, „security/defence“ and, accordingly, with questions of plant sites of production processes causing problems, with specific technologies and with investment.

will help us to condense and focus our attention. Basically, we shall find three interdependent main fields of strategic action:

- (1) the issues of democratic, social and ecological standards, including standards for an effective prevention of poverty;
- (2) the issues of defending and democratizing the public sphere, especially the sphere of public finance;
- (3) the issues of an active local and regional development.

These three fields are essentially linked by processes of participation. Such processes offer specific possibilities for concerned people to appropriate relevant knowledge and to develop their capacities for co-operation and solidarity. On this basis, people are capable of actively addressing the causes (and those responsible for them) of social or ecological problems and of coping with them by building reliable political alliances and bringing about sustainable changes in their own collective and individual lives, as well as in their societies– on a local and regional, on a trans-regional, European and global level in a perspective of solidarity and networking action. This should always start from a special political commitment for structural improvements for the living conditions of the weakest in our societies and for the poorest in a global perspective – that is exactly of those who should (according to the will of the dominant groups) simply NOT BELONG (van der Pijl).

Such political struggles, in the fight against privatization, against destructive projects, against the current practices of big corporations, against mega-projects etc. – and in this way against the power of the capitalist oligarchies and their main allies – currently do take place mainly on the local or regional level. Local and regional development is highly relevant for political activities against social and ecological destruction – and, therefore, for the critique and conversion of the energy, transport and agrarian economies and for dismantling the MIC plus the “security” complex. It is here that citizens and collective agencies are engaged in concrete solutions for problems and in working out alternatives.

Local and regional development is the other side of globalization, especially in the six fields of the economy named above. Labour is not mobile in the way capital is. Life in a municipality or in a region depends in very important ways on the social, democratic and ecological standards valid for them, as well as on decisions on public finance. On the level of municipalities or regions, the different social and political groups most easily come together, who are capable of forging the alliances required on the level of the nation state, of the EU or on the global level, for setting standards, rules as well as legislation on public finance in our societies – including the needed help for the globally poor – and for bringing about a conversion of economic structures and ways of life.

All these struggles will lastly have to confront the capitalist oligarchies. These struggles will become more embittered respectively more effective, whenever and if they are fought specifically against the reproductive needs and requirements of the capitalist oligarchies. This implies e.g. that it will be necessary to claim from administrations that they democratize and defend public infrastructures, without asking *per se* for the nationalization of big private enterprise e.g. in the area of finance: Asking for an administrative practice countering the arbitrary rule of capitalist elites can rely upon objective functions of administrative practice – and therefore can relate to existing contradictions of interest within our states and our societies. Any nationalization will have to take place under specific relations of power which are condensed in the respective state. Capitalist oligarchies certainly are an important part of these relations of forces – and they might, under certain conditions, possibly gain from such a step economically and politically.

Likewise, the demands for the raising or setting of social, ecological and democratic minimum standards – standard setting – are capable of focussing on contradictions of interest within society, even within the capitalist class, in relation to the capitalist oligarchies. After all, set standards imply the right to make one’s claims effective, and therefore they are the object of demands of concrete actors with their specific interests. They can also define limits of what is admissible, or they also can be re-articulated as demands for concrete limits (e.g. maximum working hours). However, they can also define limits of what is admissible, or they also can be re-articulated as demands for concrete limits (e.g. maximum working hours).

The following table illustrates by means of examples the role of standards in the confrontation with the “destructive quartet” and so capital oligarchies.

