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# CHALLENGING CAPITAL OLIGARCHIES

Who does actually drive growth? Two central forces behind destructive growth today are a new type of capital oligarchies, and a new form of financialisation. More than ever, these are blocking social and ecological alternatives. Any socialist critique of growth must therefore begin here.

There are three consensual positions in the left-wing debate on degrowth in Germany.<sup>1</sup> First, the current societal structures including those of production and consumption mean that growth in GDP is leading to increasing social, ecological and global problems. Second, a sustainable and just solution to these problems, built on the principles of solidarity and democracy, requires a profound socio-ecological transformation. Third, in order to begin and implement such a transformation, the socio-political relations of power in society must be changed. This creates a specific incentive to learn from the international debate how to deal with this kind of academic, social and political controversies, also in cases, when at first sight they are not being held under the banner of degrowth. In particular, such debates need to focus on questions such as theoretical and practical critiques of modes of production and ways of living, of relations of power and domination and of corporate pro-growth policies (which would need to be discussed together with the role of the corporations as such). Doing so would provide the opportunity for an exchange with authors such as Ulrich Brand, who recently has called for a discussion of degrowth in the context of the relations of societal domination.<sup>2</sup> This text specifically presents a critique of oligarchies and financialisation, and aims to support the on-going collective process of searching for opportunities that could further the needed socio-ecological transformation.

## “OUTING THE OLIGARCHY”

At the International Forum on Globalization at the end of 2011, Vandana Shiva together with some of the other participants presented a special report titled *Outing the Oligarchy. Billionaires Who Benefit from Today's Climate*.<sup>3</sup> The report aimed to focus the climate and occupy movements on developing a joint analysis of “big money”. Who is at “the very top” of globalised society and how is the movement of money and financial means being managed?

Which consequences does this entail for people's social and natural living conditions and in particular for those of the poor? Which fair alternatives are there and how can they be implemented?

Against the background of accelerating catastrophic climate change and dramatically decreasing biodiversity, the team began by asking why the negotiations taking place as part of the UN process have so far failed to provide the urgently needed results and why the US in particular has played such a fatal role for decades. The analysis primarily focussed on the people who profit most from the production and use of fossil energy. For those involved in the climate movement these facts were nothing new, but they certainly have been new for many people coming from the occupy movement. Members of the occupy movement asked how and why financial corporations – based on the shares and investments of a small number of very rich people – could become so important that they were “too big to fail”. Although it was the corporations that had taken the wrong decisions, governments decided that it was the majority of the people who would have to pay to save these corporations. What this meant for social and ecological policies has hardly ever been analysed by the climate movement. There were groups within both movements that wanted to learn more about the small minority within the US and globally who determine the living conditions of the vast majority of people, and to understand what they could do to find solutions to today's problems.

With Jeffrey Winters' recent book *Oligarchy*<sup>4</sup> in their hands, Vandana Shiva and the other researchers argued that the key problems to be addressed were the following: The growth of corporations, the concentration of wealth and power in the hands of a very few, the growth of societal divisions, of poverty and violence, increasing pollution of the air, water and the soil, the increasing overuse of ecosystems and the growing carbon footprint.<sup>5</sup>

Winters explained “enormous wealth” as at the “heart of oligarchy” and described “oligarchs” as people “who command massive concentrations of material resources (that is, wealth) that can be deployed to defend or enhance their own property and interests, even if they don’t own those resources personally.”<sup>6</sup> He continued: “Oligarchy is the politics of the defence of this wealth propagated by the richest members of society.”<sup>7</sup>

In the US and in western industrialised countries the oligarchy is described as “civil” in the sense that property rights are guaranteed by the impersonal legal systems of an armed state. The oligarchy can employ whomever it wishes, and whoever wishes to be employed by it: lawyers, counsellors, accountants, politicians, law writers, security services etc.<sup>8</sup> That team at the International Forum on Globalization then looked into the Forbes list of the world’s richest people, the investments into fossil energy and who these investments were being made by. Finally, they analysed the networks of actors who are blocking the transformation to a decentralised production and consumption of energy from renewable sources and this included these actors’ policies and their consequences.

Vandana Shiva focussed particularly on Indian oligarchs. In 2011, 50 Indians were among the richest people in the world. Shiva showed how liberalisation, privatisation and globalisation (Shiva calls this “LPG”) have fuelled India’s “miracle growth story”.<sup>9</sup> Shiva points to the Indian government’s co-operation with the IMF, the World Bank and the WTO, which occurred because the country’s new industrial policy was introduced precisely during a dramatic balance-of-payment crisis. At first, this policy was based on the structural reforms and stabilisation programmes called for by the Bretton Woods institutions and therefore ultimately aimed to increase the power of the powerful. These policies provided access to India’s resources to the most economically powerful people in the US and globally and made them use and determine the course of India’s economy for the benefit of their own capital accumulation. Co-operative Indian oligarchs and oligarchies were essential for this process.

