

The Left – what can it aim for? Politics under the conditions of financial-market capitalism

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1- In the beginning of a new discussion

<i>Thesis:</i>	<i>The Left is in the beginning of agreeing on the main tendencies and forces of the contemporary era and on possible alternatives.</i>
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The Left wants a change of orientation in politics. However different the demands may be individually, social justice, democratization, and peaceful conflict resolution in conflict with neoliberalism are on the agenda.¹ What are the real foundations for such a consensus? Is it more than a chimera or mere wishful thinking? What is the real new content of these demands in the present? Can this consensus be translated into real strategic options that are consistent – with respect to social forces, entry projects into change, foreseeable first results, and transitions to a new path of development? All these questions can only be answered if there is a realistic understanding of the contemporary social relationships and possible alternatives?

One could of course say with Napoleon: “On s’engage, puis... on voit!” To translate freely: “Let’s start the fight, and then... we shall see.” Such a maxim could quickly lead us, however, to lead the wrong struggle, and – maybe at first even successfully – to suffer Pyrrhic victories or to crash immediately into defeats. The most recent history is full of victories, whose significance is, to say the least, disputed: The participation of the PCF in the Jospin government in France, the situation of the PT in the Lula government in Brazil, the role of the Communists in the government of the ANC in South Africa, to name only a few. The governmental participations of the Left Party in Germany at the regional level are also very much in dispute. Maybe, however, only the standards, by which victory and defeat are measured, are wrong?

A sober discussion of any strategy of the Left requires a determination of the era we are in – and this does not mean the transition from one large social formation to another, but refers to the particular “concrete historical situation”, to each “concrete moment”, where the decisions have to be taken by real people who take action.² Such eras may encompass decades of relative stability and of a “war of position” (Gramsci)³, or by contrast months of fast movement, when the strategic situation changes rapidly and the “continuum of history”⁴ is blown up. Then it can become a catastrophe to have “missed the opportunity”⁵. The definition of epochs fixes points of stopping and of assuring oneself of one’s historical location from where direction of action, means of action, cooperation and antagonism are determined and are related at the same time to larger historical connections.⁶

¹ Compare on this, for the case of Germany, the declaration of social movements at the end of the Erfurt social forum: <http://www.uni-kassel.de/fb5/frieden/themen/globalisierung/sozialforum-05.html>.

² The Marxist method consists mainly in that the *objective* content of the historical process in the respective concrete moment, in the respective concrete situation takes into account and is understood mainly by one thing: the movement of *which* class is the driving force for a possible progress in this concrete situation”. V.I. Lenin: Under foreign flag. In: The same: Works. Berlin: Dietz Publishers 1974, vol. 21, p. 134.

³ Antonio Gramsci: Politics, History, and Culture. Leipzig: Reclam 1980, p. 272 f.

⁴ Walter Benjamin: Allegorien kultureller Erfahrung. Ausgewählte Schriften 1920-1940 (Allegories of cultural experience. Selected writings 1920-1940). Leipzig: Reclam 1984, p. 164.

⁵ The same: Das Passagen-Werk (Work of passages). Ed. by Rolf Tiedemann. 2 volumes. Frankfurt a.M.: Suhrkamp Verlag 1983, p. 593.

⁶ Compare on the relationship between the notion of revolution and the notion of era: Harald Bluhm: Revolution – eine begriffs- und ideengeschichtliche Skizze (Revolution – a sketch in the history of

Experiences such as those of 1989 in East Central Europe and in the former Soviet Union or in Argentina after 2002 show, how an open historical situation very quickly closes and the actors afterwards rub their eyes surprised and ask themselves, whether there has even ever really been an alternative situation. Those actors who wanted to begin a new “historical project” of “Red-Green” in Germany and received an “Agenda 2010” from the Schröder-Fischer government suffered the same delusion. What is asked for is self-enlightenment ex ante or at least in the moment of action, of the active intervention.

So, what may, what can, what should the Left actually aim for? A substantive self-enlightenment by the Left on what kind of society we live in, what the dominant contradictions are, what realistic alternatives are the order of the day, is urgently required. The answer to that can only come from a complex analysis and a comprehensive study of practical experiences.

The Left in Germany, in Europe, and at the international level stands before a new epochal discussion. This article is supposed to provide a contribution to that.⁷ It is less a systematic analysis than a sketch and an attempt to proceed by the asking and to supply theses for public debate. Many arguments in this article unavoidably bear a hypothetical and explanatory character.

2 - What capitalism do we live in?

<i>Thesis:</i>	<i>Sometime in the period from the 70s to the 90s, there took place the transition from a Fordist-welfare state capitalism to financial-market capitalism. The latter is characterized by the fact that the owners of the large financial funds dominate capital utilization and social reproduction in general.</i>
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The first question is whether there is really a stable developmental path beyond Fordist welfare state capitalism and by what characteristics it distinguishes itself. In the meantime, so the thesis, there are good reasons for saying that the developmental path of the Fordist welfare capitalism that imposed itself after 1945 face to fascism and state socialism, today has been replaced to a large extent by another developmental path⁸, which might be called *financial-market capitalism*. First elements thereof surfaced in the late 60s and early 70s of the 20th century.

There crystallized a new technological way of production on the basis of micro-electronics, there took shape a deep revolution in culture and way of life (“value change” and “individualization”), there showed ecological limits to ever further extension of mass production and consumption (“limits of growth”), the catch-up modernization by developing countries got increasingly into a crisis. This crisis was at first fought out from below, by strong, social, cultural, and democratic movements,

concepts and ideas), in: Initial, Issue 5/1998 (<http://www.berlinerdebatte.de/initial/helft5-98/bluhm.htm>).

⁷ The author has learnt a lot from discussions in the future commission of the rlf, from seminars with partners of the rlf in Germany, Europe and above all also Latin America, South Africa, and China and thanks for all remarks on previous elaborations.

⁸ Compare on that comprehensively in Dieter Klein, ed.: Live instead of being lived: Self-determination and social security. Future report of the Rosa-Luxemburg-Foundation. Berlin, Dietz-Verlag, 2003, p. 26-83.

who wanted to transform the potentials of capitalism that had developed after the 2nd World War into a more comprehensive social revolution.⁹

The democratic and social alternatives of the 70s, which had emerged during the crisis of Fordist capitalism, were suppressed in the class conflicts of this time. In this context, there mainly belong attempts to overcome this crisis by a politics of socialization in different forms. This holds in particular for Allende's democratic way to socialism, the attempt by Swedish social-democrats and trade unions to gradually acquire control over productive wealth, or the policy of socialization by the alliance of Socialists and Communists in France in 1981/82. The approach of a social-ecological restructuring, developed under the leadership of Lafontaine in German social democracy, should also be mentioned. The financial-market capitalism that finally imposed itself was only one of the possible alternatives to Fordist capitalism. It was constructed on a graveyard of suppressed alternatives. Its hegemony is the "expression of the transition to a new formation of capitalism."¹⁰

The dominance of neoliberal forces and the failure of alternative actors resulted in that the options of the crisis of Fordism in the 70s to 90s of the 20th century were guided by interests and selected by power politics:

- the technological possibilities were used for a new wave of centralization of the power of disposal, while simultaneously direct production was decentralized, which meant that wage labor was being eliminated and oppressed by capital, whereas at the same time the exploitation of the tendencies to higher independence and autonomy was accelerated;
- there was created a new way of life and of consumption that corresponded to the needs of the new informational workers, and at the same time, squeezed them into privatized, market-centered forms;
- The asymmetrical class compromise of the time after the Second World War was rescinded by the ruling classes and replaced by a market society, which distributed chances according to social, cultural, and citizenship criteria;
- The state was restructured into a competitive state, whose capacity for action in the areas of social basic security was massively weakened by lowering of taxes for the higher earners; by contrast, its force for strengthening short-term competitiveness was increased;
- The security systems (health and pension systems etc.) were increasingly privatized; this created, on the one hand, an interest alliance of the insurance takers with the actors of financial accumulation and, at the same time, subordinated the insurance takers to the interests of financial capital, weakening the negotiating position of the former on the labor market, while simultaneously the better-earning groups were being relieved;
- Technological, social, state, and cultural changes were styled in such a way that also in the centers the integrated middle-class society, in whose framework the class conflict had previously been neutralized, was being reconverted backward into an openly conflictual class society, marked mainly by insecurity and by inequality as far as the elementary life conditions

⁹ The aspect that the end of Fordist capitalism has been rung in, even if not carried out "from below", has fallen completely into oblivion. In this case as well, even the Left writes a history from the standpoint of the victors (Walter Benjamin).

¹⁰ Frank Deppe: "Capitalism reloaded": Resistance and perspectives beyond capitalism, in: Sozialismus, Issue 1/2006, p. 22.

- are concerned; which at the same time, however, created higher, even if very problematic individual degrees of freedom for core groups;
- The crisis of the Bretton Woods system¹¹ was used to establish a system of free rates of exchange and open capital markets, which turned the market prices of stocks (their shareholder value) into the central orientation of capital reproduction; the trade with already available stocks, loans and credits as well as with the futures of currency and price changes (derivatives) was extended explosively; the opening of many markets made possible, on the one hand, enormous productivity leaps, on the other hand, it increased inequality and often suppressed endogenous resources;
 - The crisis of the post-war system, beginning with the Gulf war of 1990, was turned into an attempt at reconstructing the unlimited dominance by the USA in the area of security policy; an attempt that meets with increasing resistance.

However, what is the determining relationship structuring these very different processes or are they only an accumulation of unrelated developments? On that topic, there has taken place, in the meantime, a very comprehensive discussion that included very different criteria for determining contemporary society.¹²

In the Marxist tradition, I base myself in the following on those authors, who try to determine the contemporary phase of capitalism by asking for the *central property*

¹¹ In Bretton Woods, there was decided in 1944 the White Plan by the USA delegation “at whose center there stood the US Dollar. Its value was fixed with respect to gold to 35 per ounce and there existed an obligation of the US Central Bank to redeem Dollars in gold. The other members of the system agreed on fixed exchange rates with the Dollar. The system was thus shaped asymmetrically: The USA were completely autonomous in their currency and monetary policy, while all other members of the Bretton Woods system had to keep up their exchange rates by way of interventions on the currency market. Only if permanent disequilibria occurred, the exchange rates could be changed in the framework of an international agreement on exchange rates, meaning appreciated or devalued (realignment).” <http://de.wikipedia.org/wiki/Bretton-Woods-System>.

¹² At this point, the very comprehensive discussion on the analysis of the type of contemporary capitalism cannot be presented. At first, the “Post” shifted into the foreground, in order to determine the new: Joachim Hirsch; Roland Roth: *Das neue Gesicht des Kapitalismus. Vom Fordismus zum Postfordismus* (The new face of capitalism. From Fordism to Post-Fordism), Hamburg: VSA Publishers 1986. Later on, there was pointed out that there had taken place a transition from fettered to unfettered, to “predatory capitalism” (Jean Ziegler: *Die neuen Herrscher der Welt und ihre globalen Widersacher* [The new rulers of the world and their global detractors], Munich: Goldmann Verlag 2005). The point of departure was taken from the new mode of production to speak of high-tech capitalism or informational capitalism (Wolfgang Fritz Haug: *High-tech capitalism. Analyses on ways of production, work, sexuality, war, and hegemony. Collected essays and presentations.* Hamburg: Argument Verlag 2003; Ralf Krämer: *Informationsrente – Zur politischen Ökonomie des Informationskapitalismus* [Informational rent – on the political economy of informational capitalism], in: *Das Argument* 248 (2002), p. 637-651). Other authors choose the new social mode of production as their criterion and speak of a crystallizing flexible, market-oriented production model or flexible capitalism (Richard Senett: *Der flexible Mensch* [Flexible man], Berlin, Berlin Publishers, 1998; Klaus Dörre: *Kampf um Beteiligung, Arbeit, Partizipation und industrielle Beziehungen im flexiblen Kapitalismus* [Struggle for stakes, work, privatization and industrial relations in flexible capitalism], Wiesbaden: Westdeutscher Verlag 2002; Klaus Dörre, Bernd Röttger, eds.: *Das neue Marktregime* [The new market regime], Hamburg: VSA Publishers 2003). Mario Candeias subsumes the new era in general under the notion of neoliberalism (Mario Candeias: *Neoliberalism, high technology, hegemony. Basic outlines of a transnational capitalist production and way of life. A critique*, Hamburg: Argument Publishers 2004). Compare also the comprehensive works: Mario Candeias; Frank Deppe (ed.): *Ein neuer Kapitalismus? (A new capitalism?)* Hamburg: VSA Publishers 2001; Hans-Jürgen Bieling; Klaus Dörre, Jochen Steinhilber; Hans Jürgen Urban (eds.): *Flexibler Kapitalismus. Analysen, Kritik und politische Praxis.* Frank Deppe zum 60. Geburtstag (Flexible Capitalism. Analysis, criticism, and political practice. Frank Deppe to his 60th birthday), Hamburg: VSA Publisher 2001.

relationship, meaning the relationship that ultimately determines purpose, means and dynamics of social production and reproduction. Since this is a question for a determinate phase of capitalism, it also cannot be answered by a general reference to the relationship between capital and labor in general, but must be made more precise: *What kind of capital, in what organizational form and represented by what kind of actors today determines the total utilization process of capital?*

Capitalism in general is marked by the dominance of the interests of the capital owners (“in the final instance”) face to all other interests of the wage dependent, communities, regions, state actors etc. Yet, capitalism is “at the same time an organism capable of transforming and constantly in the process of change”¹³, and this also holds for its property relationships. Within the great plurality of capitalist property relationship, there took place a change during the last 30 years. A group of capital owners has imposed itself over another group and, in its turn, puts its stamp to the totality of property relationships and, in this way, rules the social reproduction process in its basic tendency.¹⁴

As Joachim Bischoff notes, there gradually developed, in the 70s of the 20th century, a “finance-driven accumulation regime”, whose basic features he characterizes as follows: “The... ‘new’ financial regime disposes of three pillars: *first*, the extension of a net of transnational financial institutions, who work beyond the control of Central Bank or of financial market agencies; *second*, the rise of large institutional investors (capital funds or insurances); *third*, the loss of significance of bank credit as compared to borrowed capital on the international financial markets. The emergence of global financial markets brought about by neoliberal politics and its predominance over all other markets is the powerful lever that creates the material constraints of so-called globalization, to which the neoliberal politicians then refer to found the lack of alternative to their policy.”¹⁵

Such a kind of capitalism, on the basis of new technological, social and cultural basics leads us back to the predominance of financial capital as it used to be characteristic for the phase of classical imperialism in the late 19th and early 20th century. Yet, this is not a simple return, but goes along with a basic novelty: While back then financial capital, organized above all in the large banks, subjected itself the whole process of capital- dominated societies¹⁶, there now develops a capitalism

¹³ Karl Marx: Das Kapital (Capital), First Volume, in: MEW, vol. 23, p. 16.

¹⁴ *Attac and other globalisation critical movements may have been among the first to draw attention to this development with their critique of the WTO system, starting in 1998 in France in circles around Le Monde Diplomatique, but also peasant movements (Joseph Bové). Susan George: WTO: Demokratie statt Drakula. Für ein gerechtes Welthandelssystem (WTO: Democracy, not Dracula. For a just world trade system), Attac-d Basic Texts, no. 1, VSA Publishers, 2002.*

¹⁵ Joachim Bischoff: The destruction of Rhenanian /Rheinish capitalism, in: Michael Brie (ed.): The Left Party: Origins, Goals, Expectations. Berlin: Dietz Publishers 2005, p. 66 ff.

