rls

policy paper 3/2007

Impressum rls – policy paper of the Rosa-Luxemburg-Stiftung · Franz-Mehring-Platz 1 · 10243 Berlin
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Who will own the EU – the Superrich or the People of Europe?

"We can either have democracy in this country or we can have great wealth concentrated in the hands of a few, but we can't have both."
Louis Brandeis, U.S. Supreme Court Justice (1856-1941)

It is quite remarkable that the Left so far has not issued 'wealth reports' of its own. The institutions of wealth management have done it, investigative journalists and some isolated social scientists have done it. But the political left has honoured the rich by largely ignoring them, in spite of the fact that the number of billionaires has been exploding and that their clandestine influence on government, political parties and parliaments, on the media and on culture, the arts and even the sports has grown at a frightening pace.

By focusing on the superrich the question of 'who will own the EU?' must be addressed on various levels.[1] First of all, it is a matter of assessing the extent of wealth concentration in Europe. The rich have become richer and for this we have a vast amount of empirical and statistical indicators. Secondly there are the theoretical problems of class analysis. Is a new ruling class based on these accumulation processes evolving in Europe? Thirdly we have to ask whether we are entering a new epoch or societal formation based on a quite unique mix of novel accumulation processes. We have experimentally proposed the concept of *capitalism-based high-tech-refeudalisation* for this period.[2]

Our focus centres on the second level: ‚who does what (to whom)?'. We hold that postulating a European 'ruling class' is premature. We will try to describe the actors and profiteers of capitalism-based high-tech-refeudalisation of Europe in terms of a complex network of cooperating and competing elites.[3] And we will use a new term to describe their networks: '*monetary power complex*'.

These networks of the ‚monetary power complex' are inhabited by very different groups, all per se interesting: old, inherited wealth; old and new European aristocracy; the new rich (the innovators in technology, finance and marketing); oligarchs risen from corrupt privatisation practices; Mafia-billionaires etc.

The superrich and the ‚monetary power complex'

On one hand, a network composed of groups and individuals solely defined by monetary wealth will be prone to various opposing interests, conflicts and contradictions. On the other hand, the present accumulation processes – a mixture of classical capital valorisation and ‚accumulation by dispossession'[4] – produce social and cultural integration effects of their own within those money elites.

Because of its many transatlantic ties the European money elite will most likely model itself after the US-plutocracy as it was described by Ferdinand Lundberg many years ago: „Super-wealth simply consists of a very large generic fortune that may or may not be split into several parts. It has other characteristics: First, it generally controls and revolves around one or more important banks. It absolutely controls or has a controlling ownership stake in from one to three or more of the largest industrial corporations. It has established and controls through the family one to three or four or more super foundations designed to achieve a variety of stated worthy purposes as well as confer vast industrial

1 Cf. H.J. Krysmanski, Wem gehört die EU?, in: Sahra Wagenknecht (Hg.): Armut und Reichtum heute, edition ost, Berlin 2007, see also: J.Huffschmid, Wem gehört Europa? Bd. I/II, Heilbronn 1994; ‚Who will own Europe?' Workshop ECFIN (2003), http://ec.europa.eu/economy_finance/events/2003/events_workshop_0203_en.htm

2 H.J. Krysmanski, in: S. Wagenknecht, Armut und Reichtum heute

3 Cf. Mattei Dogan, 'Is there a Ruling Class in France?' Comparative Sociology, Vol.2, Issue 1, 2003

4 Cf. David Harvey's concept of ‚accumulation by dispossession', D. Harvey, The New Imperialism, Oxford University Press 2003

control through stock ownership and extend patronage-influence over wide areas. It has established or principally supports one or several major universities or leading polytechnic institutes. It is a constant heavy political contributor, invariably to the Republican Party, the political projection of super-wealth, It has extremely heavy property holdings abroad so that national, foreign and military policy is of particular interest to it. And it has vast indirect popular cultural influence because of the huge amount of advertising its corporations place in the mass media.“[5]

What does it mean ‚to own' something? As long as we ask who owns a home, a shop, a painting etc., our laws are quite specific. But who owns a corporation, the German railroad system, the port of Rotterdam etc.? Establishing ownership in these instances becomes quite complicated and eventually leads to private shareholders. And ownership of these assets - including public (state, community) property and societal property (water, nature etc.) - will eventually concentrate in the hands of a few families and individuals. But then we have to go one step further: questions like 'who owns a country' or 'who owns Europe' have not been asked since the demise of feudalism.