Shiva stated: “As people start to question the means through such richness came to be, it is important to make explicit the connection between politics, economic policies and such lopsided patterns of growth: Such inequality is, in fact, the result of a government that professes inclusive growth.”<sup>10</sup> Over the course of the last 20 years the income of the richest 1% of Indians has tripled. Simultaneously, millions of people have been expropriated and expelled from their home regions. The environment has been destroyed to an unbelievable degree. Nonetheless, this development was and is welcomed by large parts of the middle-class. To them, “inclusive growth” means that they can access global markets, and globalised communication, production and consumption. Corporations are seen as the guarantors of progress and innovation, as “the engines of change and growth”.<sup>11</sup> Officially, growth in GDP is considered a sufficient measure of success. Over and over again, officials repeat that growth will eventually benefit the entire Indian population. Nonetheless, half of all children in India suffer from hunger and malnutrition. Social inequality and violence have led to intensified competition for resources and for the commons in particular. Shiva’s analysis of the transnational corporations behind the 50 richest Indians focusses on the

production of and trade with steel, petrochemical products, plastics, gas, electricity, financial services, telecommunication, oil, energy, infrastructure, agricultural products, trade services, cars, pharmaceuticals, construction, aerospace, aluminium, copper and zinc<sup>12</sup> (enumeration according to Shiva’s case studies).

India’s successive governments have successfully concentrated and used the country’s resources in such a way that ensured that the bond and stabilisation criteria of the main institutions of neoliberal globalisation are implemented, whilst simultaneously supporting transnational corporations as the new successful subjects of globalisation. GDP growth is therefore mainly related to the growth of big business.

Since the global collapse of large financial institutions in 2007 and 2008, public funds invested into saving the “limitless growth model”<sup>13</sup> have continued to increase. A “green growth” strategy was propagated to render legitimate this use of funds and included the selective repair of some forms of ecological damage. But because the dictate of the oligarchs and the oligarchy continues unchanged, this amounts to no more than “the old paradigm in green clothes”.<sup>14</sup> The economy remains oriented towards the interests of the central actors of neoliberal globalisation and the corresponding societal consensus. New regulations deepen the dynamics of privatisation, liberalisation and financialisation. Financial market actors are increasingly penetrating into all social spheres and are redefining society’s relations with nature.

Increasingly, growth is accompanied by struggles over resources. Raw material and energy requirements continue to rise dramatically. At best, the levels of resources required can be maintained or marginally decreased, but by no means reduced to levels compatible with climate protection and biodiversity. Poverty and underdevelopment cannot be dealt with in this way. The commodification of nature and ecosystem services as well as emissions trading, payments for pollution or compensation for questionable ecological repairs only increase the problems, because only the strongest may win on the markets, in other words: big business. The financialisation of nature does not value the services required for the reproduction of society and the biosphere; it only values the actors participating in the financial markets.

## **CHALLENGING CAPITAL OLIGARCHIES – ASPECTS FOR A DEBATE ON OLIGARCHIES**

The Rosa-Luxemburg-Stiftung’s Institut für Gesellschaftsanalyse (IfG) also seeks to find out which forces and agents are blocking the socio-ecological transformation aimed at ensuring that everyone can lead a self-determined life in dignity and solidarity with others within a healthy natural environment. The IfG analyses the relationship between the destruction of social and natural living environments, unfair societal structures including structures of production and consumption, and economic growth. Our academic and political interests lead to our focus points on oligarchies, liberalisation, privatisation and financialisation. We discuss texts by Shiva, Winters, Kempf<sup>15</sup> and others and promote academic research about and with actors working for emancipation and solidarity. We also concentrate on the conditions needed for political alliances, and how these can be nurtured and made more effective with the aim of achieving a sustainable social and ecological transformation.<sup>16</sup>

The IfG deploys a specific politico-economical approach – which accordingly and necessarily is a historical approach – to questions such as: How do power relations, societal hierarchies and violence develop in time and over space? Which connections do exist between the ownership of the means of production and distribution, and political power and the capability to define the goals of and decisions about the organisation of production, distribution and consumption? Which effects does this have on the lives of people and their interaction with nature? How can a socio-ecological transformation be achieved?