¹⁶ “An ever larger part of the capital used in industry is *finance capital*, capital disposed of by the banks and by the industrialists.” “The mobilization of capital and the constantly stronger extension of credit gradually change the position of the money capitalists. The power of banks grows; they become the founders and ultimately the rulers of industry...” Financial capital, thus Hilferding, was “the synthesis of speculative and bank capital and appropriated to itself, at an infinitely higher stage of economic development, the fruits of social production.” Rudolf Hilferding: *Finance Capital. A study about the most recent development of capitalism*. Berlin: Dietz Publishers 1947 (orig. 1910), p. 306, 307. Lenin, by contrast, defines financial capitalism as “merging or melting of banks with industry” (V.I. Lenin: Imperialism as the highest stage of capitalism, in: *Works*, vol. 22, p. 270. In the following, we depart from the assumption that this “melting” takes place in its majority under the dominance of large banks (and not of large companies, concerns or trusts).

dominated by the financial *markets*. Both historical forms have in common a strongly developed expansionism, which creates imperial tendencies and a new “primitive accumulation” (meaning the extension of capital utilization to new areas). Hilferding writes: “This policy of expansion unites all strata of property holders in the service of financial capital.”¹⁷

In both cases, capital tries to escape from the constraints of limited markets by the creation of an “economy of expropriation”. Yet, the institutional structure of financing is fundamentally different in the two cases. In the case of bank financing, the firms were bound to a long-term, low-risk growth at the level of the prevailing interest conditions, and at the same time, the state was charged with a high-risk imperial expansion. The safe development of the concrete production enterprise, face to which the bank appears as owner, stood in the foreground. The banks as creditors strive towards a cartelization of markets and, in this way, towards the monopoly position, often also secured by the state, of firms.¹⁸ There developed an imperialism of large nation states who divided the world among themselves.¹⁹ Let this capitalism be called, on the basis of the dominant capital relationship proper to this formation of capitalism, *finance monopolistic capitalism*.

The *Fordist-welfare state capitalism* that pushed through its hegemony in the confrontation with other forms of “solving” the crisis of *finance monopolistic capitalism* (such as fascism) after the Second World War as the dominating form of capitalism is based on the capacity of large productive producing enterprises to subordinate themselves their own financial accumulation (for instance, by way of small stockholders and their own financial institutions). It was the case of a capitalism, whose production and reproduction process, whose capital utilization was dominated by the large economic firms, the capitalist companies. The managers of the large stock-holding companies themselves exercised the central ownership function and, therefore, pursued “no strategy of profit maximization..., but.... (only) tried to ‘achieve a satisfactory profit’”.²⁰ Their primary goal was the growth of firms and not that of the capital invested.²¹ Market power and not financial power stood in the foreground.

¹⁷ Rudolf Hilferding: *Financial Capital*, opus cit., p. 510.

¹⁸ “The preferences of a creditor bank can be described relatively simply: The bank had an interest in the cartelization of markets, so as to stabilize the profitability of the firms by a limitation of competition in the long term; moreover, the bank was, face to the debtor, a risk-averse contract partner, which tried to refrain the managers from all too risky businesses. The credits of the banks were patient, controlling and risk-averse capital.” Paul Windolf: *Was ist Finanzmarktkapitalismus? (What is financial-market capitalism?* <http://www.uni-trier.de/uni/fb4/soziologie/apo/Was%20ist%20> (Financial-market capitalism.pdf#search='FinanzmarktKapitalismus'), p. 5.

¹⁹ As John Hobson notes, it was the “big industry and finance barons” that need imperialism, “because they want to use the public resources of their country to find profitable use for their capital that would otherwise be superfluous.” John A. Hobson: *Imperialism*. Cologne and Berlin: Kiepenheuer & Witsch 1970, p. 90.

²⁰ *Ibid.*, p. 6. In this context, there also developed the thesis of *managerial capitalism*. Compare on that Adolf Berle; Gardiner Means: *The modern Corporation and Private Property*. New Brunswick: Transaction Publisher 1997 [1932]; Alfred Chandler: *The Visible Hand. The Managerial revolution in American Business*. Cambridge: Belknap 1977.

²¹ Henry Ford as chairman of the Ford Motor Company stands for this kind of capitalism. Relatively high wages which aimed both at tying the workers to the firm and at growing consumption demand, discipline both by way of the conveyor belt as well as by the need structure of achievement-oriented male household heads and their families; an “organized capitalism”, in which business executives and state collaborated closely, far-reaching self-financing of the firm, but also suppression of any form of trade union autonomy of the employed were a few hallmarks of his entrepreneurial philosophy.

On this basis, it was possible to conclude an interest alliance between management and employees as well as a welfare and “social state” pact, which links capital utilization, wage development and social integration under the dominance of the interests of capitalist big enterprises and this in a positive way. There resulted a lessening of competition, not last on the basis of a high growth. The banks, therefore, had to compete to be able to issue credits, which made the interest rate and, as a result, capital costs sink. At the same time, the profit fell, and the capitalist orientation hit its limits. For the late 60s of the 20th century and the one-and-a-half decades afterwards, Jörg Huffschmid, therefore, notes consequentially: “In this situation of inner and outer pressure on the post-war arrangement, there was on the agenda – theoretically, and as it turned out also practically – a historical decision between two fundamentally different ways for the solution of the problems and for continued economic and social development: the continuation and deepening or the taking back of the post-war reform.”²²

Attempts to drive the Fordist- welfare state capitalism beyond itself in a social and democratic way and to overcome the dominance of capital utilization, the broad protest against the rigid structures of a “middle-class society” (behind which there continued to hide the division into large classes) and its patriarchal roles, against the exploitation of the Third World, as well as also the end to the extensive use of factually cost-free raw materials, which became visible by the rapid growth of oil prices, and last but not least the ever stronger resistance of the capital owners against the constraints to capital utilization signaled the end of this capitalism. It entered into a sequence of crisis.

In the crises of the Fordist welfare capitalism since the 70s, there increasingly dominated the investment funds as dominant representatives of capitalist property. A new type of capitalism, *financial-market capitalism* develops, which is structured by a “finance-dominated accumulation regime” (François Chesnay) or rather by a “regime of property ownership” (Michel Aglietta).²³ It is a transition from manager to shareholder capitalism”.²⁴ Since the flows into the investment funds by way of insurances, capital installations etc. etc. exclusively depend on the yield that these funds realize, they are in a heavy competitive battle. The enterprises, whose stocks they buy, interest them solely from the perspective of the yield of the capital of these companies. In the case of reduced expectations of yield, capital is immediately withdrawn. The capital costs rise, even profitable companies are forced to enormous rationalization measures or are closed down. The new property-holders have no direct interest in the real growth of the firms they control, but only in the fictitious capital they invested there, the shareholder value. Reduced rates of growth of GDP

²² Jörg Huffschmid: Politische Ökonomie der Finanzmärkte. Aktualisierte und erweiterte Neuauflage (Political economy of financial market. Updated and extended re-edition), Hamburg:VSA Publishers 2002, p. 124.

²³ Michel Aglietta: Ein neues Akkumulationsregime: Die Regulationstheorie auf dem Prüfstand (A new accumulation regime: Regulation theory on the testing block), Hamburg, VSA Publishers, 2000; François Chesnay: Das finanzdominierte Akkumulationstheorie: theoretische Begründung und Reichweite) (The finance-dominated accumulation regime: theoretical justification and scope of reach), in: Christian Zeller (ed.): *Die globale Enteignungsökonomie* (The global economy of expropriation), Münster: Westfälisches Dampfboot, p. 217-254.

²⁴ Joachim Bischoff, Richard Detje: Zukunft? Shareholder-Gesellschaft? (Future: Shareholder Society?), in: Hans-Jürgen Bieling u.a.: *Flexibler Kapitalismus* (Flexible Capitalism), opus cit., p. 63 f.

and sharpening inequalities in regional development, therefore, also have institutional causes.²⁵

In all societies, the control over resources is decisive for investments. In capitalist societies, it is exercised by money or capital. Neoliberalism now subjects “the three most important sources of money capital in the economy – *domestic credits, state debt, and foreign capital* – under the financial system.”²⁶ If earlier, bourgeois revolutions were carried out to get the state budget under the control of the bourgeoisie, the neoliberal counter-reform was introduced last but not least so as to withdraw the state budget from democratic control and to subordinate it to the constraints of deregulated financial markets.

In order to nonetheless keep the profit rate high, just as in the age of modern imperialism of the waning 19th century, the state is asked to push through a massive wave of expropriation (mainly of public services and firms, but also of knowledge, genetic potential – the basis of the new gene-technological revolution, raw materials, and water etc.), to bring under control states of the periphery or semi-periphery and force them into a neocolonial dependence (quite possible also on the basis of “free elections”) by means of corruption, extortion or even war and exposing all national economies to the free disposal of the funds (“freedom” of capital investments with simultaneous state guarantees). The parasitic tendencies of financial markets, which also have an effect on the profit rate, are compensated last but not least by a “global expropriation economy”²⁷, again in a kind of continuation of those tendencies of imperial expropriation as were practiced in the imperial era of the late 19th and above all also in the first half of the 20th century.²⁸

Paul Windolf summarizes this central institutional mechanism of the new financial-market capitalism as follows: “By a re-concentration of property, the investment funds become central actors in this system. The ‘new’ property holders can, on the one hand, influence the policy of the companies (compulsion to a short-term increase of the short-term yield of capital – M.B.), on the other hand, they are instable owners, since they sell their shares on the average every 20 months. The combination of ‘exit’ and ‘voice’ favors a specific form of opportunism, namely the orientation taken from short-term profit maximization. The investment funds stand in a global competition for

²⁵ The latter has been illustrated smashingly, taking the example of East Germany. Compare: Rainer Land: Ostdeutschland – fragmentierte Entwicklung (East Germany – fragmented development), in: Initial 14 (2003) 6, p. 76-95; compare also with respect to India: John P. Neelsen: Indien – Perspektiven einer aufsteigenden Weltmacht aus der Peripherie (India – perspective of a world power rising from the periphery), ms. 2005, p. 6 ff. There develop societies with very high “structural heterogeneity” (Neelsen), where high-tech centers and agrarian subsistence economy, global service centre and slums exist immediately next to one another.

²⁶ Lecio Morais; Alfredo Saad-Filho: Lula and the Continuity of neoliberalism in Brazil: Strategic Choice, Economic Imperative or Political Schizophrenia?, in: Historical Materialism, vol. 13:1, p. 13.

²⁷ Christian Zeller: The global expropriation economy, in Christian Zeller, opus cit., pp. 9-20.

²⁸ Rosa Luxemburg had already pointed to the organic linkage of two sides of the capitalist accumulation process: next to the production of surplus value, capital, and class dominance in the capitalist production process, there was another side: “The other side of capital accumulation takes place between capitalist and non-capitalist forms of production. Its venue is world politics. Here there rule methods of colonial politics, the international loan system, interest sphere politics, and war. Here there show, in a quite unveiled and open manner, violence, cheat, oppression, and robbery, and it takes pains to find, under this jumble of political acts of violence and trials of strength, the strict laws of the economic processes.” Rosa Luxemburg: Die Akkumulation des Kapitals (The accumulation of capital), in: Works, vol. 5, p. 397. She concludes from that: Capital “does not only come into the world ‘dripping with blood and dirt from head to bottom, from all pores’ (Marx), but it also imposes itself in this way step by step all over the world” (ibid., p. 398).

the highest possible yield. They transfer this competition to companies and force management to align their strategies to the stock price and to the yield (shareholder value). Hostile takeovers, the market for controlling, and stock options for the top managers are transfer mechanisms, which transfer the operational logic of the stock markets into the internal control structures of the firms (financing).²⁹

During the 70s to the 90s, there raged a battle between the forces of the Fordist-welfare state capitalism and those of financial-market capitalism. Country by country, beginning with the military coup in Chile (Pinochet), later on then with the election of Thatcher and Reagan in Great Britain and the USA, governmental power was conquered by neoliberal forces. Party by party swung in to the rules of the game of neoliberal globalization. Industrial branch by industrial branch, often after stormy defensive struggles by the workforces of the large enterprises as well as parts of management, were subjected to financial-market capitalism. At last, the strikes were almost retreat skirmishes only, in order to slow down the inevitable. The restructuring of the German Bank or the hostile takeover by Mannesmann by Vodafone were German episodes in this change of one type of capitalism to another. One social security system after the other was restructured under the pressure for privatization and “more competition”.

Of course, all these processes of the transition from Fordist-welfare state capitalism to financial-market capitalism are not concluded yet. On the whole, however, and with view to the dominant tendency, it holds: The conflict between two different types of capitalism – in between the Fordist- welfare state capitalism and financial-market capitalism – has been relieved by the conflicts on the basis of financial-market capitalism. The most powerful actors of the present are acting for its imposition and stabilization. In that context, there also belong the most important organs of the European Union. At the same time, there are forming counter-forces that do not incorporate a move backward to the Fordist- welfare state capitalism, but beyond financial-market capitalism, aim at another society.

This new capitalism even in the centers permitted itself a significantly higher degree of instability, incoherence, social cleavage and open oppression than Fordist capitalism. Its social basis is significantly more restricted, the hegemonic block is clearly reduced, and loyalty is bought more seldom, in a positive way, by way of compromises, but forced on people by economic blackmail. The visible hand of the concern managers has yielded to the invisible hand of a “casino capitalism”, which also seizes its top representatives. Mario Candeias comes to the conclusion that in contrast to Fordism “neoliberalism makes the ‘crisis’ permanent, promotes social disequilibria, and at the same time must keep them under ‘control’. A narrow macroeconomic coherence, as it sometimes existed under Fordism, does no longer play a primary role, but is rather viewed as an obstacle by neoliberals. The sharp business cycle downturns under neoliberalism are rather similar to the typical economic processes of the 19th century.”³⁰ The three consecutive types of capitalism at the center find their counterparts in the hegemony cycles of capitalism at the periphery.³¹

²⁹ Paul Windolf, opus cit., p. 38 ff.

³⁰ Mario Candeias: Neoliberalism – high technology – hegemony, opus cit., p. 159.

³¹ Compare Stefan Schmalz; Anne Tittor: Lateinamerika: Verfall neoliberaler Hegemonie (Latin America. Collapse of neoliberal hegemony), Hamburg: VSA Publishers 2005, pp. 7-39.

The presentation up to now has left out of sight the circumstance that there are also national and regional variations of capitalism. On the one hand, every era of capitalism is marked by a certain type that, on the basis of its hegemonic power, imposes its stamp to all national and regional forms, on the other hand, the dominant type experiences very different articulations. Each historical type has its own regional center and acts last but not least by way of that ones power in the world system. The regional forms also do not disappear by the transition of one type to the other, since each of these regional or national forms disposes of its own competitive advantages, inner potentials, conflict solution potentials etc. that are not so easily abandoned.³² Established institutions of the welfare or the social state, the role of agreements between companies, trade unions, and the state, a grown share of social expenditures in the state budget remain, and are restructured in accordance with the functional requirement of financial-market capitalism. Behind the façade of institutional continuity, there then hides a new substance. **Neoliberals claim** that neoliberal politics in no way obligatorily means that social expenditures are lowered, they would say that are mainly used differently, with another goal and in a different manner.