Could it be that we are not dealing with 'ownership' at all, but rather with 'usurpation'? Fifteen years after the EU-treaty of Maastricht the inner workings of the nation state, the laws governing ownership and the policies of distribution have deeply changed. There are new structures of power and decision-making evolving that have little to do with democracy. Neoliberal ideology is sweeping away a whole system of governance that the bourgeois-capitalist society of yesteryear had established.[6] Status and class privileges established within the 'old' system are turning into mere instruments for the accumulation of money. Corruption has become systemic. All this is a historically new type of regime.

This is no case of 'primitive accumulation' – and at the same time it is. We hear echoes of the absolutist state. "The public debt becomes one of the most powerful levers of primitive accumulation. As with the stroke of an enchanter's wand, it endows barren money with the power of breeding and thus turns it into capital, without the necessity of its exposing itself to the troubles and risks inseparable from its employment in industry or even in usury."[7] Public debt has turned into one of the core strategies of Neoliberalism. Michel Chossudovsky: "The global banks decide on what constitutes a 'politically correct' economic agenda. The new 'financial architecture' is to be based on the removal of all remaining barriers to capital movements ... More generally, the tendency is toward a system of ‚private regulation' (under the direct control of banks and MNCs) in which governments and intergovernmental bodies would play a subsidiary role. In other words, the stranglehold of creditors over the State apparatus in all major regions of the world (including North America and Western Europe) is conducive to the development of a private sector bureaucracy which oversees activities previously under State jurisdiction.“[8]

What kind of capitalism are we talking about then? Since the 1970s, two fundamental changes have been made in the leading (American) model of capitalism. The first is that the 'stakeholder', post-New Deal reformed version of capitalism that prevailed in the West after World War II was replaced by a new model of corporate purpose and responsibility. The earlier model said that corporations had a duty to ensure the well-being of employees, and an obligation to the community. That model has – secondly – been replaced by one in which corporation managers are responsible for creating short-term 'value' for owners, as measured by stock valuation and quarterly dividends. "The practical result has been constant pressure to reduce wages and worker benefits (leading in some cases to theft of pensions and other crimes), and political lobbying and public persuasion to lower the corporate tax contribution to government finance and the public interest. - In short, the system in the advanced countries has been rejigged since the 1960s to take wealth from workers, and from the funding of government, and transfer it to stockholders and corporate executives."[9].

A huge propaganda effort is under way to promote the project of an *Ownership Society*: „We Conservatives have always passed our values from generation to generation. I believe that personal prosperity should follow the same course. I want to see wealth cascading down the generations. We do not see each generation starting out anew, with the past cut off and the future ignored.“[10] And the *Cato Institute* tells us how: „Individuals are empowered by freeing them from dependence on government handouts and making them owners instead, in control of their own lives and destinies. In the ownership society, patients control their own health care, parents control their own children's education, and workers control their retirement savings.“[11]

5 F. Lundberg, The Rich and the Superrich. A Study in the Power of Money Today, Lyle Stuart, New York 1968, p.101

6 Documented, for example, in German publications like Jürgen Roth, Der Deutschland-Clan, Frankfurt/M. 2006; Thomas Leif, Beraten und verkauft, München 2006; Albrecht Müller, Machtwahn, München 2006; Jean Ziegler, Das Imperium der Schande, München 2005

7 Karl Marx, Capital, Vol.1, International Publishers, New York 1972 (1967), p.754f

8 The G7 ‚Solution' to the Global Financial Crisis - A Marshall Plan for Creditors and Speculators (1998), http://www.transnational.org/SAJT/features/g7solution.html

9 William Pfaff, 'Capitalism under fire', International Herald Tribune, March 30, 2006

10 John Major, former British prime minister, http://en.wikipedia.org/wiki/Ownership_society

11 www.cato.org/special/ownership_society/

„No time for losers“ headlines *The Economist* explaining the theory of *Wealth Condensation*[12], according to which new wealth always accrues disproportionately high with individuals already wealthy: “In certain jobs, the market pays individuals not according to their absolute performance but according to their performance relative to others. The income of window cleaners depends upon how many windows they clean, but investment bankers’ pay may depend upon their performance ranking. Slightly more talented window cleaners will make only a small difference ... but in the markets for selling bonds that slight edge can mean everything. Rewards at the top are therefore disproportionately high, and rewards below the top are disproportionately low ... In a normal market, sumptuous superstar incomes would attract competition from more applicants to do the jobs that pay them. This would then bring salaries down to less exotic levels. In a winner-takes-all market, this does not happen. An investment bank wants the best analysts and dealers; second best will not do. It can also afford to pay. Some economists believe that because of more liberalized markets there will be growing *inequality* in most professions and the emergence of a *winner-takes-all society*.”[13]