<b>Energy economy</b>	<b>Transportation economy</b>	<b>Agriculture</b>	<b>Military-industrial complex</b>
<ul style="list-style-type: none"> <li>- Timelines for exiting from nuclear and carbon energy</li> <li>- Reduction of the consumption of concrete fuels</li> <li>- Increase in energy efficiency</li> <li>- Share of renewable energy in electricity and energy production</li> <li>- Reduction of CO<sub>2</sub>- and other harmful emissions</li> <li>- Share of decentralised producers in electricity and energy production</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction of long-distance transport and means of transportation</li> <li>- Share of rail transportation and of public transport in total transportation</li> <li>- Reduction of CO<sub>2</sub> and other harmful emissions</li> <li>- Reduction of land use</li> <li>- Decrease of the energy consumption of means of transportation</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction in the deployment of chemical and plant-protection materials</li> <li>- Phasing out gene technologies</li> <li>- Reduction of land and water use for animal breeding</li> <li>- Observance of animal rights</li> <li>- Agro-diversity</li> <li>- Reduction of CO<sub>2</sub> and other harmful emissions</li> <li>- Preserving Soil quality - Increase of the tree population</li> </ul>	<ul style="list-style-type: none"> <li>- Cutting back offensive capacity</li> <li>- Abolition of NBC weapons</li> <li>- Abolition of weapons that affect climate and weather</li> <li>- Cutting back troops and personnel as well as armaments orders</li> </ul>

The table reflects, among other things, that the confrontation concerning technologies, related investments and, therefore, public finance – concerning public budgets and with actors in the financial markets – is extraordinarily important.

That the struggle for standards which would effectively change social life and for influence over public finance belong together, can be illustrated by means of demands actually articulated by important social agents.<sup>6</sup>

Such standards can only be achieved and implemented through new political alliances. The effectiveness of these struggles can increase, as they become more specific, and more successful in activating those, whose interests are in contradiction to the requirements and needs for reproduction of capitalist oligarchies and who can therefore be won over, at least on specific points, for corresponding political activities. Such alliances would indeed have to be carried by the citizens, but they [would have to go far beyond the still indispensable “citizens’ movements”. There] will have to develop into alliances of organizations on various levels – of trade unions, social and ecological movements and associations, of associations based on professions, specialized activities and associations of entrepreneurs; of parties with their various possibilities for action through the work of their members, associations and groups, their parliamentarians and parliamentary groups, their representatives in administrations and governments; of parliaments, governments and states. Working on the question of standards is relevant for these alliances to emerge, especially in so far they are it is carried out as a conscious confrontation with the capitalist oligarchies. A supportive kind of research in political economy should especially focus on the following questions: How do capitalist oligarchies effect changes in the structures of societies, and which are the social, ecological and global consequences of these changes? Which are the consequences for emerging constellations of

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<sup>6</sup> 1 -- Demands regarding the conditions of life of the socially and globally weakest

- Minimum income in Germany and in the EU at a level of 60 % of the national or sector-specific average wage; an integrated approach to the fight against poverty
- realisation of the Millennium Development Goals
- a 40 % reduction of CO<sub>2</sub> emissions in Germany by 2020 measured against 2000, through the phasing out of nuclear energy, halting the construction of further coal-fired power plants and of CCS plants
- halting projects of military arms build-up and upgrading, abolition of nuclear and other weapons of mass destruction as well as landmines
- the discontinuation of the privatisation of social-security and of public infrastructure systems;

2 -- Regarding the financial markets

- the introduction of capital movement controls and of a financial transaction tax and the deployment of tax revenues for combating global poverty and climate change in the poor countries
- outlawing financial-market speculation with food, agricultural land, raw materials, state debt and currencies
- outlawing high-risk speculative operations that can destabilize the social processes of production and reproduction;

3 -- Regarding production and trade

- realization of the ILO norms according to the “Declaration on Fundamental Principles and Rights at Work”
- realization of the OECD guidelines for transnational corporations, translation of the Global Compact<sup>6</sup> into binding international framework agreements

- a 20 % reduction of absolute energy and resource consumption by 2020 measured against 2000
- realization of the recommendations of the Bundestag Commission of Enquiry “Protecting People and the Environment”;

4 -- Regarding consumer protection

- disclosure of the components/ingredients and of the complete production process of the final product, of the health, ecological and economic consequences of its production and delivery, of its consumption and disposal;

5 -- Regarding democracy

- realization of human and basic rights, of gender equality, of protection for asylum seekers, of the fight against discrimination; introduction of referenda at the federal level and of citizenship based on the principle of residency.

interests, especially with respect of practicing solidarity with the socially and globally weakest? What does this mean, specifically, for the struggles to defend or to appropriate the conditions for a self-determined and dignified life, for a solidarity based kind of togetherness and for an intact nature?

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