Each society meets the future and the over-arching, general demands linked to that on the basis of its own past. Thus Esping-Andersen distinguishes a social-democratic (Scandinavian countries and Netherlands), liberal (USA, Canada, Switzerland, Australia, and Japan) and a conservative (Italy, France, Austria, Germany, and Belgium) form of the welfare state.³³ Hall and Soskice, on the contrary, depart from two basic models – a liberal and a coordinated market economy.³⁴ Each of these regional forms has then in its way executed the transition to financial-market capitalism.

In the following, the presentation starts from the double thesis that the sequence of historical types of capitalism (finance monopolistic capitalism, Fordist welfare state capitalism, and financial-market capitalism – see Table 1) is realized, on the one hand, all the way through a plurality of regional and national forms of capitalism, and, on the other hand, certain regional or national forms, in this context, are engaged in a struggle for hegemony, as this is the case for the USA, Japan, and Western Europe since the 60s of the 20th century. China and India now join. *This means that the social struggles – insofar they do not point beyond capitalism – are, first of all, struggles for maintaining an existing or rather the pushing through of a new type of capitalism. These are struggles for or against the fundamental change in property relationships within profit dominance. They are, secondly, struggles to strengthen certain tendencies that are inherent to one type of capitalism to the detriment of contrary tendencies. Third, they are struggles to push through a certain regional or national form of capitalism face to others or to prevent that.* The significance of this thesis will show itself more precisely below (see Paragraph 3).

³² As Bernd Röttger states for Germany: „The widespread talk about the staying power of existing institutional arrangement of capital and labor... hides the breach, taking place within the old forms, in the quality of capital-labor relations.” Bernd Röttger: Arbeit – Emanzipation – passive Revolution (Work – emancipation – passive revolution), in: www.linksnet.de.

³³ Gosta Esping-Andersen: The Three Worlds of Welfare Capitalism. Princeton: Princeton University Press, 1990. Compare also: Bernhard Ebbinghaus, Philip Manow (ed.): Comparing Welfare Capitalism. Social Policy and Political Economy in Europe, Japan and the USA. London: Routledge 2001.

³⁴ Peter Hall; David Soskice: Varieties of Capitalism: The Institutional Foundations of Comparative Advantage, Oxford: Oxford University Press, 2001.

**Table 1: A few differences between three historical
Types of Capitalism – finance monopolistic capitalism,
Fordist welfare state capitalism and information-
Technological financial-market capitalism**

Characteristics	Finance monopolistic Capitalism	Fordist welfare-state capitalism	Financial-market capitalism
Determining property Relationship and dominant mode of accumulation	Accumulation is governed by bank-finance monopolies and relies on the spiral: bank credits for cartels within cartels in state-imperial, protected markets – broadening of the material basis of these cartels – increase of cartel power Connection between extensive reproduction and imperial-colonialist expropriation and accumulation	Accumulation is dominated by <i>industrial-finance-complexes</i> and relies on a Fordist spirale: growing productivity by long-term investment in physical and human capital – growing production and wages – growing demand and strengthening of entrepreneurial power Linking of intensive reproduction and extensive enlargement	Accumulation is dominated by <i>financial conglomerates</i> (investment funds, insurance funds) in a sharp situation of competition and relies on the spiral: growing expectation of profits by the stockholders by falling wage and social incomes – rationalization investment – growing profit expectations by the stockholders by way of dropping wage and social incomes – rationalization investments – growing stock prices Linkage between intensive reproduction and an economy of expropriation
National (regional) Pattern of regulation	Monopolistic cartelization in close cooperation with the imperial state, who by way of protective tariffs and colonies as well as armament secures expansion and by way of state power keeps mass consumption low	Social or respectively welfare state mediation of the contradiction between capital and labor; separation between (male) production and (female) reproductive labor	Locational competition conveys the antagonism between capital and labor; separation between highly-paid information work, badly paid production labor, and precarious and marginalized reproductive labor
Global regulation Pattern	Gold standard of the Pound Sterling and imperial agreements	Bretton Woods system under the dominance of the USA	Wall Street regime, WTO system under the dominance of the G-8 (transnational block)
Dominant actor formations and main goal	Bank-industry monopolies in agreement with the imperial state elites (“state monopolism”) and tying in of the subaltern working class and of the middle classes on the basis of an imperial yield	National industry-finance groups in alliance with national state elites and other tying in as subalterns of employees and production worker groups with the goal of the long-term high growth of the large firms (“manager capitalism”) and of the social state	Transnational investment funds in alliance with globally oriented state elites and with tying in as subalterns of the highly-qualified information workers with the goal of a high short-term yield (“funds manager capitalism”)
Integration/exclusion	Integration on the basis of the imperial master people, class society and exclusion of workers and women from social power	Integration in the framework of the national state, exclusion in the framework of the world system	Integration related to the decisive value creation chains and exclusion of those “superfluous” in this connection
International system	Imperial division of the world and imperialist wars of redivisioning	Systemic competition and security policy monopoly of the USA in the framework of systems’ competition; political-economic oligopoly under the leadership of the USA	Oligopolistic cooperation and competition of old and new regional powers and global security policy monopoly of the USA

3- Strength and weaknesses of the neoliberally marked financial-market capitalism

<i>Thesis:</i>	<i>Neoliberalism has developed financial-market capitalism by way of central promises of increase in social productivity and the possibilities of higher self-determination and social participation; based on a Top-Centre alliance, it has developed imposable projects, which it uses to secure entry into financial-market capitalism; it generalizes itself by the so-called material constraints of competition for the access to capital. Simultaneously, it reduces the project of modernity to an unchained capitalism, even in the centers splits societies again into open class societies and constructs an imperial Pax Neoliberal.</i>
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The first revolutionary deed, said Rosa Luxemburg, is to say loudly and clearly what is. The road to a false politics is plastered with illusions. One of these illusions is the idea that it was only a matter of developing convincing alternatives, so that a fundamental change of direction might become possible. The main problem, however, is not a lack of alternative concepts, but hegemony, the relationship of forces in society, and social struggles in society, from where any real support for alternative ideas must even come in the first place. Mario Candeias in his study on neoliberalism reaches the conclusion: "Neoliberal financial capitalism presents itself as... a hegemonic project – contradictory in itself, but solidified by strong common interests and anchored in ideology and discourse. The active approval to the project remains precarious, depends on the development of the political cycle, passive consensus is large, however. Alternatives to the neoliberal reconstruction hardly find any audience in the public realm, fail against the existing power relationships, the disciplining compulsory moments of the project."³⁵

Neoliberalism has succeeded in forming a strong historical block that has put the left into a lasting situation of historical defensive. On this basis, there surfaced property and socialization structures of a new type of capitalism that are of relative duration. Neoliberalism has become the ruling ideology and politics. The underestimation of the potentials of neoliberalism can easily lead to unrealistic goals being pursued and strategies being implemented that in the long term even lead to a weakening of left forces.

First: the substantial core of the neoliberally stamped financial-market capitalism is formed by the productivity paradigm of the liberation of unchained market forces and modern high technologies. It managed at least in part to break open productivity blockages and to integrate new parts of the world population. There was pushed through the dominance of general labor over immediate labor (Marx). In this way, there steps into the center of the production process the "cybertariat"³⁶. Neoliberalism defends the claim of the superior productive solution of the crisis of Fordist capitalism and increased possibilities of individual self-determination and social participation by the elimination of an authoritarian social-state regulation. *Neoliberalism and the society of financial-market capitalism insofar have a certain legitimacy.*

Second, the social basis of the predominance of neoliberalism is represented by the alliance of the neoliberal power elites with the highly qualified information and

³⁵ Mario Candeias: Neoliberalism, high technology, hegemony, opus cit., p. 157.

³⁶ Ursula Huws: Die Production eines Kybertariats. Die Wirklichkeit virtueller Arbeit (The production of a cybertariats. The reality of virtual labor), in: Das Argument 248 (2002), p. 763-775.

communication workers – a kind of Top-center alliance at the conditions of the power elite, which at the same time promises new life perspectives and possibilities of self-development to central groups of society and in part also realizes them. The guiding image are the free, self-determined individuals as entrepreneurs of their own labor power and existential provision and the society as contractual society of the free and equal who realize their individuality by way of the market. The old patriarchal separation into the man as the gainfully employed and family provider and the woman as housewife and mother must be overcome. Each and every one, independent of gender and ethnic origin, is supposed to become a free individual as the proprietor-entrepreneur of his or her work power and capital-based existential provision – free of bureaucratic tutelage and free of social obligations vis-à-vis “parasites” and “incompetents”. Emancipative conquests of the new social movements of the 60s were incorporated. Those who promise themselves a privileged position or respectively push through their social career on the basis of their market position and increased participation, are positively integrated, and those, who in the light of the lack of achievable alternatives integrate independently in order not to remain by the wayside, are forced to be loyal and transformed into cheap service providers, who secure the self-marketing of the “high-performance elites”.³⁷

Neoliberalism is a Top-center project that includes the creation of functional or silenced under-strata. It represents a “passive revolution”, in which the ruling class “is leading face to the allied classes and ruling face to the opposing classes” (Gramsci)³⁸ *Neoliberalism is a socially and culturally anchored projects*. By the fight against inflation and the financing of social programs from privatization receipts, at times also lower social groups could be won over.³⁹

Third: At the centre of the neoliberal blocks, there stand central political projects such as that of the market-shaped articulation of the whole society, the privatization of existential provision, the demolition of social-state guarantees of basic rights, the increase in democratic participation in the transformation of regions and communities into competition zones, the creation of a broad social group of the *Working Poor* as cost-efficient providers of simple services etc. On this basis, it has opened the road to financial-market capitalism. The conflict between the imperial, neoliberal project of the USA and the multilateral neoliberal project of the core-EU is mainly a conflict over how the security of this neoliberal globalization should be guaranteed and whether the USA could, in this connection, unilaterally dictate the conditions or not. *Neoliberalism defends realizable projects. It is feasible.*

Fourth: the most important lever for the imposition of neoliberal hegemony were the creation of a globalized financial-market capitalism, which subjects the conditions

³⁷ Esping Andersen in this context talks of a service-based welfare state” and writes: “...We will need more jobs at the lower end of the wage scale, if there are less housewives and more working mothers.” Quoted in: Elisabeth Niejahr: Politik vom Wickeltisch (Politics from the diaper table), in: Die Zeit, no. 41 of October 2, 2003. This is a Welfare State built on the fact that a considerable part of the population consists of working poor, who are excluded from any kind of welfare. Neoliberalism is a master of reinterpretation of all notions, who express achievements of the social struggles of two centuries.

³⁸ HCDM, vol. 6.1, p. 14.

³⁹ Compare on the example of privatization: Anne Tittor: Soziale Kämpfe gegen Privatisierung in Lateinamerika, in: Dieter Boris; Stefan Schmalz; Anne Tittor: Lateinamerika: Verfall neoliberaler Hegemonie. Hamburg: VSA Publishers 2005, pp. 45-47. On the example of the damming of inflation: Joachim Becker; Johannes Jäger: Geld und Legitimität (Money and legitimacy), in: ibid., pp. 87-111. The fear of inflation acts in the same disciplining way as the fear of unemployment (p. 101).

of capital utilization to those of speculative financial markets and the lowering of taxes, mainly to weaken the state as actor of social equilibration (“starving the beast”). Each possible productive investment, each “location”, each work contract, therefore, competes with the conditions that are dictated by the trade with bonds, currency, loans and their derivatives.⁴⁰ It has come to a “qualitative subjection of the real economic and social relations under the financial system”.⁴¹ In that way, there is produced, beyond ideological statements, a situation of a far-reaching lack of alternatives.⁴² *Neoliberalism acts precisely also because of its independence of the interests and convictions of those, who act in the system created by it.* It can refer to the power of the facts and has created for itself, by way of financial-market capitalism, the social formation adequate to its purpose. Neoliberalism possesses certain legitimacy, is socially anchored, feasible, and acts by way of material constraints. A democratic-solidary alternative project has to be conscious of the fourfold strength of the neoliberal project in order to be able to challenge it seriously: ideological-cultural legitimacy, broad social basis, feasibility and capability.

Neoliberalism is an extremely contradictory project, however. Its weaknesses are the flip-sides of the strengths that I mentioned. It has four consequences that put into question its own basis:

First: the neoliberal breach with capital-dominated Fordism and state socialism has unleashed new potentials and at the same time locked them into the corset of profitability at the conditions of the globalized financial capital markets and privatization. As a result, there develops an economy of expropriation, of “enclosing” of the commons that are withdrawn to free utilization, of public as well as private under-accumulation, of accelerated destruction of the natural foundation of human life. Measured against the *new* possibilities, the neoliberal project of financial-market capitalism becomes counterproductive.

The project of modernity, as enlightenment, French revolution and emancipative, social movements have coined it, is driven back to the project capitalism. The social and welfare-state curbing of capital utilization is eliminated and its link to the interests of large parts of the population is undone. It is a question of a counter-reform, which partly even assumes the traits of a counter-revolution. Instead of a holy trinity of social basic rights, democratic participation, and peace (which was also never comprehensively realized in the capitalism of the time after World War II), there are spreading ever more unhindered tendencies to a Barbaric trinity of class society, authoritarianism and global war. Democracy and the state of law ever more often become the façade for a really ruling oligarchy. It is this trinity that again sets free elements of totalitarian rule and open Barbarity, as was done by the market liberalism and imperialism of the end of the 19th century.

Second, the financial-market capitalism unleashed by neoliberalism even in the centers splits the middle class societies integrated by the social state again into open

⁴⁰ Compare on that in detail: Mario Candeias: Neoliberalism, high technology, hegemony, opus cit., pp. 105-117.

⁴¹ Elmar Altvater: Globale Finanzinnovationen, privates Computergeld und sozialisierte Schulden (Global financial innovations, private computer money and socialized debts), in: Prokla 103 (1996), vol. 26, p. 250.

⁴² As the author of the *Washington consensus*, John Williamson, notes: “The basic ideas that I have tried to summarize in the Washington consensus have encountered an ever greater acceptance in the last decade, up to and including the point where Lula had to take over most of them in order to get elected.” (quoted under the keyword *Washington Consensus* in www.wikipedia.de).

class societies. This happened under the heading of a call for more liberty. As the director of the economic division of the FAZ, Rainer Hank, wrote: "Politics... must finally create the preconditions for the labor market to become a market. Many legislative prescriptions privilege the trade unions and associations, and at the same time prevent that enterprises with individual employees or workforces can dispose freely over wages and working conditions. This is actually not worthy of a liberal society and can be explained only on the basis of the collective work world of the 20th century."⁴³

Increasingly, life chances are again distributed according to social status. And that in turn is influenced by gender, ethnic origin, citizenship status, position of the respective society in world society etc.⁴⁴ The old patriarchy is being reconstructed according to the demands of the market. Instead of human rights as claims to be realized, there are again being imposed class privileges, on the one hand, and expropriation and deprivation, on the other. Yet, freedom without equality is exploitation. Not multitude, but a hierarchical and polarized class society becomes ever more a reality. Face to the unity of the rulers, the dependent are still (?) fragmented. How drastic was the redistribution that occurred in connection to that is shown by Graph 2 (further below). In 20 years, the share of the richest one-thousandth of the population in the total income of society in the USA has grown from 2 percent to up to over 6% - tendency steeply rising – and has, in this way, returned to the level of the 30s of the 20th century⁴⁵ - back to the future!