Empirical impressions regarding the development of wealth

The statistics of wealth can deceive, as this anecdote cited by Paul Krugman shows: *A liberal and a conservative were sitting in a bar. Then Bill Gates walked in. - "Hey, we're rich!" shouted the conservative. "The average person in this bar is now worth more than a billion!" – "That's silly," replied the liberal. "Bill Gates raises the average, but that doesn't make you or me any richer." – "Hah!" said the conservative, "I see you're still practicing the discredited politics of class warfare."*[14]

There are two reports on wealth and poverty published by the German government[15], there is a *German Wealth Report 2000* by *Merrill Lynch*, but no comparable British, Italian, French etc. reports and no *European Wealth Report* exist. On the other hand, large investment banks and Wealth Management firms command over internal data bases on their wealthy clientele. The global nature of wealth development is captured by *Merrill Lynch’s World Wealth Reports*.[16]

According to the *Merrill Lynch World Wealth Report 2006* the wealth of high net worth individuals (HNWIs) with net financial assets of at least 1 million US-dollar, excluding their primary residence and consumables, climbed to 33.3 trillion US-dollar in 2005, an 8.5 percent increase over 2004. In other words, the number of HNWIs grew by 6.5 percent over 2004, to 8.7 million, and the number of *Ultra*-HNWIs – those who have financial assets of more than 30 million US-dollar – grew by 10.2 percent, to 85,400 in 2005.

In Europe the portion of ‘wealthy’ households grew by 8 percent, the portion of ‘affluent’ households remained stable and the ‘mass market’ decreased by 6 percent. Wealth concentration in Europe focused on five countries – Germany, UK, France, Italy, Spain – representing, according to UBS, 80 percent of the European investment market.[17]

The creation of wealth was slowing somewhat in many regions of the world – most notably, North America – but HNWIs “were still able to benefit from pockets of high performance”. One area where HNWIs found significant opportunity was in the Asia Pacific region. Latin America and the Middle East also exhibited strong growth. The HNWI population grew most dramatically in South Korea, rising 21.3 percent; India rising 19.3 percent; Russia, where it rose 17.4 percent, and South Africa, where it grew by 15.9 percent.

Europe retained 22 percent of HNWIs’ worldwide assets because of strong performance by Europe’s mature capital markets. Local HNWIs increased their allocation to domestic markets to 48 percent, up from 40 percent in 2004. But it is also expected that their investments in North America and Europe will continue to decline over the next few years as HNWIs reallocate funds to Asia Pacific and Latin America.[18]

How then not only to quantify, but also to give a ‘face’ to the profiteers of the neoliberal transformation of Europe, to the European *Ultra*-HNWIs? It is not easy. The *Sunday Times*, for example, has been quite creative in accumulating ranking lists of *Europe’s Richest* and of UK’s wealthy, coming up with lists like: *The 20 fastest growing fortunes, The Sunday Times Giving Index, Top 30 political donors / Top 20 political lenders, The richest women, Millionaires in film and TV, Music millionaires, Football millionaires, Online millionaires, Goldman Sachs millionaires* etc. And the *Sundays Times*, by publishing its ‚rules of engagement’, has even cleared the road for grassroots research.

Here are some of the hints for ‘spotting the superrich’: “The actual size of their fortunes may be much larger

12 Cf. J.-P.Bouchaud/M Mezard, ‘Wealth condensation in a simple model of economy’, in: Physica A 282, 2000; Zdzislaw Burda et al, 2002 ‘Wealth condensation in Pareto macroeconomies’, in: Physical Review E, vol. 65, 2002

13 Keyword ‘winner takes all markets’, Economics A-Z, http://www.economist.com/research/Economics/

14 Paul Krugman, The New York Times, January 21, 2003

15 www.bmas.bund.de/BMAS/Navigation/Soziale-Sicherung/berichte

16 Capgemini Consulting, www.us.capgemini.com/worldwealthreport06/

17 www.ubs.com/1/ShowMedia/investors/presentations/2000?contentId=63297&name=q400_b.pdf