The IfG conceptualises capital oligarchies as a form of co-operation between money and industrial capitalists and their most important supporters that is required for major projects, and shows how this co-operation led to the development of a particular kind of capital, namely finance capital. Furthermore, the IfG has shown how these major projects and forms of cooperation or powerful networks produce a so-called 4 + 2 connection in societal production that penetrates all structures of production and consumption and relations of societal power structures and supports the corresponding consensus in society. This 4 + 2 connection consists of the mutually penetrating energy, transport and agriculture/agri-business, the military-industrial-complex/the security sphere, finance and high-tech industry. Globally, energy related activities produce around 63% of climate-damaging emissions and around 77% of all CO<sub>2</sub> emissions. Around 28% of climate-damaging emissions and 36% of CO<sub>2</sub> emissions stem from electricity generation and heating. Transport accounts for around one quarter of climate-damaging emissions. The transport sphere depends on oil for 96% of its energy; oil is responsible for over 95% of the emissions caused by transport. Agriculture produces around 14% of CO<sub>2</sub> emissions. If the CO<sub>2</sub> that is released through forest clearance is included, this figure rises to 32%. However, this still does not include CH<sub>4</sub> and N<sub>2</sub>O emissions.<sup>17</sup> The military consumes, pollutes and destroys enormous quantities of resources. The US war in Iraq cost more than the cost of investments into renewables that would be needed until 2030 to stop global warming. During the war, more climate-damaging emissions were released each year between 2003 and 2007 than the annual joint production of 139 states.<sup>18</sup> The quartet of these various spheres always receives new input from their partners, because it is successfully interlinking with the high tech and finance industries. Together, these six spheres are the greatest consumers of natural resources, the greatest polluters and, at the same time, they do produce the highest returns. If we look at Shiva's analysis of the corporations behind the richest people in India, we also find the same 4 + 2 connection. To have a say in global economics one must be competitive and therefore must conform to the globally dominant structures of economic growth.

A political-economic summary of these points demonstrates that finance capital is a specific mutually dependant relationship between the owners of capital who mobilise interest-bearing capital and the owners of capital who organise surplus labour in the production of goods. The partners of the owners of capital appropriate profit (without remuneration) from the work of others in societal production and finance. They may delegate their organisational functions to managers thereby turning them into their associates. Because the corporations they own are so complex and all-encompassing they depend on cooperation with state

institutions or the 'state'. Often it is also supra-nation-state institutions such as the EU and its agencies that act as the partners of modern finance capital.

We therefore speak of capital oligarchies, when social groups develop with finance capital at their core, but they are also composed by officials from politics, the administration, the military, culture and academia, the media, the legal professions, counselling, accounting and civil society, which are of central importance to the functioning of finance capital. Today, capital oligarchies define the path of development in society and the very kind of development that society embarks on. Capital oligarchies dictate the conditions, under which people live and work, they permanently demand a tribute from society, incessantly re-distribute resources, property, wealth and income and they destroy nature. They legitimise their actions, much like those in power in general, by pointing to the "need for growth".

This is, for example, also true for the British Prime Minister David Cameron's Conservative Party and its private fund raising events. In 2013, its summer party was attended by supporters representing together more than 11 billion GBP who paid up to 12,000 GBP for a table. There were six billionaires among the 449 guests, 15 people who own more than 100 million GBP and 73 financiers. Howard Shore, an investment banker whose company invests in shale gas and CCS technology was there too. He was seen at Cameron's table and also talked to the minister of energy. Russian oligarchs were at ease talking to the head of the British-Ukraine All-Party Parliamentary Group.<sup>19</sup>

In the centres of the global industrial regions capital offers sufficient room to these oligarchies to renew the societal consensus, in particular through the interplay of individual lifestyles with work, living, mobility, alimentation, reproduction and leisure time, as well as the interplay of financialisation and capital accumulation that defines economic structures. The main theme in the background is always "growth!"

This process is reinforced in particular because people's lives, their interaction with nature, and their production relations are mediated, controlled and directed through loans and financial market processes. Many people use credit to secure their livelihood. People take up loans and increase their personal dependence. Small and smaller financial market actors are exploited as wage workers. Freelancers and owners of small companies work far beyond their reproductive capacity. Their money and loans provide large investors with interest as a form of appropriating surplus value from production (primary exploitation), which are the results of expropriation, reallocation, deception and speculation (secondary exploitation). One of the groups most strongly represented among these investors, who – as Winters remarks – use the money of others, are pension funds. Wage workers, freelancers and small business owners pay into these funds, either out of free will or are forced to do so due to the privatisation of pensions. This means that income is used by the owners of large funds to acquire profits from primary and secondary exploitation and force through further privatisations. This process will be further expanded by the EU 2020 project bonds<sup>20</sup> and the long-term EU financing instrument ELTIF, which are aimed at increasing growth. But "growth" actually implies an extended reproduction of the 4 + 2 connection with all the disastrous ecological destruction based on it. The most recent activities of the EU relevant

to industrial policy do provide new fuel for such a model, still under the already rather worn banner of “growth”.