Also those, who according to the yardsticks of income and recognition are certainly privileged, must submit to the systemically acting constraints of self-advertisement, renunciation to a self-determined way of life and to any private life at all. Brief time horizons and great uncertainty make autonomy almost impossible. Neoliberalism as a consequence undermines its own legitimacy. It stops having an emancipative potential. Totalitarian marketization destroys the basis for individuality

⁴³ Rainer Hank: Der Zerfall (Disintegration) in: FAZ, July 3, 2003.

⁴⁴ As Mark Siemons expressed it in the Frankfurter Allgemeine Zeitung: „Up to now, even the unemployed could in a certain way feel like the employees of the big company, Federal Republic Inc., which equipped all of its citizens with maybe different, but still comparable consumption and life style possibilities; today even employees must feel like potential unemployed, who may at any moment drop out of the way of life they have become accustomed to. FAZ, September 13, 2004, p. 35. For the case of Argentina, Margot Geiger presents the cycle of a neoliberally induced down-ward spiral: "The transition to the neoliberal model leads to a paradoxical situation: While the reduction of capital traffic controls in the form of a 'Reversed Marshall plan' makes possible the flow of profits earned in the country into hard currency countries, the Argentine state indebted itself with multilateral creditor institutions and on the international financial markets. In that way, Argentina has made itself dependent, *first*, on IMF, World Bank, and Inter-American Development Bank (IADB); *second*, on private creditors, whose claims to yield usher into a 'financial repression' of the real economy, if they represent an 'overstressing of the capacities for the production of... surplus value (Altwater); *third*, on multinational financial providers and concerns. The mode of distribution of social product changed under the pressure of this constellation of forces and withdrew to the state the bases for a politics of social reconciliation." Margot Geiger: The reintegration of the revolting in Argentina, in: Das Argument 262 (47th volume), Issue 4/2005, p. 522.

⁴⁵ The social scientist Paul Krugman describes his experiences in such a way: "The America of the 50s and 60s, where I grew up, was that of a middle-class society... yet, that is a long time ago. Today we live in a Golden Age – similarly extravagant as the original... Only very few people are conscious of how much the gap between the very rich and the rest has broadened in a relatively brief period." Paul Krugman: Der amerikanische Albtraum: Vom Millionär zum Milliardär: Befreit von allen Gleichheitsidealen reißen die Reichen in den USA immer mehr Wohlstand an sich. Die Mittelschicht löst sich auf (The American Dream: From millionaire to billionaire: Throwing overboard all ideals of equality, the rich in the USA seized ever more wealth for themselves. The middle-class dissolved). In: Die Zeit, no. 46 of November 7, 2002.

and for a self-determined life and destroys the natural conditions of human existence.⁴⁶

The participation is fictitious to a large extent. It consists to a high degree in the execution of material constraints relying on individual responsibility, but which were created politically by the interaction of multinational companies, neoliberal political elites and the management of IMF, WTO and World Bank. Often the way and shape of the implementation of these constraints is the only thing that remains for democratic disposal. This fatally reminds one of the democratic centralism as practiced under Stalinism, rightfully called a dictatorship. Essential parts of the population are excluded from any type of participation.⁴⁷

Third, neoliberal politics constructs a unilateral or multilateral empire. The obstacles are overcome by way of economic, political and military pressure. Repression increases both towards the inside and towards the outside. It tries to push through a *pax neoliberal* that links the global military monopoly of force of the USA with regional oligopolies and at each violation of this *pax neoliberal* calls out the state of emergency. The *pax neoliberal* draws its legitimacy from a combination of the contrast between neoliberal and anti-modern fundamentalism, of Bush and Bin Laden. The response to the scarcity of resources is a neoimperial division of the same, without it coming to a real ecological efficiency revolution.⁴⁸

The policies pursued by neoliberalism turn out to be increasingly conflict-prone, unproductive, and inefficient – if one measures them against the promises of neoliberalism itself, let alone the expectations of large parts of the population. The projects realized draw consequences in their wake that turn their feasibility into a threat. The word by Walter Benjamin gains new meaning that “the fact that things go on like this *is* the catastrophe” (*italics mine* - M.B.).

Fourth: the lack of alternatives created and the power of the factual loses its hegemonic power to the extent that it becomes illegitimate, asocial, nature-destroying and dangerous. It becomes in this way a power that relies less on conviction and radiance than on mere force or the lack of concrete ways out. In this way, it is being undermined. There occurs a crisis of the legitimacy of neoliberalism. Its cause,

⁴⁶ Under neoliberal conditions, individual self-determination is tied to the direct disposal over market resources, even if it holds that “People feel and experience their own individuality more easily, if it is founded on objective resources and collective assurances.” (Robert Castel: *The metamorphosis of the social question. A chronicle of wage labor.* Konstanz: University Publishers at Konstanz 2002, p. 411). This contradiction of neoliberalism, to tie growing chances to extreme risks and highest insecurities, thus Castel, “threatens society with a fragmentation that makes it ungovernable or with a bi-polarization into those who can combine individuality and independence, because their social position is secured, and those who bear their individuality like a cross, because it stands for a lack of ties and lack of assurances.” (*Ibid.*, p. 412).

⁴⁷ A central moment of the stabilization of financial-market capitalism is that employment is made *precarious*. That means forms of gainful employment that (1) are not able to secure one’s existence, (2) do not allow equal integration into social nets of the working world, (3) exclude persons from the full enjoyment of legally anchored social rights, (4) do not allow giving any meaning to one’s work, (5) do not allow for full social recognition, and (6) do not permit for a life project oriented towards the long term (Klaus Dörre; Klaus Kraemer; Frederic Speidel: *Prekäre Arbeit* (Precarious labour), in: *Das Argument* 256 (2004), p. 379f.). The fear of such precariousness and the striving to flee from it discipline both the core teams as well as those pushed to the margin.

⁴⁸ Ernst-Ulrich von Weizsäcker, Amory Lovins, Hunter Lovins: *Faktor Vier. Doppelter Wohlstand, halbiertes Naturverbrauch* (Factor four: doubled welfare, halved consumption of nature), Munich: Droemer 1995.

however, is a crisis of the very foundation of financial-market capitalism. It grows from its fundamental contradictoriness.

4 – The crisis of financial-market capitalism and alternative ways to its solution

<i>Thesis:</i>	<i>Financial-market capitalism is characterized by the basic contradiction between the requirements of social reproduction and integration, on the one hand, and the tendencies to the transformation of all goods into commodities (commodification) and lack of assurances, on the other. It therefore calls forth a comprehensive crisis of social reproduction and social integration and of the system of political legitimacy. In this crisis, there compete four possible answers: that now prevailing of the liberal economic, authoritarian, and imperial form of financial-market capitalism and that of a social-democratic multilateral articulation. These two are opposed by forces who see the exit from the crisis in a transition to an openly totalitarian rule and those who think that the crisis can only be overcome by a transformational overcoming of financial market capitalism and of the dominance of capital utilization.</i>
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It is one of the most important strategic questions of the left to find out what resources this financial-market capitalism stamped by neoliberalism has for installing itself for a relative duration and to what extent there exist the prerequisites to seriously challenge its hegemony and to create the conditions for a fundamental change.

For instance, Mimmo Porcaro explains the decision of the PRC of Italy (Partito della Rifondazione Comunista) to take part in a center-left government under the leadership of Prodi especially by the fact that there had developed an extreme alternative: “The decision of the PRC is founded both by the necessity to defeat the Centre-Right alliance as well as by the conviction that in the light of the deep crisis of the Italian (and of the European) economy it will no longer be possible for the new government to repeat the experience of the former Centre-left alliance, meaning the policy of a ‘cushioned’, of a *soft* neoliberalism that leaves the forming of the social and economic relationships to the market, and on the contrary only tries to alleviate the negative effects of this policy on the lower-income groups. In the opinion of the PRC, this crisis is so grave that ‘centralized solutions’ are no longer possible, but rather a decision is required between a *hard*, even more brutal neoliberalism than the previous one, and of a gradual exit from the neoliberal model that has determined European policy for almost 20 years now.”⁴⁹

This argument is based on the assumption that a third thing beyond hard neoliberalism (meaning exacerbation of the repressive-authoritarian, socially polarizing, and imperially militaristic traits of today’s financial market capitalism) and a transformation policy representing a basic victory over neoliberalism is impossible. However, what does it mean precisely: “gradual exit”, how does it differ from a social democratic policy of Third Ways of curbing the worst excesses of this financial-market capitalism? Are the difficulties, which a “soft neoliberalism” meets, equivalent to its impossibility? Reality actually distinguishes itself precisely by the fact that by virtue of the lack of alternatives there often maintain themselves very inadequate and even bad situations.

⁴⁹ Mimmo Porcaro: The radical Left and the problem of pluralism: the case of Italy. Contribution to the workshop of the rlf “Reform processes of left parties”, December 16-18, 2005, Berlin.

In section 2, we defended the thesis that despite many contrary tendencies, financial-market capitalism has imposed itself as the determining type of capitalism world-wide. This means that it and no longer the Fordist welfare-state capitalism has become the formative basis of all struggles. Realistic left politics is politics on the basis of characteristic contradictions and crisis tendencies of financial-market capitalism.

In section 3, we tried to explain that neoliberalism has integrated into its strategy of pushing through financial-market capitalism important emancipative potentials, as they had developed within Fordist- welfare-state capitalism and had pointed beyond it, and this in a way securing its rule. At the same time, it was shown that these potentials and the opportunities that had emerged within the new capitalism were turned in a destructive way.

In this section now, we want to dwell on the basic features of the contemporary crisis of financial-market capitalism and on alternative ways out of this crisis.

The contemporary crisis of financial-market capitalism is, first of all, a *crisis of reproduction*. Important conditions of long-term social development are only inadequately reproduced (social integration, education and culture, natural resources and ecological safety, security against crime and terrorism etc.). Already at the level of the company, the interests of short-term yield enjoy priority over long-term innovative development. The companies as well as the whole society are pressured to live off their substance.⁵⁰

The most important reproductive instances, the family (in the sense of a generation-over-arching, partner-like living together) and the state (in the sense of being the representative of a class- and group-overarching community) are weakened in their core functions and subordinated to the competition on markets with short-term profit expectations.⁵¹ The most important mainsprings of social wealth – nature and culture – are being undermined or destroyed. The balance sheet of production and destruction of social wealth is negative in many areas and regions.

Second, it is a *crisis of social integration*. The alliance within the hegemonic block has become fragile at various points – internationally as well as between its fractions. This concerns, on the one hand, the confrontation between the attempt at making permanent the unilateral imperial dominance of the USA and the attempts to push through an oligopolistic order of the most important economic powers under inclusion of the newly rising forces (China, India, and with some reservations, South America and South Africa). On the other hand, considerable parts of the modern information workers see themselves robbed of the chances of a self-determined life under the conditions of the all-out commodification, insecurity, and market-steered increased flexibility, and feel threatened by social disintegration. Their cost-benefit count addressed at ruling politics cannot be solved. At least, they remain interested

⁵⁰ Compare Joachim Bischoff: Die Zerstörung des Rheinischen Kapitalismus (The destruction of Rhenanian capitalism), in: Michael Brie, ed.: The Left Party, Berlin: Dietz-Verlag, p. 69.

⁵¹ For instance, it says on the consequences for Brazil: “The production structure of the country was reshaped in order to serve the short-term imperatives of *global* accumulation instead of the short-term requirements of *national* accumulation, as this was the case under the conditions of import substitution (the long-term interests of the poor majority were negated in both cases).” Lecio Morais; Alfredo Saad-Filho: Lula and the Continuity of Neoliberalism in Brazil: Strategic Choice, Economic Imperative or Political Schizophrenia? In: Historical Materialism, vol. 13:1, p. 12.

in measures of relative social security and limited social integration. Third, there is a strong disintegration of world society, whole regions fall out of it as “superfluous”. Financial-market capitalism is necessarily linked with an “intensification of the exclusive character of property”⁵², and as a result also increases the demand for military means.

Fordist, welfare-state capitalism was characterized by the pushing back and the tying up of the parasitic and destructive tendencies of capitalism. The centers were distinguished by a fast increase in welfare, the extension of social-state security, the cultural rise of broad strata, and a democratization ever again stopped in central areas. Racism was pushed back. Social and political struggles brought to fruition these inner possibilities of Fordist-welfare state capitalism. In modernization theory, all but forgotten today, this was considered an unstoppable world historical tendency.⁵³

Financial-market capitalism is destructive within the system. The owners dominant in him do not aim at wealth production, but at parasitic appropriation of social wealth, not at long-term development and security, but at short-term exploitation and shaking up of existential security, not at inclusion, but at exclusion. This kind of capitalism even sharpens the destructive tendencies of the old finance-monopolistic capitalism, whose development led into the two World Wars. Counter-tendencies must be wrestled from it in sharpest contradiction and toughest conflict to the dominating ownership tendencies. It is irreconcilable with a stable development of the society and with strong social cohesion. The crisis of reproduction and integration, which became generalized since the mid-90s in the centers and at the periphery of modern capitalism, is the necessary and inevitable consequence of the basic contradiction of financial-market capitalism.

Third, financial-market capitalism is threatened by a *crisis of the political system*. It contains an authoritarian tendency. Fordist-welfare state capitalism, in the centers, was able to drive ahead an extension of the social and cultural sharing, because this was compatible with the interests of the large economic companies at least as long as the dominance of capital utilization was not put into question. Precisely at that time (for instance, 1973 in Chile), this capitalism as well transformed itself into a direct dictatorship. The tendencies of expropriation and shaking up of existential security undermine the basis of social rights.

Financial market capitalism, therefore, is stuck in a dilemma: Precisely because its results are so threatening for large social groups, it needs, on the one hand, democratic legitimation, if the concerted force of social movements is not supposed to turn against it. On the other hand, the leading actors of financial-market capitalism force from democratic governments the execution of the established rules of the new international regime, and in this connection work with all means of economic extortion, corruption, threat, up to and including immediate political and military involvement. Precisely that, however, de-legitimizes not only the democratically elected governments, but in the long run, democracy itself. On the one hand, the

⁵² Ulrich Duchrow; Franz Hinkelammert: *Leben ist mehr als Kapital. Alternativen zur globalen Diktatur des Eigentums* (Life is more than capital. Alternatives to the global dictatorship of property), Oberursel: Publik-Forum, p. 113.

⁵³ Not by accident, one of the main works of this theory, the influential work by Walter Rostow, at that time speech-writer by US president Eisenhower and active in the electoral campaign team of John F. Kennedy was titled “Stages of economic growth. A Non-Communist Manifesto” of 1960.

dominant actors of financial-market capitalism, therefore, aim at the extension of democratic rules to ever new countries, on the other hand, they then want to link democratic will to rules set from the extra-democratic realm or have recourse to sanctions.⁵⁴

At this time, forms are being looked for by the leading actors of the financial-market capitalism of how a representative democracy at the national level can be steered by way of supra-national agencies (EU, NAFTA; ALCA; WTO, IMF, World Bank etc. etc.), so that democratic legitimation and authoritarian execution of the rules of financial market capitalism may be linked. The subaltern social groups, however, will not be easily satisfied with that. Either there surface strong, anti-democratic movements, or there are formed democratic alternatives that are no longer willing to act following the rules of neoliberalism and financial-market capitalism. In the long term, democracy needs to work on social questions in an integrative manner,⁵⁵ or the rulers seize again on the means of authoritarian dictatorship. Already now “constitutional patriotism” is replaced by a “welfare chauvinism”, which transfers the “competitive state” of financial-market capitalism into the ideological realm and gives the foundation of one’s identity once more a culturally racist dimension.⁵⁶ Also in this respect, financial-market capitalism raises the fear that it will suffer the fate of finance-monopolistic capitalism, the world wars and the Great Crises in the 20s of the 20th century and fascism.