18 www.us.capgemini.com/worldwealthreport06/wwr_pressrelease.asp?ID=565

than our figure ... We measure identifiable wealth, whether land, property, racehorses, art or significant shares in publicly quoted companies. We exclude bank accounts – to which we have no access ... Many individuals in the list have generated their personal wealth from the sale of successful businesses. In valuing them, we have to take account of the tax paid on the sale proceeds and have taken professional advice from tax experts ... Private companies, and therefore stakes in them, are valued on the basis of their most recently reported pre-tax profits less a notional tax charge, multiplied by the relevant price-earnings (p/e) ratio. We usually name and picture the leading family member to represent the whole family's interests ... Family trusts are also aggregated and included. We have distinguished between trusts held on behalf of family members and charitable trusts, which are not included ... Land is valued on what and where it is: Most valuable is London land with planning permission, other urban land, good farming, forestry, poor farming and, finally, desolate land, shooting and fishing rights, estimates of agricultural land values ... The art treasures have been valued by an expert who wishes to remain anonymous ... Many new private companies run by millionaire owners have been unearthed this year through the sophisticated computerized searches and analysis of company accounts and directors' shareholdings ... We have used a large network of local correspondents. We offer special thanks to our man who knows the car dealers and has extraordinary knowledge of the rich in general ... Anybody with suggestions for names that could be included in future can write in confidence to ..."[19]

Still, these big fish traverse the oceans of their societies largely undetected. Their actual wealth and income situations are hardly open to sound empirical-statistical analysis. And because of their comparatively limited number national statistical surveys usually 'forget' them.

The networks of the '*monetary power complex*' combine entrepreneurial ownership operations, the generation of income from multiple other sources (especially, of course, the financial markets), revenues stemming from inheritance, dispossession, crime etc. And at the centre of this system, industrial property – small and large companies – is being converted into flexible and fluid assets. Eventually these assets can be broken up, sold in parts, rearranged etc. Right now, doing business with these ‚fluidified' industrial assets is creating the largest revenues. These accumulation processes are supported by a 'wealth management industry' of ever growing complexity.

In addition, the superrich are applying their consumptive power in order to secure their socio-cultural status. By practicing *conspicuous consumption* (first described by Thorstein Veblen[20]), the money elite not only demonstrates their elevated position, but also focuses all other classes on very specific notions of happiness, thereby discrediting alternative possibilities of 'self-fulfilment', solidarity etc.

In Europe in particular we find many telling examples of luxury consumption – from the agglomeration of luxurious real estate to the production of luxury cars and private jets. The sale of megayachts is booming, their sizes increasing, their purchase prices and upkeep reaching astronomical heights. These residences, yachts etc. serve as an ambience in which to interact, ‚bond' and create dependencies (cf. the 'adventures' of Tony Blair, José Barroso or Nicolas Sarkozy in this wonderland).[21]

Cultural capital, too, is being increasingly monetarised. Elite universities, essentially reserved for the children of the rich, will allow a selection of the 'best and brightest' from other social classes to study on scholarships to fill the better service jobs. All other young people striving for a better education have to get into debt. American graduates by now leave their universities with an average student loan debt of 19 000 US-dollars. And in Great Britain "politicians are becoming concerned that if the specter of debt leads young people to view higher education as a luxury not worth pursuing, their nations' competitiveness will suffer."[22]

In the final analysis, though, cultural capital is not a matter of individual careers. The truly wealthy create networks of culture and knowledge for themselves, which mirror the court culture of aristocratic societies. They surround themselves with 'entourages' of educated, cultivated, specialized counsellors, court jesters etc. All these formal and informal intellectual commodities will enhance and adorn the rich as a class. And the 'monetary power complex' itself will only function properly if it is lifted to a higher cultural level as a whole. This is what all the talk about a new 'ethics of wealth' - institutionalised in foundations, think tanks etc. – implies. The Gates Foundation itself is financing a study which is to "provide a window into the cultural horizons of wealth and can directly help wealth holders use their resources as a tool for nobler purposes into the 21st century."[23]

The *social capital* of the money elite must be seen in a similar light. In Europe, without doubt, an individual's

19 The Sunday Times Rich List, http://business.timesonline.co.uk/section/0,,29049,00.html; Rules of Engagement, http://business.timesonline.co.uk/article/0,,20589-2132606,00.html

