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## **Elites and the Monetary Power Complex**

Let me start by saying that I've written this as a German sociologist observing the present global financial crisis from Hamburg but most of the time peering through the eyes of American media – from the *New York Times* to the *Huffington Post* etc. Germany sits at best on the second tier of the global power pyramid - so why not claim a vantage point at the top?

Speaking of Germany: Angela Merkel, our Chancellor, is not without sophistication regarding the matters I will address here. Just recently she refrained, against her initial intentions, from appointing the former president of the German Federal Reserve Bank, Professor Hans Tietmeyer, as head of her expert advisory group on international financial markets. Was this because Tietmeyer at one time, 1996 at the World Economic Forum in Davos, had proclaimed that he „sometimes gets the impression that most politicians still haven't realized how much they are under the control of the financial markets and even *ruled* by them"?<sup>1</sup>

Politics, economy, society, you, me being subject to ‚the control of the financial markets’? What does that mean for anyone engaged in getting this ‚control’ back under *democratic* control by the true sovereign, the people? Sociologically speaking there is no such thing as ‚control by the financial markets’. Like any other markets they exert their influence through the existing power structures. And when dealing with structures of power and dominance one eventually will deal with (collective) actors, with classes, with ruling classes.

In the course of the past 150 years class relations, class alliances, class conflicts, class struggles have become far more complicated than at the times of Karl Marx. Imperialism, real socialism, fascism, globalization have seen to that. But we still cannot discuss, for example, neoliberalism without knowing about the subjective side of these structural entities and their dominant actors and their networks. Neoliberalism does not act – actors act. This is still a wide and open field for research and theory and so, for heuristic reasons, I will speak of elites instead of using the term ruling class. And I have invented the term *Monetary Power Complex* to characterize one of the dominant power networks in this our time of crisis.

### **From the *New Deal* to the *Power Elite* and to the *Military-Industrial-Complex (MIC)***

‚Always historicize’ is a slogan I have adopted from Fredric Jameson. In that sense today's debates on the present meltdown rightfully refer to the world economic crisis of the thirties. It was the heyday of Keynesianism, of market-controlling economic activities by the government, by the state. But not only Roosevelt's *New Deal* took that course, with mixed results. There also appeared much more autocratic forms of bourgeois regulation – right up to the fascist command societies.

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<sup>1</sup> Quoted in: Martin, H.P./Schumann, H., *Die Globalisierungsfalle. Der Angriff auf Wohlstand und Demokratie*, Reinbek 1996, p. 90; cf. *Frankfurter Allgemeine Zeitung*, February 2, 1996

And another interesting and alarming thought pops up from the past: Wasn't that crisis of the thirties eventually resolved by a world war? And didn't that 'solution' present Anglo-Saxon capitalism with an unprecedented upturn? That war, so the implicit reasoning goes, eventually erased all bank debts and opened up infinite opportunities for capital accumulation. People coyly add that such a 'solution' would be unthinkable today. But they seem to forget, that variations of this world war scenario are very much around us. Think of that frightening satire *The Lugano Report* by Susan George<sup>2</sup>, honorary president of Attac France, or of the report *Empire of Shame* by Jean Ziegler<sup>3</sup>, rapporteur at the UN on questions of food resources – or, better still, think of Bush-Cheney's *War on Terror*. World war never stopped.

But how do we get from the *New Deal*, fascist command societies and the Second World War to the subject of power elites? Before writing his famous book *The Power Elite* (1956), C. Wright Mills (the American sociologist cherished all over the world but neglected by German mainstream academia) had studied very closely Franz Neumann's analysis of the power structures of the Third Reich, *Behemoth: The Structure and Practice of National Socialism* (1944). This reading obviously sensitized Mills for parallel developments in the United States during the thirties, forties and fifties. An American brand of fascism, at that time, was not out of question. One shouldn't forget, for example, that many adversaries of the *New Deal*, amongst them the grandfather of George W. Bush, had actively supported the Nazis.

But Mills not only provided a many-faceted inquiry into the ruling networks of his time and place. He also, and be it inadvertently, provided some recipes on how to secure the rule of the few within a modern, western industrial society without the masses really noticing. He thereby became the founder of the important tradition of *Power Structure Research* – which, of course, can serve both sides, the rulers and the ruled.

### **The emergence of a *Monetary Power Complex* (MPC)**

As far as the actual use of elite power is concerned, the United States have produced some weighty export models or franchises: *First* the configuration of the *Power Elite* as C. Wright Mills saw it. This configuration, among other things, was characterized by the fact that the superrich dynasties of the twenties had become surrounded, controlled and eventually squeezed by bureaucratic elites, top experts, machiavellian scientists, union leaders, top managers, political generals and 'political directorates'. *Secondly* the *Military-Industrial-Complex* (MIC). Even Dwight D. Eisenhower had identified it. It was born out of the war economy and eventually was nourished by that completely lopsided contest between the USSR and the US commonly called the Cold War. A more precise term would probably be *Pentagon Capitalism*.<sup>4</sup> Surprisingly, *Pentagon Capitalism* began to flourish even more after the *end* of the Cold War. Today, stabilized and accelerated by the new geopolitics of the information age, the Pentagon complex appears to be even more powerful than the *third* export model to be discussed here: the networks of *Wall Street Capitalism* or, as I call it, the *Monetary Power Complex*.