Ever larger parts of the population now begin to understand that the promise of sustainability through “growth” and financialisation is an illusion. Growing distrust among people offer an opportunity for political alliances strong enough to question the growth paradigm. Together with many other actors, the IfG has embarked on answering the questions of how social and ecological destruction can be stopped and replaced with socially and ecologically sustainable development. Through study, observation and personal involvement in these struggles we believe we have found three interrelated or at least inter-relatable fields of action. These are, first, the struggle for democratic, ecological and social standards – in particular minimum social security and benefits to defend people against poverty. Second, the struggle to maintain and democratise the public sphere, in particular public finances; and third, the struggle for active local and regional development. Participatory processes represent a fundamental element with regard to linking these three fields of action. Within these processes and fields, people can build knowledge and capabilities to cooperate in solidarity with others. They also provide opportunities to people for gaining insights into the causes and the causers of social and ecological problems, thereby creating strong political alliances and bringing positive sustainable change to their personal, collective and societal lives. Such action would be based on solidarity-oriented networks organised at the local, regional, supra-regional, European and global levels, directed against the oligarchies of capital, in other words, the 4 + 2 connection.<sup>21</sup> Stronger focussing is required due to the existing structures of institutionalized political praxis and, more specifically, to the increasing defensive positions of the organized Left since the outbreak of the global financial and economic crisis. The defensive task of preventing further deregulation and privatisation of the commons, the public sphere, and social security is of decisive importance; while

also new economic and military mega projects, repression and surveillance projects and free trade agreements such as the TTIP call for a defensive counter-strategy. With their call for “growth”, those in power aim at implementing precisely such measures, at driving processes of financialisation further on and at gaining industrial and economic-political subsidies from public entities.

“Growth” is therefore not a concept that should distract us from our struggle over resources against the capital oligarchy. Instead, we should actively promote self-determination and solidarity – and “degrowth” certainly represents a possible way of describing this set of alternatives.

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**1** See: Adler, Frank (2014), ‘Postwachstumsvisionen. Zu einer neuen Tendenz in der wachstumskritischen Debatte’, in: *Initial*, 25 (2014, 2), pp. 118–132. **2** Brand, Ulrich (2014), ‘Kapitalistisches Wachstum und soziale Herrschaft. Motive, Argumente und Schwächen aktueller Wachstumskritik’, in: *Prokla*, H20729, (2014, 2), pp. 296–300. **3** Outing the Oligarchy. Billionaires Who Benefit From Today's Climate Crisis. A special Report by The International Forum on Globalization, December 2011, San Francisco. **4** Winters, Jeffrey A. (2011), *Oligarchy*. Cambridge; New York: Cambridge University Press. **5** Menotti, Victor (2011), ‘Individuals of Undue Influence’, in: *Outing the Oligarchy. Billionaires who benefit from today's climate crisis*, The International Forum on Globalization, December 2011, p. 5. **6** Winters, Jeffrey A. (2012), ‘Oligarchy in the U.S.A. The wealth defense industry protects the richest of the rich’, in: *Features*, February 27, 2012. **7** *Ibid.* **8** *Ibid.* **9** Shiva, Vandana (2011), ‘The Great Indian Oligarchs’, in: *Outing the Oligarchy. Billionaires who benefit from today's climate crisis*, The International Forum on Globalization, December 2011, p. 5. pp. 81, 103, 104. **10** *Ibid.*, p. 82. **11** *Ibid.* **12** *Ibid.*, pp. 86–103. **13** Shiva, Vandana (2014), ‘Economy Revisited. Will Green be the Color of Money or Life?’, in: *Global Research*, July 26, 2014. **14** *Ibid.* **15** Kempf, Hervé (2008), ‘How the Rich are Destroying the Earth’, foreword by Greg Palast, Green Books. **16** Dellheim, Judith; Brangsch, Lutz; Wolf, Frieder-Otto; (eds) (2012): *Den Krisen entkommen. Sozialökologische Transformation*, Berlin, Karl Dietz Verlag. **17** <http://www.epa.gov/climatechange/ghgemissions/global.html/> **18** Hynes, Patricia H. (2014), ‘The “Invisible Casualty of War”: The Environmental Destruction of U.S. Militarism’, in: *DifferenTakes*, no. 84, 3. **19** Mathiason, Nick; Newman, Melanie; Warren, Tom (2014): *UK: Political Party Funding – Billionaires and Lobbyists at Lavish Party with David Cameron*. In: *Global Research*, 03 July 2014. **20** EU2020 Infrastructure Bonds Initiative **21** Dellheim, Judith (2012), ‘Auf der Suche nach Handlungsmöglichkeiten’, in: Brie, Michael; Candeias, Mario (2012), *Transformation im Kapitalismus und darüber hinaus*, Berlin, p. 86.

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