20 Thorstein Veblen, The Theory of the Leisure Class, 1899

21 For observing the superrich while playing and bonding cf. the excellent Weblog ‚The Wealth Report' by WSJ-author Robert Frank, http://blogs.wsj.com/wealth/

22 Holly Hubbard Preston, 'Higher education: Priced out of reach?', IHT, June 30, 2006

23 http://www.bc.edu/research/cwp/features/Gates_Foundation.html

habitus, as acquired in familial and transfamilial settings, plays an important part in all selection and ranking processes leading to a successful career: „The criteria for filling leadership positions in German corporations do not derive from any merit system, but from the class-specific habitus of the candidates. This pertains to a self-assured presence that will signalise to the ‚insiders' whether someone ‚belongs' or not."[24] On the other hand, social competence of this sort must not necessarily be attached to an individual. He who can afford 'social coaches', image counsellors or just bodyguards is in command of lots of social capital, even if he is a stuttering introvert.

Some operations of wealth concentration

Wealth creation and preservation require that various types of assets and capital be set in motion. The following operations within the 'monetary power complex' can be distinguished: a) *privatisation* as that type of property operation that in the final analysis establishes the money elite as a new sovereign[25]; b) the established operations of *valorisation* (capital) and 'accumulation by dispossession' within the capitalist system; c) operations of value *distribution* (here: from the 'bottom' to the 'top'); d) operations of *informatisation* which – through communication and 'interpretation' – facilitate the operations of privatisation, valorisation and distribution.

Privatisation in all its forms stabilizes the 'monetary power complex'. Turning 'everything' into private property is, on one hand, based on age-old practices of greed fulfilment. On the other hand, the mechanisms of the knowledge and information society have increased the range and intensity of privatisation practices to unheard-of levels. Privatisation has, in fact, reduced the extent of privacy for the masses, while enhancing the privacy of the few. Very few people retain the privilege of self-determination, i.e. the privilege of privacy. Those few individuals, by definition, are the superrich. By becoming more and more 'private', they begin to honestly believe that they 'own' and control the world – and that their philanthropic efforts suffice to justify the status quo.[26] This is their claim to sovereignty, boosted by operations like self-representation, autonomisation, usurpation of privileges and leadership positions, exploitation of non-profit-organizations, philanthropy, creation of security zones etc.

In contrast, operations of *distribution* still require parliaments, governments, laws and the legal system. But this political sphere, through *lobbyism* and *subventionism*, is more and more falling prey to privatisation, too. The contradictions between public and private forms of ownership increase and every attempt is made to resolve these contradictions in the interest of the ‚monetary power complex'. A tight net of influence peddling spans the economic and the political spheres, including systemic corruption. We only can emphasize here that all problems of distribution are still hinged to the rules of taxation and their enforcement. This then is a pivotal field for political analysis and action.

But maybe even more important is the fact that the 'monetary power complex' is based on the new technologies of *informatisation*. „Postmodernization and the passage to Empire involve a real convergence of the realm that use to be designated as base and *superstructure*. Empire takes form when language and communication, or really when immaterial labor and cooperation, become the dominant productive force ... The *superstructure* is put to work, and the universe we live in is a universe of productive linguistic networks."[27] The operations of valorisation are on all levels determined by the informatisation process: industrial means of production (automation), financial transactions and labour. And above everything, informatisation leads to new forms of control and surveillance: „I recall the visit with a friend who heads a large investment firm in New York. He showed me countless columns of numbers on a large computer screen and explained: 'We manage billions of dollars and we know exactly where each and every cent is located this very minute. We do not rely on any kind of reports, we can see with our own eyes what is happening in real time.'"[28]

Informatisation has even brought new problems and contradictions to the 'monetary power complex' itself. It has grown vulnerable in a very specific sense. This became apparent when it was revealed that under a secret Bush administration program counter-terrorism officials had gained access to financial records from a vast international database – the Society for Worldwide Interbank Financial Telecommunication (SWIFT) in Belgium – that routes about 11 million transactions and 6 trillionUS-dollar daily between banks, brokerages, stock exchanges and other institutions worldwide[29] Officials from the CIA., the Federal Bureau of Investigation and other agencies were allowed to examine tens of thousands of financial transactions. Basically all customers' names, bank account numbers and other identifying information could have been retrieved – and many probably were.

