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The Conception of Modern Capitalist Oligarchies

Gabi has been right to underline the need for a distinction between different member groups of the “capitalist class”, defined in more abstract terms.

The original idea of our workshop dramaturgy has been to show different reflections of one of the main social phenomena: to have a widely differentiated society with sharp social inequalities and social distances, and to have small ruling groups within the capitalist class. We may illustrate this problem, which is essential for all work on left wing political strategies by using the discussion on the super-rich who really and sustainably do influence the social life.

Jürgen Krysmanski as a supporter of Marx has analysed these super-rich groups. Please look at the website “German Power Structure Research”

<http://www.uni-muenster.de/PeaCon/psr/>

Obviously, the issue of the super-rich is only one side of the problem, we as political economists also have to analyse another one: Why does capital accumulation produce a group of super-rich? Who are the main actors of the dominant form of the accumulation of capital? Which is the special quality of ruling capital, globally and within Europe? Who are the people behind it and which are their characteristics – not in the sense of conspiracy theories, but in the sense of a structural social analysis? What does this, finally, mean for the reproduction of the society?

For illustrating these questions I should like to use a quotation from the “Provocation Package” starting at the end of page 7:

“We are ... committed to taking resolute action to address financial market tensions, restore confidence and revive growth. We reaffirm our commitment to preserve the EMU and put it on a more solid basis for the future. Strong, smart, sustainable and inclusive growth, based on sound public finances, structural reforms and investment to boost competitiveness, remains our key priority.” (European Council 2012: 1)

http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/131388.pdf

Who is this instance - capable of blackmailing member state governments and EU institutions, of preventing them from acting in response to the needs of European societies – even in case they would want to do this.

Because of the short time available, I shall have to restrict myself to express my position by formulating five theses:

1. The ruling capital is globalized finance capital, operating from the main centres of a globalized capitalist mode of production. The actors of the reproduction or the accumulation of this globalized finance capital are capitalist oligarchies.
2. The functioning and the reproduction of these capitalist oligarchies are connected with the emergence and development of concrete production patterns which support power structures, social inequalities and which imply a permanent and progressive destruction of nature, of the natural living conditions of human beings.
3. Capitalist oligarchies reflect the fact that finance capital, as a highly developed capitalist type of production is existing and developing, but the objective necessity of capital accumulation for the progress of the productive forces as it has been central to other, preceding types, is not operating under it any longer..
4. Financialization is a special form of the accumulation of finance capital and, therefore, a special form of capitalist socialization. Financialization means that the development and the reproduction of the society are being realized by the actions of financial market actors.
5. All this has enormous consequences for the work on political strategies of the actors who aim, as Gabi does, at a society of freedom and equality, at a society built on solidarity, moving towards ecological sustainability. These actors have to accept the fact of their politically defensive situation.

Due to the short time available I should like to restrict myself to highlighting three essential points:

- a) What is finance capital and in which way is my approach different from that of Costas Lapavistas?
- b) What are capitalist oligarchies?
- c) What does that mean for our workshop?

In the 70s of the 19th century, Marx has already examined elementary structures and actors, which brought about capital oligarchies. He highlighted the following: “An enormous expansion of the scale of production and of enterprises, that was impossible for individual capitals. At the same time, enterprises that were formerly government enterprises, become public.” (Marx 1979: 452) Joint stock companies emerged and developed on a wide scale.

Starting from Marx and partly from Hilferding – while criticizing both – we can understand finance capital as a specific interdependent relationship between capital owners, who activate interest bearing capital, and those capital owners, who organize social surplus labour going into the societal production of goods. Their common task of producing surplus and, consequently, profits, has gained importance to such a massive degree that it can only be accomplished in a kind of dynamic co-operation. The necessary minimum of capital can only be raised and exploited by these groups working together. This brings about a new division of functions in socialized capital accumulation where the capital owners – as co-operation partners without being equal – are able to appropriate labour results from third parties, exercising power over them. These third parties also work within the financial sphere, but predominately they are operating in the societal production of goods, which ultimately produces energy and material use value. The competing capital owners as co-operation partners can delegate the organization of interest bearing capital (or, in reality) rather of surplus labour) to managers or even make the latter partners of their capital. Their co-operation also does not necessarily run through a bank/a financial institution or a production company. It can also operate through the division of functions within a transnational corporation with its own finance institution. Between the partners, whatever their specific co-operation might look like, there will always be conflicts of interests.

It is of high importance, however, that highly concentrated, highly centralized capital (or rather finance capital) is, in fact, accumulated, in the co-operation of capital owners or capital functionaries, who share common interests and who are, at the same time, struggling over controversial interests. That the one group generates interest bearing capital and therefore surplus labour in the financial sphere, and that the other group organizes surplus labour in the production sphere, so that these co-operation partners, therefore, have a more or less tension prone relationship. Since this asks for a massive endeavour on their part, they are in need of different and/or common co-operations with state actors or rather with "the State." Also in this case, different interests collide constantly, but the accumulation of finance capital is not possible without this co-operation. The role of the state also finds expression in supra-national institutions, for example in EU institutions.