At this point, this threefold crisis of financial-market capitalism provokes active reactions, it will come to sharpened contradictions, and the need will be felt or respectively demands levied to work on the problems linked to that with view to social and class interests. It is possible to speak, in my opinion, of four developmental scenarios for the next decades (Graph 1), among which the future of world society and world regions will be decided. There are four different forms of working on the basic contradictions of financial-market capitalism:

1) An *authoritarian, imperial developmental path of financial-market capitalism* dominates the answers to the upheavals of the present. This developmental path put its stakes on the unleashing of capitalism by the deregulation of markets, the creation of the conditions for the preeminence of the global financial capital markets in the world economy and the subordination of the national economy under the rules of the former by way of privatization of social security systems, knowledge, education and natural resources. The labor force is again transformed into a mere commodity. In the framework of a global expropriation policy, last but not least also the “general

⁵⁴ It is by no means accidental that a number of democratic elections, therefore, have a clearly anti-neoliberal and also anti-US-American character, such as in Venezuela and Bolivia, but also in Iran or in Palestine.

⁵⁵ This hypothesis also lies at the basis of the theory of social democracy. As Thomas Meyer states, “comparative democratic research regularly comes to the result that the dominance of the structures of liberal market economy, because of the inequalities and insecurities that they produce undermine the bases of democratic legitimacy and stability.” Thomas Meyer: *Theorie der Sozialen Demokratie* (Theory of social democracy), Wiesbaden: VS Publishing House for Social Sciences, 2005, p. 5.

⁵⁶ Compare Joachim Hirsch: *Materialistische Staatstheorie: Transformationsprozesse des kapitalistischen Staatensystems* (Materialistic theory of the state: Transformation processes of the capitalist state system), Hamburg: VSA Publishers 2005, p. 207, 221 f. In this way, there forms the ground for a new right, which turns the ideology of competition of neoliberalism into social Darwinism and answers the social question in a nationalist, chauvinist or also in an openly racist manner. Compare Richard Kühnl; Gerd Wiegel: *Die Attraktivität der extremen Rechten für Arbeiter* (The attraction of the extreme right for workers), In: Hans-Jürgen Bieling and others: *Flexible Capitalism*, opus cit., p. 286 ff.

property rights (the right to a state pension, to welfare, and to a state health insurance) are transferred into private property”⁵⁷. This unchained neoliberalism needs a strong security state, since it is linked to enormous social and cultural tensions. It is based last but not least on the imperial role of the USA as global judge and policeman in one and strengthens their role.

2) The Third Ways of new social democracy compete with the globally dominating imperial authoritarian neoliberalism, in particular, there compete the Third Ways of new social democracy as a *social democratic multilateral financial-market capitalism* as well as national variants in the upcoming great powers, especially China and India. It is a case of a balancing act between subordination under the constraints of the world market and modified keeping or respectively building up of social state counterweights and the tying in of social under-classes, the creation of an oligopolistic global form of coordination (called “global governance”) and of partial global reconciliation.⁵⁸

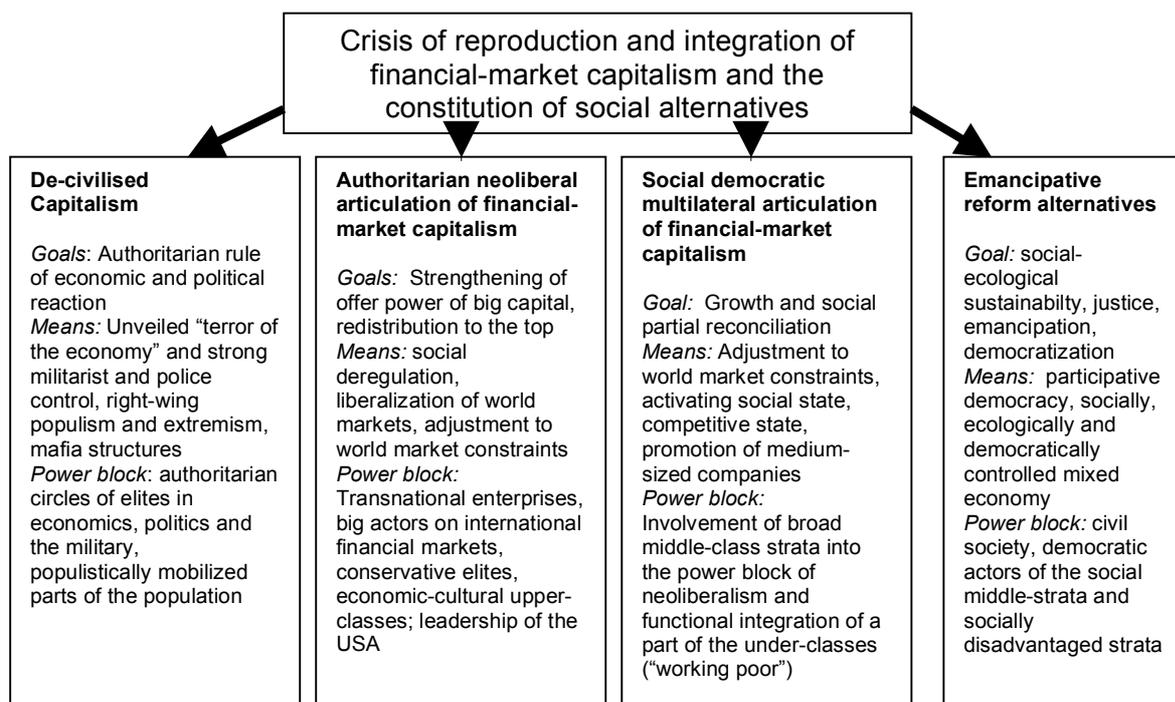
3) The crisis of financial-market capitalism, under certain conditions, can – in the framework of the “war against terror” – of a sharpening war for resources, of growing social, ethnic, and ecological conflicts usher into a state of *de-civilized capitalism* that resembles more to a world civil war than to a world community. Already now there are tendencies of de-civilization, loss of democracy, tendencies to a surveillance state, re-appreciation of wars, spread of right-wing extremism and populism, infiltration of criminal economy into legal economy. Already today prisoners of war of the USA as well as citizens suspected by them of terrorism are deported, interned in concentration camps and tortured.

4) *Emancipative alternatives* aiming at social, economic, and ecological sustainability are visible in hundred thousands of individual initiatives, defensive struggles, forms of solidary economy and new democracy. Around the world, at the world social forums and in daily struggles, they are formulated and already assume physical shape. People are demanding conditions of social equal value that would allow them a self-determined life in social security and solidarity. Their demands are just and democratic societies, where the dominance of profit yields to the maxim of life in dignity. They develop projects that are supposed to do justice to these yardsticks. In individual states, political and social forces, also by way of governmental take-overs or respectively their support, try to leave the frontiers of financial market capitalism behind themselves and to introduce a comprehensive social transformation both from the top as well as from the bottom.

Graph 1: Developmental paths in the beginning 21st century

⁵⁷ David Harvey: Die Geographie des „neuen“ Imperialismus. Akkumulation durch Enteignung (The geography of the “new” imperialism: Accumulation through expropriation), Münster: Westfälisches Dampfboot, p. 197.

⁵⁸ Within the USA as well, there take place heavy struggles between both forms of neoliberalism. For instance, Bill Clinton with his goals of introducing a general health insurance, of actively fighting against poverty, of democratization in social and cultural questions, his commitment against racial hatred, AIDS, and for equal placement of homosexual partnerships as well as of a stronger multilateral order including the signature under the Kyoto protocol figure for a specific form of social democratic neoliberalism, while George W. Bush stands vehemently for an authoritarian imperial neoliberalism.



5 - The differences between an aggressively neoliberal-imperial and a social-democratic articulation of financial-market capitalism

<i>Thesis:</i>	<i>The differences between an aggressive neoliberal-imperial and a social democratic articulation of financial-market capitalism are fundamental and have to do with the main dimensions of politics. At the same time, both strategies are based on the property and power relations of financial market capitalism and want to install these for the duration.</i>
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Let us try at first to attract attention to some of the differences between an authoritarian, liberal economic and imperial articulation of financial-market capitalism and a democratic, socially cushioning and multilateral (let us say: social democratic) articulation of the same. The main differences between these two strategies develop along three central dimensions of action: (1) democratic vs. authoritarian, (2) social cushioning vs. liberal economic and (3) multilateral vs. imperial. Their different combination points to eight possible forms (Table 2), two of which stand in a special competition one with the other – the authoritarian, economic liberal, and imperial model of financial-market capitalism and the democratic socially cushioned and multilateral model. They are symbolized internationally in a certain way by the USA or respectively the EU, reflecting at the same time illusions about the EU. New forms are developing in such global centers such as the PR of China and in India. At the same time, internationally very different mixed forms may be observed. The imperial, authoritarian and economic liberal traits of the EU, far from being an authentically social democratic project of fashioning financial market capitalism, may not be overlooked. Rather the characterization as social democratic applies to the strategy of working on the conflicts of financial-market capitalism by the Scandinavian countries.

Table 2: Strategies of shaping financial-market capitalism

	Democratic vs. authoritarian	Social cushioning vs. economic liberal	Multilateral vs. imperial
Multilateral social-democratic neoliberalism	Democratic	Social cushioning	Multilateral
Imperial dependent social-democratic neoliberalism	Democratic	Social cushioning	Imperial
Imperial dependent democratic neoliberalism	Democratic	Economic liberal	Imperial
Regional democratic neoliberalism	Democratic	Economic liberal	Multilateral
Imperial authoritarian Neoliberalism	Authoritarian	Economic liberal	Imperial
Multilateral authoritarian neoliberalism	Authoritarian	Economic liberal	Multilateral
Multilateral authoritarian-populist neoliberalism	Authoritarian	Social cushioning	Multilateral
Multilateral authoritarian-populist neoliberalism	Authoritarian	Social cushioning	Imperial

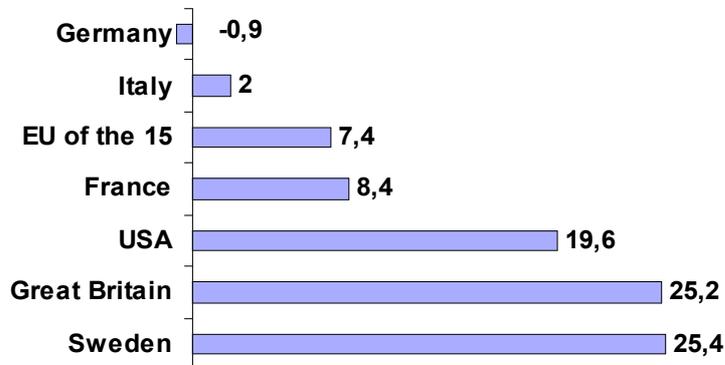
For simplicity's sake, there are considered in the following only the two basic orientations of the shaping of financial-market capitalism in the direction either of an imperial authoritarian financial-market capitalism or of a social-democratic financial-market capitalism.⁵⁹ Of course, there are very different mixed forms. Social democratic articulation attempts towards the inside can go along with imperial ambitions towards the outside, and the other way around, liberal economic approaches and multilateralism may be reconciled. Both forms of strategic fashioning of financial-market capitalism are based on one and the same social mode of functioning and the same accumulation and regulation regime – that of financial-market capitalism. Both accept the fundamentally similar structures of resource production. The opposing strategies differ mainly on the question how the inner contradictions of financial-market capitalism can be worked on in a system-stabilizing way – authoritarian or democratic by way of splitting or exclusion, or by way of integration and inclusion, by an empire or by oligopolistic negotiation. In Graph 1, we already pointed to the different means that stand at the center of each of the strategies. The power blocks that carry them are different in each respect.

If we compare various countries, where there are pursued either rather offensively neoliberal or social democratic strategies, we reach very different results. They differ in the growth rates, where the USA, Great Britain, Sweden, and of course China and

⁵⁹ The theoretical justification of a social-democratic financial-market capitalism took place almost simultaneously in Europe by A. Giddens and in Latin America by J. Castañeda (Jorge Castañeda: Utopia unarmed: The Latin American Left after the Cold War, New York 1993; Anthony Giddens: Jenseits von Links und Rechts: Die Zukunft radikaler Demokratie [Beyond Left and Right: The future of radical democracy], Frankfurt 1997; the same: Der dritte Weg: Die Erneuerung der sozialen Demokratie [The third way: The renewal of social democracy], Frankfurt 1999).

India hold eminent places. There is, therefore, no forced connection that would prove that the one or the other strategy on principle exclude growth (Graph 2).

Graph 2: Development of real wages 1995-2004 in percent (Süddeutsche Zeitung, June 14, 2005)



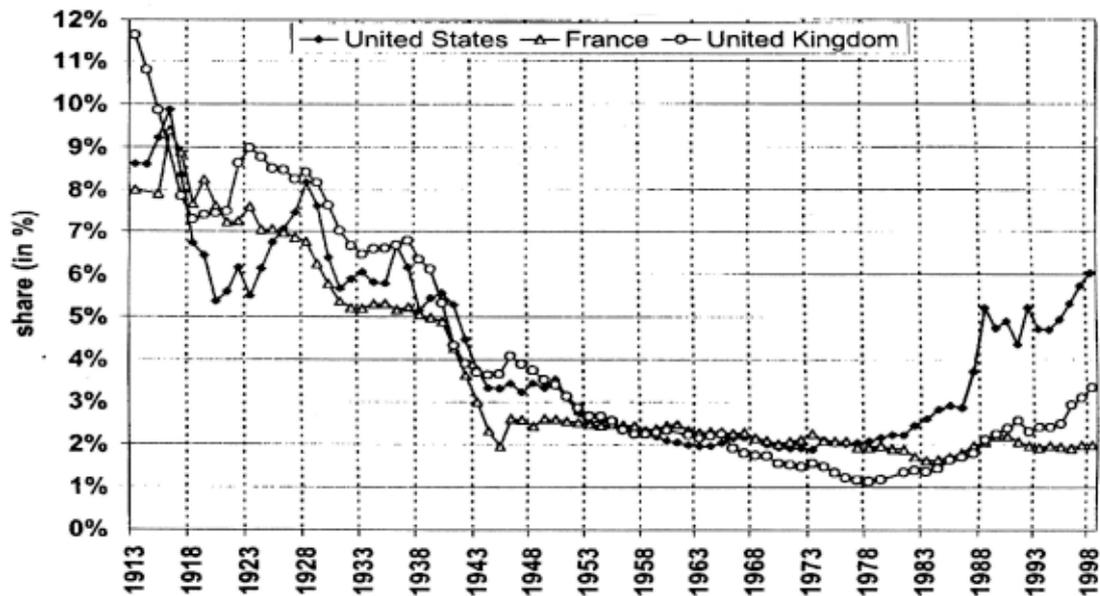
If we now compare, on the example of the development of the USA, Great Britain, and France the share of the richest thousandth of the population in national income, we note, first of all, the great achievements of larger equality between 1945 and until the end of 70s. In Great Britain, this share sank down to only one percent! Simultaneously, it becomes clear, how quickly this changed in the two Anglo-Saxon states under Reagan and Thatcher. It can also be noted though that the social and political forces in France managed to stop the trend of redistribution from below to the top at least temporarily in the 90s. In Germany, in 1995, 21,002, meaning 0.08% of all taxpayers, were *income millionaires*. They had a share in total income of 3.4%.⁶⁰ This number already lay significantly higher than in France.