24 Michael Hartmann, ‚Macht muß gelernt sein. Die Rekrutierung der deutschen Wirtschaftselite ist keine Frage der Leistung', Junge Welt, 19.9.03

25 On the problem of sovereignty cf. M.Hardt/A.Negri, Empire, Harvard University Press, 2000

26 cf. Thomas Druyen, Goldkinder. Die Welt des Vermögens, Hamburg 2007

27 Hardt/Negri, Empire, p.385

28 Richard Sennett, ‚Das Diktat der Politmanager', Freitag 32, 12.8.2005, p.3

29 E.Litchblau/J.Risen, 'U.S. sifted bank data in secret', New York Times, June 23, 2006

Such high-tech spy activities always produce valuable information beyond the stated purpose. This is how the American 'monetary power complex' demonstrated that Europe's wealth, for example, is not under total control by Europe's wealthy. No one should be so naive as to think that the war on terror just is a 'war on terror'. It also provides, as in the SWIFT-case, ample opportunity to further the interests of American finance capital against Islamic, Arabic, Asian and – in the final analysis – European finance capital.

The actors of the 'monetary power complex'

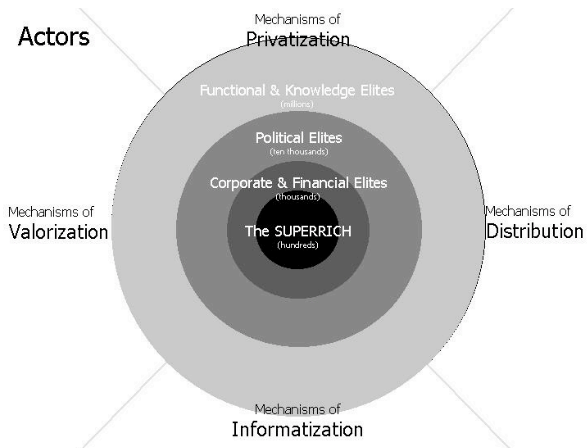
Already during Clinton's reign, William Pfaff stated that "the most significant transformation in our times has been the growing importance of money in America's political system. This role was never slight, but a new dimension was added when the Supreme Court ruled that money that was spent on election candidates and on the furtherance of private and commercial interests is an expression of free opinion protected by the Constitution. This turned a representative republic into a plutocracy".[30]

We live, according to Giovanni Arrighi, in a US-dominated phase of financial expansion, in which "an expanded mass of money capital (m') sets itself free from the commodity form, and accumulation proceeds through financial deals (as in Marx's abridged formula mm')."[31]

Today, this phase of financial expansion is bolstered by 'scientification' and 'informatisation'. These processes have a profound effect on how power in general and monetary power in particular are exercised. This is prompted by extremely cheap computer power and the development of statistical techniques for drawing conclusions from large amounts of economic and social data, economic interests can scrutinize society, consumers etc.[32] This has boosted the number and the qualifications of the various managerial elites tremendously, but – contrary to the expectations of Daniel Bell[33] – no 'rule of technocrats' has arisen. On the contrary: the managerial elites have turned into a new service class, functioning – in the last instance (see below) – at the bidding of the money elite.

The money elite, on the other hand - during the present cycle of financial expansion - embodies the liberation of huge amounts of money and their transformation into 'pure power'. This basically is a very old phenomenon based on the fact that money simply is 'what money does'. In that sense the superrich, constituting a class of their own, are 'capable of everything'. All possibilities of the knowledge and information society are at their disposal. And so, by means of the 'monetary power complex', a new centre of gravity of (post)modern society is coming into existence. Encircling this core structure (and its actors) additional 'rings' can be imagined, inhabited by functional elites implementing the workings of the 'monetary power complex', serving it and owing their existence to it.

In this model – and it is just a model – the ring closest to the core (the money elite) would be populated by the corporate and financial elites, the chief executive officers of the various industrial and business sectors. These groups function as the top specialists of capital valorisation, as explorers and creators of opportunities for further accumulation etc. Some of these CEOs – but surprisingly few – may rise to the ranks of the true money elite (as is the case, right now, with a number of hedge fund managers). But measured by their assets they certainly would be among the HNWIs or UHNWIs. Statuswise, though, they remain members of a service class, since they can be fired or demoted – which is something the truly superrich would never have to face.[34] CEOs, forced into loyalty by their true masters, cooperate or compete amongst themselves, and it is hard to detect a common strategic awareness amongst them. In that sense, they are the 'true' capitalists, tied to the economic profit principle and nothing else.