Following such an approach it is difficult to understand, why financial capital should be something of the past.

Moreover, it is a special quality of capital that it cannot be reproduced or accumulated without a special network of capitals owners and capitalist elites as managers, and political and administrative heads of institutions or organizations.

Again: at the very foundation of any capital oligarchy we find a dynamic, co-operative relationship between the interest-bearing capital/surplus labour in the financial sphere of capital owners/managers and those capital owners/managers who organize production. These actors are internally different and linked to the state in opposite ways. Capitalist oligarchy is thus a group of actors that relies on the accumulation of finance capital which is constituted by the co-operation between capital owners, the respective functionaries/elites, "the business world," "politics," "military," "culture and science," "the media," "law," "consulting and accounting," and "civil society."

The capital oligarchies determine the direction of societal development and the way of this development is proceeding. They dictate their life- and work-conditions to others, demand tribute from society, and do re-distribute additional resources, property, wealth and salary, with their process of capital accumulation. But they also, at the same time, do organize social consensus.

If changes take place in these kinds of co-operation that have relevant results on society, they ultimately also affect the symbiosis between capital owners/managers who mobilize the interest-bearing capital/surplus labour in the financial sphere, and those capital owners/managers, who organize production. Both are connected – as I already said – with state actors or actors in the EU institutions. Such changes may take place through technological innovations, changing corporate strategies, political reforms, acts of law, international and transnational agreements, shifts in the global economy and in global political constellations, through crises and through wars.

The development of finance capital in its “dialectical opposition” to the development of the productive forces, and, therefore, with the socialization of labour, is necessarily connected with an expansion of the financial sphere. The reason for that is the extended and extending reproduction of the underlying symbiosis – the co-operation between both groups of actors of capital functions, mobilizing interests and profits on the basis of unpaid surplus labour of the socially dominated class.

All this goes hand in hand with the development of core fields within the production patterns (which, lastly, also determine the consumption patterns). This also explains the need for a broad consensus between the oligarchies and large parts of modern society.

On the global scale, the analysis of the development of finance capital and capitalist oligarchies has shown that a central role has been played by the military industrial complex and its main actors. It has been and still is linked to specific economic structures, which inform economic and social life in the USA at large and which is deeply embedded in the dominant political sectors in the US: the energy sector, in particular the oil and gas industry, as well as the nuclear and coal industry with its producers, service industries and clients (1); the transportation industry (and here in particular the automobile and aircraft industries), as well as the multiple sectors mutually linked to it - as the most important recipients and partners of inputs from the energy sector (2); the globally oriented agro-business, which is closely linked to the transportation sector due to the production of bio-fuel as means of transportation, as well as due to agro-business's need for means of transportation - in particular for meat products –, as well as the multiple sectors linked to it (3). The MIC or rather the “security sector” (4) is not only a huge customer of those three areas but also

contributes heavily to shaping their concrete forms: the security sector buttresses the power structures, which generate the economic structures. The security sector provides security for those three sectors and for their globally operating corporations.

Materially, this group of four is dominant in shaping the existing production and consumption structures. This quartet is the largest user of surface and resources, the largest generator of air, water, and soil pollution, of stress in human beings and of overloading of the eco-systems. This quartet determines the kind of production and shapes the dominant way of life – it thereby provides the basis for a socially and ecologically disastrous social consensus. The destructive dynamics of this quartet are driven and exponentially increased again and again by an immense flow of money, finance, and bonds. All of its components are developing in an interdependent relationship with the high tech sector, which is mainly shaped by the reproduction demands of this quartet itself, and accordingly which functions as an important driver for the quartet's internal dynamics and, consequently, for its seeping through to other areas of society.

Actors who struggle for a socio-ecological transformation are, therefore, unavoidably confronted by this highly complex and problematic quartet as well as with the finance- and high tech sectors linked to it ("4 plus 2"). In particular, they are confronted with those who are the main actors of the "4 plus 2;" those that who are responsible for the social consensus, for the exploitation of the labour of others, for the redistribution, which increases social injustice, for heteronomy and violence against humans, for privatization and for the destruction of general living conditions. Capital oligarchies, their forms of co-operation with state actors as well as with owners and managers of highly concentrated and highly centralized finance capital, which make up the "4 plus 2" are continuing to shape the future of our societies.

For our workshop, this means that we need to look at the social structures as well as at the production and consumption patterns – and especially focus upon capitalist oligarchies and "4+2", when we discuss the questions on left wing strategies – also and above all referring to the proposal made by Gabi – in order to become capable of responding to the needs of the socially and globally weakest.