Graph 3: Development of the share of the richest 0.1 percent of the population in national income⁶¹

⁶⁰ Compare

http://www.bpb.de/publikationen/TIKE8T,1,0,Armut_und_Reichtum_in_Deutschland.html#art1.

⁶¹ Compare: Thomas Piketty; Emmanuel Saez: Income Inequality in the United States 1913-1998, IN: Quarterly Journal of Economics, Vol. CXVIII, February 2003, Issue 1, p. 36.

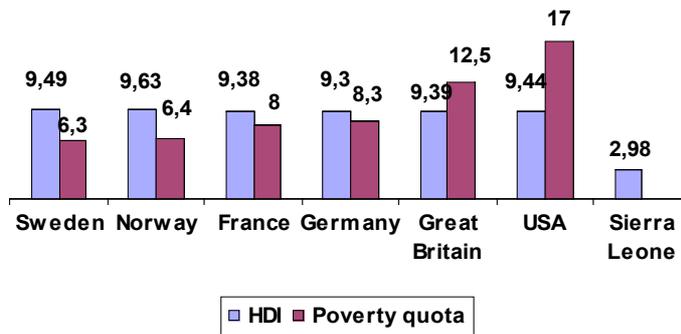


The significance of the difference between different strategies also shows itself if one compares countries with a comparably high *Human Development Index*⁶², and puts them into a relationship with the share of the poor (measured by the share of those, who have incomes below 50% of average income) (Graph 4). It shows itself that the differences are grave. Human development is on the average relatively equal (as an illustrative comparison, there was added the HDI of Sierra Leone, one of the least developed countries of the world with a share of poor people of around 70 percent), but the USA have a poverty quota almost three times as high as Norway or Sweden and still double the level in France or Germany.

Graph 4: Human Development Index and Poverty Quota in Comparison (for the year 2004)⁶³

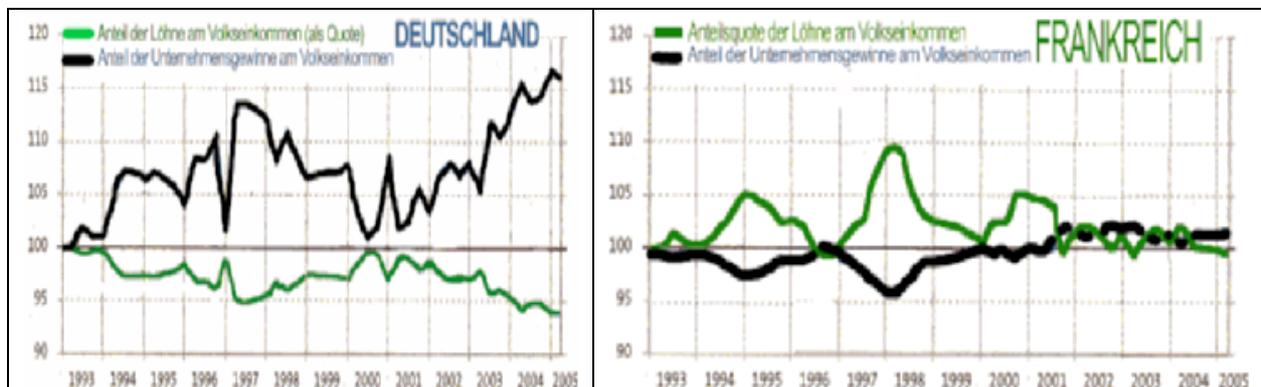
⁶² With the help of the Human Development Index (HDI, Index of Human Development), it is tried to exemplify, using one and the same indicator, the state of human development in the countries of the world. The HDI is published annually by the United Nations Development Programme (UNDP), the development programme of the United Nations, in its World Human Development Report (HDR). Unlike the country comparison of the World Bank, it takes into account not only the Gross Domestic Product per inhabitant of a country, but also the life expectancy and the educational achievement or respectively the literacy rate (compare illiteracy) of the inhabitants. The factor life expectancy in this respect figures as indicator for health care, nutrition, and hygiene; educational level stands for acquisition of knowledge, and income for an appropriate living standard.”
http://de.wikipedia.org/wiki/Human_Development_Index.

⁶³ The data are taken from the official report of the UNDP: <http://hdr.undp.org/statistics/>. For illustration's sake, the HDI, whose maximum is 1, was multiplied by 10 here, so that 10 is the highest real possible stage of development today.



A last comparison (Graph 5) is supposed to illustrate the differences between very similar countries, meaning France and Germany. The differences in the development of the share of wages and company profits in national income resulted mainly from a disproportionately more forceful pursuit of social democratically oriented state control and intervention policy in France as compared to Germany. The Agenda 2010 in Germany, just as, on the other hand, the governments led by the socialist Jospin as well as the different measure of resistance against neoliberal policy by the trade unions, the workers and employees as well as by the social movements, but also the intermezzo of Oskar Lafontaine as finance minister have left their marks here. Politics, beyond all talk about lack of alternatives, has an impact! And also: the policies by the governments are primarily the resultant of social relationships of forces (in whose changing it may participate) and only, in the second line, a question of their party affiliation.

Graph 5: The development of the share of wages and profits in France and in Germany in comparison (Source: Labor vs. capital, DIE ZEIT, no. 49, December 1, 2005, p. 27)



--- Share of wages in national income; ---- Share of capital in national income

It is a mistake to see in this conflict in between authoritarian, aggressively economic liberal and imperial shaping of financial-market capitalism and variations of social, democratic, and multilateral fashioning of the same exclusively differences in the speed and not also in the main actors, the character of policies, and also of the consequences⁶⁴ - and this not only (but also), because for large parts of the

⁶⁴ Theodor Bergmann sees this differently with respect to the German SPD, the Greens, the CDU/CSU and the FDP: "The unity front of the four pro-capitalist parties is united on the direction: only the speed of social demolition, capital offensive, and militarization of domestic and foreign policy is under dispute between government and bourgeois opposition." Theodor Bergmann: Friedliches Hineinwachsen in die Kapitulation (Peaceful growing into capitulation), in: junge Welt, January 14/15, 2006. p. 11.

population these differences are of decisive significance. It has far-reaching consequences whether or not we transfer to a head tax in the health system, whether or not education remains primarily a public task, whether or not the pension system is privatized throughout, whether or not the state offers active services to help integration into the labor market⁶⁵, whether or not the breaking of international law and the disdain of the UN becomes the normal case, whether or not kidnapping and torture become natural in politics, whether or not the individual has the right to sue for the right of protection of his or her personal integrity and has the right to a fair trial, whether or not our societies are subordinated to the total war against terror proclaimed by the USA. The differences are important: The policy of imperial, authoritarian shaping of financial-market capitalism immediately produces elements of totalitarian rule and social barbarization. It may tip over into an ever more encompassing global war, extreme social polarization, and the gravest crises. The defeat of the social democratic articulation of financial-market capitalism in turn may encourage this and drive large social groups into the claws of the most aggressive forces of neoliberalism. Left politics must face these differences.

6 - The instability of financial-market capitalism and the limits to its malleability

<i>Thesis:</i>	<i>Financial-market capitalism does not make possible any lasting social reproduction. The pursuit of an economic liberal authoritarian and imperial strategy constantly threatens to pass over to open de-civilization and totalitarian rule. The social democratic articulation of this financial-market capitalism stands in an unsolvable contrast to the tendencies growing from its property and power relationships.</i>
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In distinction to the situation under Fordist welfare-state capitalism, a social democratic strategy hits strictest systemic limits. In the brief period of the time after World War II, the interests of the owners of the largest concerns, the political elites, large parts of the dependently employed in essential questions aimed in the same direction of high growth, fast welfare development, social integration and largely consensual conflict resolution. Property relationships, accumulation and mode of regulation and the still available resources of extensive exploitation of nature and relatively stable family structures allowed this productive compromise, within which it was possible to push through important social and political achievements of the workers, the women's and the anti-racist movement. Certain social-democratic goals could be implemented, often under conservative governments. At the same time, this kind of capitalism could not be installed for the duration, because its consequent, social-democratic articulation would have exploded the systemic frontiers, as individual attempts show⁶⁶, or the maintenance of the capitalist systemic features

⁶⁵ "The activating social state is a state that has explicitly written the re-regulation of social relationships on its flags. Insofar it is a discovery directed against (neo)liberal ideologies and originally social democratic. It is coupled, however, with a new social democracy to whom nothing was and is more alien than a return to the welfare state. The concept of the activating social state, quite on the contrary, implies the conscious breach with the moral economy of the welfare state... the breach with an understanding of social justice that had expressed itself in the form of moral and factual individual legal claims to social security and material sharing in social life independently of the individual life situation. Gruppe Blauer Montag/Group Blue Monday: Arbeitskraftunternehmer, Ich-AG und "aktivierender Sozialstaat" (Labor force entrepreneurs, I-ltds and 'activating social state'). In: Das Argument 248 (2002), p. 717. The activating social state is a social state on the basis of financial-market capitalism.

⁶⁶ "... Capitalism 'humanized' itself under a pressure so strong that it put the existence of capitalism itself into question", Gilberzo Maringoni; Joao Siscú: Woher kamen wir, wo stehen wir? Eine Bewertung der Leitungen der PT und der Regierung Lula (Where did we come from, where do we

requires a taking back of the social achievements – this was and is subject of the neoliberal counter-reforms that ushered in the development of financial-market capitalism.

Financial-market capitalism, as a result of its concrete shaping of capitalist ownership relation (see section 2), is characterized, similarly to finance-monopolistic capitalism, by fundamental instabilities. At the same time, important resources of capitalism of the time after the Second World War are used up. Even the catch-up development of China, India, and other states of the former Third World must face such challenges as the quickly developing shortage of natural resources and the ecological crisis. Authoritarian imperial as well as social-democratic shaping of financial market capitalism in different ways hit upon these borders.

The strategy of a social-democratic shaping of financial market capitalism is marked by inner contradictoriness. In its most progressive forms, this social-democratic strategy, on the one hand, drives forward civil-society conflict resolution, works on multilateral arrangements for ecological, developmental and security political problems, creates conditions for a libertarian state, respecting high individualization, and tries to drive forwards educational and health political reforms as well as reforms of other security systems that are supposed to guarantee elementary integration and equality of chances. On the other hand, it is obligated to an economic policy that threatens the foundations of such reforms, undermines them, or makes them impossible.⁶⁷ In that context, there belongs the continuation of privatization, the extension of market-economy competition to the entirety of the private as well as the public services, the commitment to an even more far-reaching deregulation of capital and finance streams, the deregulation of the labor market, increased repression in order to achieve integration at a low level etc. In other words, it drives forward processes, whose consequences it tries, on the other hand, to assuage.

The more successful the social-democratic strategy is in the one or the other respect, the more inconsistent the policy becomes. The social mode of operation of neoliberalism is supposed to be installed for the duration, and the disintegrative consequences linked to that shall be mitigated and be subject to control. The new property holding structure with the predominance of the large financial fund is accepted, and at the same time there is asked a social responsibility of the owners that runs diametrically counter to their interests. Participation is supposed to be increased, but it is being enforced at the conditions of neoliberalism. Democracy is supposed to be extended, but it is enforced at the conditions of neoliberalism. Democracy is supposed to be extended, but the extra-democratically set rules of financial-market capitalism are supposed to be executed. The “political economy of insecurity” (Bischoff/Hüning/Lieber) and expropriation (Harvey) of financial-market capitalism, mainly, however, the property relations themselves contradict central

stand? An assessment of the leadership of the PT and of the Lula government), Workshop of the ILS in São Paulo, November 2005, thesis 25.

⁶⁷ Compare on that with view to the social state reforms in Europe: Hans-Jürgen Bieling: *The New Europe – an Economic and Social Welfare Reform*, Ms. 2003, p. 16 f. On the government of Lula it says in an analysis: “Rule with a more efficient program such as ‘Zero Hunger’ or ‘family stipends’ without changing the logic of orthodox macroeconomic policy, in connection with focussed socio-political measures.” Gilberto Maringoni; Joao Siscú: *Woher kamen wir, wo stehen wir? Eine Bewertung der Leitungen der PT und der Regierung Lula* (Where do we come from, where do we stand? An assessment of the leadership of the PT and of the Lula government), Workshop of the ILS in São Paulo, November 2005, Thesis 12.

social-democratic objectives. It is not clear up to now whether and for how long a social-democratic policy of curbing financial-market capitalism will succeed to liberate, on the basis of such an economic and social policy, the necessary resources for social equilibration and for the strengthening of instances of social integration.⁶⁸

In contrast to Fordist welfare-state capitalism, the interests of the ruling classes and of the majority of the population, under financial-market capitalism, are in an institutionally conditioned fundamental contradiction. Social-democratic objectives and existing institutional resources are opposed to one another. In contrast to Fordist capitalism, financial-market capitalism produces the pressure to keep “locations” competitive by way of a downward spiral of wages and social benefits as well as expenditures for the reproduction and integration of societies. The increase in exports is rated higher than the increase in domestic demand.⁶⁹ The resources available in the framework of financial-market capitalism and the owners’ interests to be protected undermine the possibilities of a social-democratic policy. Therefore, it comes to a conflict: either this framework is left, these proprietors’ interests are massively injured and new property relations are created, or the social-democratic strategy is defeated by its own inconsistency – and is abandoned not only by the ruling elites, but by the same token by the broader population as well.

The authoritarian, market-radical and imperial strategy of shaping finance-market capitalism accepts the dysfunctionalities of this capitalism with respect to social reproduction and integration and is ready to secure the minimal conditions of its maintenance by open division, repression and tyranny. Its goal is the predominance of the few, where the whole wealth and the whole power will be concentrated. There is no conflict between means and ends. The promise that has long become hollow of this aggressive neoliberalism is that this concentration, by way of the “trickle-down effect” will finally benefit all. In reality, it produces forces that drive ahead their own goals and destroy democracy and liberalism – with catastrophic long-term consequences.

The liberal economic authoritarian and imperial strategy unchains the destructive tendencies of financial-market capitalism. In this context, it has to be taken into account that the consequences become in no way immediately obvious. The experiences of the waning 19th century have shown that the quite “normal” attempts by the “civilized powers” to stabilize the economic order by imperial expansion for the securing of sales territories and raw material sources, the build-up of the necessary bureaucracies that were freed from all ties to the law, the spread of racism and

⁶⁸ Jerry Harris compares the development of China, India, and Brazil and comes to the conclusion that they have in common the pursuit of a strategy that might be called, following Joshua Cooper Ramo, *Beijing consensus*. It is a policy that does not return to the national development models of the 60s and 70s, but tries to combine, *on the basis of the model of global accumulation* (cross-border fusions, direct investments abroad, multinational conveyor belts, global segmentation of workers, free capital flows etc.) “orderly development, substantial growth, political independence, and a new social contract with a developing middle class.” (Jerry Harris: Three economic success stories: China, India, and Brazil, in: *Das Argument* 262 (47th volume), Issue 4/2005, p. 486.