The next ring houses what might be called the specialists for the distribution of societal wealth. This is the turf of the political elite. In the eyes of the 'monetary power complex' all parliaments, all governments have just one function: distributing wealth from the 'bottom' to the 'top' without endangering the social consensus.

30 William Pfaff, International Herald Tribune, December 6, 1999; cf. also Kevin Phillips, Wealth and Democracy, New York 2002

31 Giovanni Arrighi, 'Hegemony Unravelling - 2', New Left Review 33, May/June 2005, p. 4

32 Diane Coyle, 'Big ideas – Our economies are no longer autistic', New Statesman, July 26, 2004

33 Daniel Bell, The Coming of Post-Industrial Society, New York 1973

34 cf. Ferdinand Lundberg, The Rich and the Superrich

The space of the political elite is severely affected by lobbyism and corruption and therefore a highly differentiated and conflictualised field. A few members of the political elite (especially 'ex-politicians') may rise to the level of the HNWIs, but the chances of joining the money elite are nearly nil (exceptions like the Bush clan affirm the rule).

Finally, the vast outer ring is the home of technocrats and experts (analytical, symbolic and affective) indispensable to the functioning of the 'monetary power complex'. 'Rankings' and evaluations determine the usefulness of these 'knowledge elites' with regard to the economic, social and cultural interests of the money elite. Some members of this group can also rise to the ranks of the HNWIs or UHNWIs – but not higher (exceptions like the dot-com-billionaires again affirm the rule).

The French sociologist Mattei Dogan has used a similar ring model in analysing the elite configuration in France.[35] He has raised the important question whether and how the number of members of each of these groups could be calculated. Depending on one's perspective, the numbers for the knowledge elite – whether with regard to Europe or to a single country – can go into the millions, the numbers for the political elite can go into the hundred thousands, the numbers for the corporate elite into the ten thousands and the numbers for the money elite into the thousands. But in the final analysis what is interesting and relevant is the fact that – within a winner-takes-all-system – the ranking game plays a decisive role. Therefore, in order to grasp the 'essence' of these groups, it is entirely acceptable to deal with just the 'top hundred' or so of each group. They may be *quantités négligables* in a statistical sense, but they adequately represent the profiteers and the 'sub-profiteers' (the profiteering service classes) of the 'monetary power complex'.

With regard to the European elite configuration some additional questions should be posed. What about the inheritance of positions of power? What role do bureaucracies play? Is there really something like an iron curtain between the money elite and the other elites? And what function does the practice of ranking within the 'monetary power complex' really have?[36]

As far as the question of inheritance is concerned, all observers[37] seem to have concluded that one has to differentiate sharply between positions of monetary power (capital ownership) and all other positions of power (managers, technocrats, politicians, intellectuals etc.). The first group has a well established system for transmitting their positions to the next generation, the second group has not. Within the money elites in the US and Europe 'cousinhood' plays an important role. "An interesting feature is the intermingling by marriage among the economic elite, and the absence of such an alliance by intermarriage between the economic elite and the political elite. Among the owners of capital, endogamy is widely practiced, and this custom is a supplementary reason for their relative isolation in the elite configuration."[38] This tendency of dynasty building modelled after the aristocracy is an essential characteristic of the superrich.

In several European countries – in contrast to the US – a bureaucratic elite has strongly influenced the elite configuration. In Germany they have contributed to the nationalsocialist regime[39], in France the *enarques* provide the backbone of the republic. Dogan even uses the term ‚republic of the mandarins'[40], because the graduates of elite academies like the *École nationale d'administration* (ENA) regard themselves as the ultimate arbiters of state power. And there are reasons to believe that this kind of self-interpretation might be exported into the Brussels-bureaucracy as well.

But the most important aspect in understanding the European power elite configuration is the practically insurmountable wall between the money elite and the other elites. Even top managers, top politicians or top bureaucrats stand no chance of becoming integrated into these circles. The money elite lives on another planet. "Among the 100 richest persons in France in 1987 ... none have been tempted to a political career, and only a handful had a family connection with a politician. Among the important politicians of the 1990s, a certain number are relatively rich, but not among the 500 richest persons in France. Among the 500 richest entrepreneurs representing, in many cases, the richest families, one cannot discover more than a few engineers graduates of the *Ecole Polytechnique* (15 graduates in 1998). From these merciless statistics results a tectonic fissure isolating the capitalist elite from the other elite categories."[41]

But this does not imply, that the 'capitalist elite' does not 'rule' – as Dogan seems to think. The money elite, indeed, does not manage, does not practice everyday politics, does not create culture. But they have succeeded in *letting others in their place* do these chores. The various service elites will do the managing, distributing, power brokering, inventing and even thinking for them – whilst almost all of the created value will eventually come to rest at their centre of gravity.

35 Mattei Dogan, ‚Is There a Ruling Class in France?'

36 ibid, p.20

37 Cf. for example Wolfgang Zapf, Wandlungen der deutschen Elite, München 1966

38 Dogan, p.28

39 Cf. Franz Neumann, Behemoth: The Structure and Practice of National Socialism 1933-1944, Harper&Row, New York 1963 (1944)

40 The word ‚Mandarin' derives from the Sanskrit and denotes ‚counsellor of the state'; cf. Noam Chomsky, American Power and the New Mandarins, New York 1969

41 Dogan, p. 62f

There remains the question of ranking, in particular within the various 'service rings'. High rank, almost always expressed in terms of asset ownership and income, always points to usefulness for the 'monetary power complex'. "A competitive market tends to create a wide difference between the payoffs for 'winners' and 'losers': what we call a 'winner-take-all' system. Thus, with such high stakes depending on every next move, there is a strong incentive for companies and individuals to focus on just winning the next round, i.e., to think short-term regardless of the impact on the business' long-term viability."[42] It is exactly this mechanism that enables individuals and groups (CEOs for example) who have reached the upper echelons to secure higher and higher payoffs, whilst those just below them fall back disproportionately. Therefore ranking-lists are closely watched, for they point to the best service personnel where money accumulation is concerned.

Putting the superrich and their 'monetary power complex' into perspective

So, apart from the money elite, our attention should be focused on the knowledge elites, the political elites and especially on the managerial and financial elites – who as of late have been demanding something like '*global corporate statesmanship*'.[43] European executives – and this might be a starting point for research and political action – have become less inhibited about asking for American-style compensation. 'Here in France, greed has been legalized,' says the head of a French investment firm.[44]

And even more interesting is the fact that the relationship between potent investors (the money elite) and the managerial class is increasingly strained. An advisor to rich Arab investors writes of the managerial elite: "The people running these gigantic global corporations are all part of a tiny club, leaving the ordinary investor hanging out to dry ... They fly on private jets paid for by shareholders and are given private booths at major games and shows ... There is a foul smell in the corporate boardrooms of the world's largest companies and a huge shareholder revolt is building up ... But what is more important here is that these practices are becoming a menace to the global economy ... It is time for the wealthy, like the Arabs who have hundred of billions of their money invested in these big companies, to ask their bankers some tough questions. Where is my money, and what are you doing with it?"[45] And the managers in return will probably ask: And on what are you billionaires squandering your wealth?

For us, the answer to many of these questions lies in *Power Structure Research* (PSR).[46] This movement of researchers and activists – quite well established in the United States – is primarily concerned with: the *unequal distribution of resources* upon which power is based (wealth, political office, control of the mass media); the importance of *formal and informal social networks* as the means by which power is concentrated and institutionalised. Power Structure Research is carried out by social scientists, investigative journalists; watchdog groups; political parties and candidates; social movement activists; trade union organizers etc.

One famous example of the results of PSR is William Domhoff's model of policy-formation: Strategic decision making usually begins informally in corporate boardrooms, social clubs, and discussion groups where problems are identified as ,issues' to be solved by new policies. It ends in government, where policies are enacted and implemented. In between, however, there is a complex network of people and institutions that play an important role in sharpening the issues and weighing the alternatives. This network has three main components - foundations, think tanks, and policy-discussion groups. And all of these components are constantly lubricated by the flow of $$.[47]

There are lots of contradictions and elements of future development to explore within the money elite, its supporting cast and within the 'monetary power complex' as a whole. The service classes of 'capitalism-based high-tech-refeudalisation' – the knowledge elites, the political directorates, the managerial and financial elites – are caught in that 'tectonic fissure'(Dogan) isolating them from the superrich. They are increasingly unsure about their loyalties, they generate whistleblowers and dropouts with a mission. Many of them are willing to listen to intelligent arguments from the Left. And, of course, even the superrich are open to reason. All this provides opportunities for political action and for strategies on behalf of the people of Europe and towards an 'ownership society' of an entirely different design.

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