⁶⁹ Hilferding already pointed to this contradiction in the analysis of finance-monopolistic capitalism: “The extension of the internal market by way of wage increases for them means a reduction in the profit rate with the perspective on renewed reductions that in turn again causes a slowing down of accumulation; at the same time, its capital is pushed into the industries of fully fabricated products, where the competition is the greatest, the capacity for cartelization is the lowest; their interest may be to expand the market, but not at the expense of the profit rate; this is achieved if – the domestic market remaining equal, they expand the external market.” Rudolf Hilferding: *Das Finanzkapital* (Finance capital), opus cit., p. 509.

chauvinism, after several decades, had had the effect of destroying all carefully constructed civilisational links and that the great world war made possible the systematic many-million-fold annihilation of people. In over fifty years of the imperial age, there were set free the elements that in the hands of quite different actors fused into a system of totalitarian rule, open barbarity, and destruction.⁷⁰

The liberal economic, authoritarian and imperial strategy finds itself in the dilemma that it turns itself, on the one hand, into the willing executor of the liberation of the inherent tendencies of a capitalism that is subordinated to the interests of the large financial funds, and that it takes care that short and medium-term profits are harvested that benefit these owners, even if widespread, yet highly concentrated in their mass. There emerges an alliance between this owner group and imperial and authoritarian elites, by which more and more power grows to the latter; this power then develops its own logic, causes high costs and can finally become dominant even face to the owners' interests.

The polarization of the national societies and of world society, the fast exacerbation of the crisis of reproduction and integration, the growing forms of resistance (not primarily, but also in terrorist form) require, from the standpoint of the rulers, application of force beyond earlier standards of civilization and international law, and this in turn only makes possible the continuation of these tendencies. There emerges a spiral that becomes all the more disastrous as it progresses. It will become ever more difficult to stop it. Already now, the "invasion of barbarity" cannot be overlooked.⁷¹ As Eric Hobsbawm writes in his famous look back at the 20th century: "We live in a world that was captured, revolutionized and uprooted by the gigantic, economic, and technical-scientific process of capitalist development that has dominated the last two or three centuries... If we try to build up the third millennium on this basis we shall fail. And the price for this failure, the alternative to a transformed society, is obscurity."⁷²

In the last decades, there can be observed a constant oscillation between the two dominating strategies of shaping financial-market capitalism. None of the two can win durable hegemony. This is precisely the way of existence of a capitalism shaped in this way. At the same time, inescapably, the swings into both directions become stronger. On the one hand, the liberal economic authoritarian and imperial strategy adopts ever more aggressive traits, on the other hand, there also grows the pressure for a radicalization of social-democratic tendencies in the direction of overcoming the frontiers of financial-market capitalism. From there, there can in no way automatically be concluded that no social-democratic fashioning of capitalism on its own basis is possible, at the same time, however, there increase the chances for alternatives that point beyond this capitalism. The real state of the world society of the last decade is marked by the oscillation between the two strategies of social-democratic or economic liberal shaping of financial-market capitalism and the growing importance

⁷⁰ Hannah Arendt writes: "An 'unholy discrepancy' separates those processes that led to "the collapse of all occidental traditions and to the threat to the existence of all European people" from precisely this collapse." Hannah Arendt: *Elements and Origins of Totalitarian Rule*, Munich and Zurich: Piper 1986, p. 231 f. This is in my opinion the most important and lasting message of her work. Compare on that the interpretation in Michael Brie: *Ways out from self-inflicted tyranny*, ms. 2005.

⁷¹ Ignacio Ramonet: *Kriege des 21. Jahrhunderts. Die Welt vor neuen Bedrohungen (Wars of the 21st century. The world before new dangers)*. Zurich: Rotpunktverlag 2002, p. 13 f.

⁷² Eric Hobsbawm: *Zeitalter der Extreme. Weltgeschichte des 20. Jahrhunderts (Age of extremes. World history of the 20th century)*, Munich: Carl Hanser Publishers 1998, p. 719 f.

of Barbaric forms of its maintenance as well as the struggle for an emancipative transformation.⁷³

7- The main conflicts of the epoch and the left alternative

<i>Thesis:</i>	<i>The Left is confronted with three conflicts: (1) the one between liberal economic, authoritarian, and imperial strategies, on the one hand, and social democratic strategies, on the other, (2) the conflict between tendencies in the direction of totalitarian rule and open barbarity and the defense of fundamental civilizational achievements, and (3) the conflict between forces that defend financial-market capitalism and those that want to overcome it as well as profit dominance in general in a comprehensive emancipative-solidary transformation. It must learn to handle the dialectic of the struggle within these three, mutually linked conflicts.</i>
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In the following, we shall present the thesis that the *present main conflict* in the USA and in the European Union is a conflict between an offensive, imperial, authoritarian and aggressive neoliberal shaping of financial-market capitalism and a social-democratic multilateral shaping of the same. There may be large regional and national differences in the way it manifests; other conflicts may step into the foreground. Behind each of the two mentioned strategies there stand different class alliances, large power constellations and ideologies. Both accept the realities of financial-market capitalism as basis for and limit to their action (see Table 1 and Graph 1). At the same time, both strategies are challenged by forces that either openly advocate a de-civilized and brutalized capitalism as the only possibility of keeping up this order, not unlike those ideas that spread mainly after World War I and, on the other hand, by left, emancipative, progressive movements, who want to overcome capitalism itself. The main conflict is sharpening, and forces gain in importance, who want to blast its framework.

In the long run, three possibilities are conceivable. Either these confrontations can continue to manifest themselves mainly as struggles for different forms of financial-market capitalism which are led, at the same time, as a struggle for the preeminence of different regional and national variants of capitalism (Anglo-Saxon, West European [Germany, France etc.], Japanese, Chinese, Indian etc.). The instability of this configuration, briefly demonstrated in section 5, should attract attention to the fact that the normality of this status quo should not be trusted too much, but at the same time not to exclude its relative durability for several decades. It becomes ever clearer that these confrontations assume the contours of a fight for a new society – going

⁷³ For Latin America, Dieter Boris et al. (2005) make out three “developmental variants of the countries ruled by Centre-left governments”:

1. Return to an unvarnished neoliberalism after having weathered the political and economic crisis period...
2. Correction of the neoliberal model by social cushioning and partial equilibration mechanisms, thus introduction of a ‘social liberalism’, as it shows itself, for instance, in Brazil...
3. State capitalist transformation of the economy and setting up of a cooperative economic sector in agriculture and in the professions, with the possibility to create new access to resources, education, and health insurance for large parts of the population of the country... At the same time, this is the developmental variant, where at a later point, more far-reaching political options are certainly conceivable (the type Venezuela).” (See Anne Tittor: *Soziale Kämpfe gegen Privatisierung in Lateinamerika* [Social struggles against privatization in Latin America], in: Dieter Boris; Stefan Schmalz; Anne Tittor: *Lateinamerika: Verfall neoliberaler Hegemonie* [Latin America: Breakdown of neoliberal hegemony]. Hamburg: VSA Publishers 2005, p. 281.

either in the direction of a de-civilized capitalism or towards a type of society that has left capitalism progressively behind)⁷⁴.

The epoch constellation is inherently ambiguous and requires paying attention to the complex interrelationships of all three possibilities. While Mimmo Porcaro and many other Left people exclude the possibility that on the soil of neoliberalism and financial-market capitalism there still exist considerable alternative options for action, I defend the thesis that the sum of the real developments traces a different picture. Extra-European cases of governmental participations by Left people and parties and experiences of the long-lasting social-democratic government in Sweden tolerated by the Left Party of Sweden and the Swedish Greens, the Centre-Left coalition in Italy in the mid-90s, the government of the PS under participation of the PCF and of the French Greens from 1997 to 2002⁷⁵, the current socialist government in Spain or the Blair government in Great Britain or, respectively, the Red-Green government from 1998 to 2005 point to the fact that in the great majority of these very different cases, these governments pursued and pursue their strategies *on the basis* of financial-market capitalism and under observation of the framework and institutional premises it sets, strategies that are not identical with an aggressive neoliberalism, but that, however, do not leave its economic and social-policy givens. These were and are more or less moderate or Left strategies that accept the conditions of financial-market capitalism as prerequisites for action. The discussions on the developments in Venezuela, however, show that quite obviously tendencies also appear to go from a governmental position beyond financial-market capitalism. Movements from below have been hitting against the borders of this capitalism for a long time already.

What is the fundamental difference between a social-democratic strategy of shaping financial-market capitalism and a basically left alternative? If one compares the basic features of neoliberal capitalism (in both of its variants) with objectives of a fundamental alternative, characterized here as the objective of a socialist transformation politics (Table 2), it becomes apparent that there exists a certain continuum not only between a de-civilized capitalism of totalitarian rule and an authoritarian imperial neoliberalism as well as between that and a social-democratic neoliberalism, but also between that and a socialist transformation politics. The principal difference consists in whether it is a case of a (social-democratic) strategy of curbing the parasitic, authoritarian, destructive elements that are inherent to neoliberalism, without in that way getting beyond its ruling property and power relationships, or whether this curbing has led so far as to eliminate the predominance of neoliberal capitalism.

⁷⁴ On the question of the progress criterion compare Michael Brie: Soviet State Party Socialism in the Light of the Marxist Theory of „progressive eras of economic societal formations“, in: Aufstieg und Fall des osteuropäischen Staatssozialismus: Ursachen und Wirkungen (Rise and fall of the East European State Socialism: Causes and effects) Third Rosa Luxemburg Conference of the Rosa Luxemburg Conference of Saxony, Leipzig 2004. Eds. Ernstgert Kalbe, Wolfgang Geier, Holger Politt. Rosa Luxemburg Foundation Saxony and Society for Cultural Sociology, Leipzig 2004, pp. 197-233, English version in: Suffering. An e-book of Translations, Rosa-Luxemburg-Foundation, Berlin, 2005.

⁷⁵ In 2002, there found themselves among many Left rather more positive evaluations of the government directed by Jospin. Compare among others: Horst Heimann (spw – socialist politics and economy) Von den Franzosen lernen? Lionel Jospins Reformprojekt: links und sozialistisch – trotzdem erfolgreich (Learn from the French? Lionel Jospins reform project: left and socialist – nonetheless successful). <http://www.linksnet.de/drucksicht.php?id=306>.

The possibilities of a left transformation politics⁷⁶ are founded in the inherent difficulties of financial-market capitalism to durably maintain a society, where the fundamental human and freedom rights can be secured at least for the larger part of the population, a society that would be in a position to guarantee security, peace, and sustainable development. The Fordist- welfare state capitalism was possibly only as a generational project of those, who experienced the epoch of the World Wars, who were impressed also by the challenge of state socialism and communism, and on the basis of gigantic inner reserves and natural resources. As already sketched, these conditions are no longer given. A lasting balance between capital utilization interests and the reproductive interests of society, social integration, lasting development and redemption of human rights under the dominance of capital utilization seems to me, under the changed preconditions, neither theoretically possible nor practically feasible. At the same time, the scope of maneuver for attempts to build such a balance is not yet exhausted.

The European Union is expression and form of motion of financial market capitalism in its special regional form. The primacy of market integration over social and political integration, the dominance of the rules of the common markets over the rules of sustainable social, ecological, and economic development threatens the achievements of the Union, weakens its integrational force and its radiation as a space free of military conflicts. The Left is in this way placed before the dilemma to have to defend, on the one hand, the European Union and to be able to do this successfully if, on the other hand, it simultaneously fights for its restructuring. On the basis of financial-market capitalism the Union cannot be maintained.

The capitalism as a social form that is based on the primacy of capital utilization above all other reproductive interests has hit its historical limits. Already the crisis of finance-monopoly capitalism had pushed humanity into two world wars and to the brink of destruction. The alternative of democratic socialism or barbarity was quite present. The crisis of financial-market capitalism can have much more disastrous consequences than the crisis of finance-monopolistic capitalism one hundred years ago. To guard against that is one of the most important tasks of a renewed left.

This means: Who wants to put the elementary interests of people on the agenda must place socialism, in the sense of the emancipative-solidary subordination of capital utilization under the interests of people in self-determination, security, a livable environment, democracy and peace, on the agenda – but not do this beyond the real main conflicts of the present, but within these. Real socialist politics must let itself be measured by the possibility of accomplishing that. Wolfgang Fritz Haug states it: “Given that no alternative is – *yet!* – in sight to capitalism as a whole, the socialist embedding of the many solutions that in some way transgress capitalism in its details becomes the order of the day.”⁷⁷

Table 3: Basic features of financial-market capitalism and left transformation politics

⁷⁶ Compare on that in more detail: Dieter Klein: Demokratischer Sozialismus als transformatorischer Prozess (Democratic socialism as transformational process), ms. 2006.

⁷⁷ Wolfgang Fritz Haug: Politik an den Grenzen des transnationalen High-Tech-Kapitalismus (Politics at the borders of transnational high-tech capitalism), in: Rote Revue. Zeitschrift für Politik, Wirtschaft und Kultur, vol. 84, 2005.

Characteristics	Financial-market capitalism	Objectives of left transformation politics
Dominating technological mode of production	Mass production guided on the basis of micro-electronics by concrete demand	Transformation of the technological basic structure in the framework of a social and ecological restructuring (dominance of the areas of social and ecological reproduction)
Leading way of accumulation	Accumulation is dominated by financial conglomerate and relies on the spiral: growing gains by lower wage and social incomes – investments – improved offer (P – I – O)	Accumulation is dominated by the societies and relies on the spiral: self-determined individuals – production of the basic goods of a free and solidary society – developed individuals and free associations (I – P – I')
National (regional) mode of regulation	Locational competition mediates the contradiction between capital and labor; separation of highly paid information work, badly paid production work and precarious and marginalized work of reproduction	Regional and national value creation chains that are directed towards a socially integrative and sustainable economic development
Global way of regulation	Wall Street Regime, WTO system under dominance of the G-8 (transnational block)	Democratic- participative combination of areas of de-globalization and global coordination
Dominant actor Formation	Transnational financial groups in alliance with globally oriented state elites and other subaltern integration of the highly qualified information workers, market-form restructuring of patriarchy	Alliance of highly qualified informational workers and entrepreneurs that subjects itself to the goals of a solidary restructuring and the strata affected by precarisation, marginalization, and exclusion (alliance between middle and lower end); transition to self-determined ways of life
Integration/exclusion	Integration related to the decisive value creation chains and exclusion or respectively “pacifying” of the “superfluous” in this context	Integration of concrete societies and exclusion of parasitic and destructive forms of capital accumulation and authoritarian-corrupt rule
International system	Oligopolistic cooperation and security-political monopoly of the USA	Democratic cooperation and primacy of peaceful conflict prevention
Character of politics	Representational politics from the top to bottom dominated from out of the institutions of rule	Winning of autonomous spaces and direct participation

8- Epoch constellation and strategic alignment of the Left

Thesis:	<i>In this strategic confrontation within three central conflicts, the Left is provoked (1) to develop its autonomy as independent social, political, and cultural force; (2) to test practical projects of entry into a more comprehensive transformation and to fight for their generalization, (3) to unconditionally resist, at the same time, any form of de-civilization and barbarity, to oppose the authoritarian, liberal economic, imperial neoliberalism also in the critical alliance with social democratic and moderate forces, and (4) to pursue simultaneously together with other emancipative and solidary forces an independent transformation policy which pushes profit dominance backward and ultimately conquers it.</i>
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The Left must answer itself the question what significance it attributes to the conflict between an economic liberal authoritarian and imperial articulation of financial-

market capitalism and its social-democratic crystallization as well as to the danger of the emergence of an openly de-civilized capitalism. It must analyze what potentials social-democratic politics disposes of today to mitigate important social problems or respectively relegate them to the margin at least temporarily, which social forces might carry such a project and whether it could become the point of departure of continuing transformations.⁷⁸ It should also be analyzed to what extent our own current proposals for reform do not, in important parts, aim at such a project of a social-democratic shaping of financial-market capitalism and where they point beyond it. Important Centre-Left governments, in the international comparison, seem to have prescribed themselves to the implementation of regional, social-democratic variants of financial-market capitalism. This tendency might reinforce themselves in the next couple of years. The possibilities and limits of such a development must be studied in more detail.

The thesis defended here that the strategy of the social-democratic dealing with the conflicts of neoliberally stamped financial-market capitalism quite certainly has a perspective founds itself, first of all, on the circumstance that financial-market capitalism has institutionally insured itself, that second, its consequences (among other things indebtedness, social disintegration etc.) cannot be overcome in the short term and that, thirdly, important actor groups (in particular from the middle classes) cannot be won over without a strong continuity in central fields of economic policy. It is a matter of *vested interests*. In the light of the real or seeming lack of convincing other alternatives, the social democratic strategy of shaping financial-market capitalism, fourth, to many women and men citizens seems not as a good, but in the eyes of its protagonists, the best possible strategy. Fifth, it is not clear that such a strategy cannot at least temporarily set free considerable resources and open up new options. Sixth, the forces supporting the neoliberal financial-market capitalism dispose of an enormous potential of seduction, manipulation and repression, up until and including open terror and war. The *basic problem of the Left* is: *The prerequisites for a fundamental change that would leave financial-market capitalism behind itself – objectively as well as subjectively – are not immediately given, but yet have to be created.*

If it is correct that at least in the European Union the real main conflict is that between an economically liberal, authoritarian-imperial fashioning of financial-market capitalism and a multilateral- social democratic shaping of the same, the strategies of the Left must be adjusted to that. Contrary to other evaluations, in particular in the environment of the world social forum, the conflict between neoliberalism and financial- market capitalism and a fundamental alternative (“Another world is possible!”) neither in the global nor in the predominant majority of the countries seems to have become the dominating conflict up to now. At the level of hegemony, the real relationships of forces and feasible alternatives it is (still) a second-rank conflict, which, however, increasingly influences the basic conflict. It is essential but not dominant up to now. At the same time, the tendencies in the direction of a de-civilized and barbaric capitalism are increasing. The efforts to counter-act these

⁷⁸ I do not think that it is correct to say that “Red-Green... was the German Left government under neoliberalism” (Wolfgang Fritz Haug: *Untergang der deutschen Linksregierung – Aufstieg der Linkspartei* [Demise of the German Left government – rise of the Left Party], in: *Das Argument* 262 (vol. 47), Issue 4/2005, p. 453.) A left government would not even still have sharpened the neoliberal reforms and would not have accelerated the redistribution from below to the top. Schröder’s government was characterized precisely by the fact that under the trade mark of social democracy, it pushed forward openly economic liberal policy, engaged actively in an imperial strategy of the development of the EU, and passed to a new axis policy (France, Germany, and Russia).

dangers might provoke the emergence of new fighting constellations. The Left should not overlook the conflict between the “normal” economic liberal, authoritarian, and imperial strategy and tendencies of escalating and open de-civilization, brutalization and terror.

The Left is, therefore, confronted with three conflicts at the same time, whose significance may change quickly. What stands in the foreground today, can – as in the 20s and 30s of the 20th century – be quickly pushed to the margin. The reduction of the point of view to only one dimension would be self-destructive. The Left is provoked to deal with these *three conflicts in their dialectic*. It may not ignore either one or the other and not even the third conflict, but it may also not perceive them as identical, but must learn to move successfully in these contradictions.

If the above analysis is principally right, then the Left could be obligated to a three-pronged strategy – first to the unconditional rebuttal of all tendencies towards totalitarian rule and open barbarity, second, to the critical support of a social-democratic articulation of financial-market capitalism insofar it is in confrontation with an imperial authoritarian neoliberalism, and third, to the struggle for the dissolution of the internal ambiguity of this social-democratic shaping of financial-market capitalism by a whole series of mutually reinforcing entry projects up to and including a comprehensive social and democratic transformation that ultimately conquers profit dominance and in that way points beyond capitalism. The first – this would be the thesis – is not to be had without the second and the third if left politics is supposed to become “revolutionary real politics” (Rosa Luxemburg).

This three-faceted strategy would have a number of consequences. *First of all*, the Left must create its own autonomy, guard it, extend it and secure it – ideally, politically, and organizationally. It has to act for the building up of its own historical formation (“historical block”) which will rely on its own alliances, its own self-understanding and will adopt a strategic approach independent of the social democratic articulation of financial-market capitalism. The most important prerequisite of any independent left-wing policy is, however, its own social force that can only be won out of the society itself, by the action of large groups of the women and men citizens.

The actual power of the financial-market capitalism marked by neoliberalism lies in the power blocks outside of the respective governments. Social mobilization capability beyond the parliaments is sine qua non of each autonomous policy in parliaments and – even more so – in governments. Left party politics depends on the capacity of action of social movements, trade unions, and other social organizations. Precisely also a policy that is often forced to critically support the social-democratic articulation of financial-market capitalism so as to effectively meet the threats of an authoritarian, economic liberal and imperial neoliberalism, needs independence so as to become effective.

Governmental participations should not lead to renouncing the independence of the left and the implementation of the above-mentioned three-pronged strategy, but must make this cooperation apparent at the governmental level and must not make the basic conflict disappear politically, but set it into motion politically. A close collaboration of left parties with independent extra-parliamentary forces is also necessary to be able to act with one’s own force in the parliamentary system or in the executive with designing capability. The maintenance and the enlargement of the

capacity of action of the whole left is part of the task of governmental participation. This should not be reduced to the support of the social-democratic shaping of financial-market capitalism, but must rely on our own positions⁷⁹, having a transformational premise.⁸⁰

Second, an independent Left must have its own strategic projects that are developed out of the opposition together with other forces, and for whose implementation we struggle. In these *entry projects*, the Left becomes concrete. They shall exemplify that convincing alternatives are also possible and feasible face to social-democratic neoliberalism.⁸¹ The women and men citizens must learn in processes of social experience that only a more far-reaching transformation, going beyond financial-market capitalism and its property and power relationships, allow more comprehensive social and democratic reforms and a lastingly socially oriented economic development and renewal.⁸² Only if such projects are carried together by considerable parts of the population and organized groups capable for action, can they also represent them effectively in parliamentary opposition or respectively implement them under conditions of governmental participation.⁸³ In order to achieve this, these projects must link the highly-differentiated interests of people in very different class situations, from very different milieus, of women and men, with or without children, of young people as well as older ones, with or without the passport of the respective country.

⁷⁹ "...The failure of the Centre-left alliance to oppose something to neoliberal economic policy proves the necessity of an approach without compromises towards neoliberalism. Only in this way can the anti-neoliberal movement show that there exists a real alternative to neoliberalism – beyond the centralized, étatized model of the old Left." Steve Ellner: Die drei anti-neoliberalen Strategien Lateinamerikas (The three anti-neoliberal strategies in Latin America), in: Das Argument 262 (Vol. 47), Issue 4/2005, p. 500.

⁸⁰ „The understanding of democratic socialism as transformational process by its own inner logic leads to strategic consequences... Protest and resistance, constructive reforms under the given conditions, and opening up of these reforms so as to pass beyond the borders of capitalism form a triad. The new thing in the New Left should be to unite these three moments of its struggle in the whole federal republic into a socialist transformational concept and, in this endeavor, to avoid three things: the pure 'No' without any alternative, the vision-less mucking around in the given, and the vision without changing the present." Dieter Klein: Democratic socialism as transformational project, ms. 2006.

⁸¹ On the concept of entry projects, compare Michael Brie; Dieter Klein: Der Kampf für ein soziales und demokratisches Europa – Hegemonie und Einstiegsprojekte (The struggle for a social and democratic Europe – hegemony and entry projects), ms. 2004.

⁸² Under the slogan of growing liberty, neoliberalism had placed the property question in a veiled way on the agenda and carried out a basic revision of the social-state fencing in of the dominance of capitalist private property. Now it is time that the Left with its demand for freedom, equality and solidarity in turn offensively puts the property question on the agenda. Compare on that: Christa Luft: Entwicklungspfade über den Kapitalismus hinaus suchen (Look for developmental paths beyond capitalism), In: Ulrich Maurer; Hans Modrow: Überholt wird links (Passing only on the left!) Was kann, was will, was soll die Linkspartei (The Left Party: What can it do, what is it able to, what should it do?), Berlin: edition ost, pp. 145-153.

⁸³ The chairman of the European Left Party, Fausto Bertinotti, stated it this way at the EL Party Congress 2005 in Athens: "The Party of the European Left cannot only be a walking criticism of social democracy. It can and must interfere in political reality. However, it will only be capable of doing that if it has an independent project that relies on a political culture that relates critically to contemporary capitalism, and only if it disposes of its own programme and its own relationship to society and to the movements. Stated briefly, the EL will only become a main actor on the European stage if it is capable of fulfilling the promises that served at its foundation. The movements are our great opportunity to develop a culture that really aims at transforming society. The goal of creating a new culture for the transformation of society and to become, in this way, a force that can be a lever of this transformational culture presents itself to us also as the historical necessity to find a left escape from the crisis of the workers' movement that is connected to its failure in the 20th century." <http://www.european-left.org/press/pressreleases/pr-de/pressrelease.2005-11-23.2009427997>.

Third: Social and parliamentary alliances in social and political struggles should be shaped as a concrete form of implementation of the threefold strategy of the Left, and in my opinion, can also only be motivated in this way.⁸⁴ Three tasks have to be solved at the same time: hard struggle against any liberal economic authoritarian and imperial policy, critical support of social-democratic forms of working on conflicts of financial-market capitalism, *and* practical attempts to get the contradictions linked to that (see above) “to dance”, by way of working on projects and approaches for getting conditions to change, that means to practically prove that by way of a transgressing the social-democratic horizon and the framework of neoliberal financial-market capitalism, there can actually be created superior social, democratic, ecological, solidary answers prone to create peace and security.

The Left is struggling to replace the epoch of financial-market capitalism by another – the epoch of the struggle for the overcoming of financial-market capitalism and of the introduction of a fundamental social transformation that points beyond the dominance of capital utilization and ultimately leaves capitalism behind. These are long-term tasks with open outcome.

In this struggle, the Left stands at the same time for the maintenance and the implementation of the basic norms of human civilization, for social and democratic reform and for the creation of property and power relationship that secure the free and solidary development of people in democratic self-determination for the duration. Their struggle is a contribution to preventing a new age of world civil wars, of authoritarian rule, and of irreversible destruction of the natural bases of human life on earth.

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⁸⁴ With view to Brazil, India, and China, Jerry Harris comes to the conclusion: “Maybe one should in the nearer future hope that it will be possible to continue to mobilize popular movements who create independent civil institutions for self-empowerment and, at the same time, exercise pressure on progressive elites to the benefit of the poor. To keep the balance between radicalism from below and support of a governmental policy that undermines Western rule in a progressive way, won’t be easy, but this could be the best way ahead.” (Three economic success stories: China, India, and Brazil, opus cit., p. 495). This is certainly an important element, but won’t be sufficient. To a new historical movement, there belongs more than mere pressure from below and progressive governmental action from above. Such a division of labor, moreover, solidifies relationships that should be overcome.

9- Summarizing theses to Sections 1- 8

Thesis 1:	<i>The Left is in the beginning of agreeing on the main tendencies and forces of the contemporary era and on possible alternatives.</i>
Thesis 2:	<i>Sometime in the period from the 70s to the 90s, there took place the transition from a Fordist-welfare state capitalism to financial-market capitalism. The latter is characterized by the fact that the owners of the large financial funds dominate capital utilization and social reproduction in general.</i>
Thesis 3:	<i>Neoliberalism has developed financial-market capitalism by way of central promises of increase in social productivity and the possibilities of higher self-determination and social participation; based on a Top-Centre alliance, it has developed impossible projects, which it uses to secure the entry into financial-market capitalism; it generalizes itself by the so-called material constraints of competition for the access to capital. Simultaneously, it reduces the project of modernity to an unchained capitalism, even in the centers splits societies again into open class societies and constructs an imperial Pax Neoliberal.</i>
Thesis 4:	<i>Financial-market capitalism is characterized by the basic contradiction between the requirements of social reproduction and integration, on the one hand, and the tendencies to the transformation of all goods into commodities (commodification) and lack of assurances, on the other. It therefore calls forth a comprehensive crisis of social reproduction and social integration and of the system of political legitimacy. In this crisis, there compete four possible answers: that now prevailing of the liberal economic, authoritarian, and imperial form of financial-market capitalism and that of a social-democratic multilateral articulation. These two are opposed by forces who see the exit from the crisis in a transition to an openly totalitarian rule and those who think that the crisis can only be overcome by a transformational overcoming of financial market capitalism and of the dominance of capital utilization.</i>
Thesis 5:	<i>The differences between an aggressive neoliberal-imperial and a social democratic articulation of financial-market capitalism are fundamental and have to do with the main dimensions of politics. At the same time, both strategies are based on the property and power relations of financial market capitalism and want to install these for the duration.</i>
Thesis 6:	<i>Financial-market capitalism does not make possible any lasting social reproduction. The pursuit of an economic liberal authoritarian and imperial strategy constantly threatens to pass over to open de-civilization and totalitarian rule. The social democratic articulation of this financial-market capitalism stands in an unsolvable contrast to the tendencies growing from its property and power relationships.</i>
Thesis 7:	<i>The Left is confronted with three conflicts: (1) the one between liberal economic, authoritarian, and imperial strategies, on the one hand, and social democratic strategies, on the other, (2) the conflict between tendencies in the direction of totalitarian rule and open barbarity and the defense of fundamental civilizational achievements, and (3) the conflict between forces that defend financial-market capitalism and those that want to overcome it as well as profit dominance in general in a comprehensive emancipative-solidary transformation. It must learn to handle the dialectic of the struggle within these three, mutually linked conflicts.</i>
Thesis 8:	<i>In this strategic confrontation within three central conflicts, the Left is provoked (1) to develop its autonomy as independent social, political, and cultural force; (2) to test practical projects of entry into a more comprehensive transformation and to fight for their generalization, (3) to unconditionally resist, at the same time, any form of de-civilization and barbarity, to oppose the authoritarian, liberal economic, imperial neoliberalism also in the critical alliance with social democratic and moderate forces, and (4) to pursue simultaneously together with other emancipative and solidary forces an independent transformation policy which pushes profit dominance backward and ultimately conquers it.</i>