Obviously capitalism has always been defined by the flow and power of money, by credit chains and financial deals. But since the seventies capitalism has experienced a historically unheard of increase in the uncontrolled exercise of monetary power. This has amplified the role of organized and networked ultra-wealth as never before. Without going into details one

<sup>2</sup> Susan George, *The Lugano Report: On Preserving Capitalism in the 21st Century*, 1999

<sup>3</sup> Jean Ziegler, *L'empire de la honte*, 2005

<sup>4</sup> Seymour Melman, *Pentagon Capitalism: The Political Economy of War*, New York 1970

can say that the crucial development ran as follows<sup>5</sup>: Up to the seventies the United States – even more than other high tech nations like Japan or the EU – experienced a steady rise in productivity. Technological advances allowed to throw the same products at ever lower costs into the markets. Therefore profits rose to new heights. And even more important: the income of the wage earning classes by and large grew in proportion. Then came Reagan. Under *Reaganomics* productivity continued to grow, just like the profits, especially within or near the *Military Industrial Complex*. Automation was here, the IT-revolution shifted into high gear. For the first time since the twenties the percentage of the superrich reached pre-*New-Deal*-levels, rising steadily up to 2008. Just one of the curves began to flatten: the real income of wage earners. And since the end of the nineties this curve is pointing downhill. This opened, so to speak, a huge window of opportunity. Still rising productivity, still rising profits, but sinking income on the labor front: all that meant a huge increase in the accumulation of free, roaming capital - flowing into the spaces of finance capitalism and piling up in the coffers of private and institutional wealth.

So what to do with all that money? Invest in industrial production? Too little return on investment. It was time to revive in grand style the business of speculating in the global financial markets. And capitalist accumulation activities soon became, at least in part, 'transcapitalistic'. The MPC created, at least in part, a world of its own.

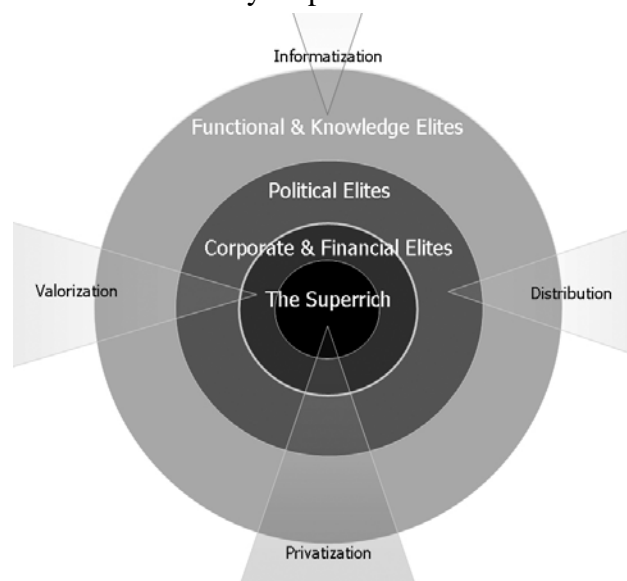
### The MPC and its actors

These accumulation activities have been on a scale that probably indicates a new stage of capitalism. An unprecedented mass of money capital set itself free from the commodity form. Accumulation proceeded through financial deals as never before.<sup>6</sup> And this was supported by the 'scientification' and 'informatisation' of all aspects of society. Whether this may be called *Casino Capitalism* or something more ominous remains to be seen.

In any case, these developments have profoundly changed how power in general and monetary power in particular are exercised. The money elite today implements the ancient rule that *money is what money does* by ends and means that in many respects are still an enigma to social science. There not only is, according to Richard Sennett, a whiff of *soft fascism*<sup>7</sup>, there also is a puff of *financial fascism* permeating the system. And the centre of gravity of the knowledge and information society has become contaminated by the MPC – and not really on account of dot.com-billionaires but rather because of the shenanigans of hedge fond mathematicians and their models of the world.

In any case one can discern a few 'rings' of functional elites encircling that power house's rather dark inner core of unimaginable wealth:

- 1) *Corporate and financial elites* serving their ultra-rich clientele by exploring and creating



<sup>5</sup> Cf. Richard D. Wolff, 'Capitalism hits the fan: a socialist solution', Online movie, *Media Education Foundation*, December 2008, <http://www.mediaed.org/cgi-bin/commerce.cgi?preadd=action&key=139>

<sup>6</sup> Cf. Giovanni Arrighi, 'Hegemony Unravelling – 2', *New Left Review* 33, May/June 2005

<sup>7</sup> Richard Sennett, 'The age of anxiety', *The Guardian*, October 23, 2004

novel opportunities for capital accumulation – without forgetting about their own interests. 2) *Political elites* and political directorates experimenting with new strategies for the bottom to top distribution of wealth; strategies as far as possible removed from public scrutiny so as not to endanger the social consensus. 3) A vast army of lesser *technocrats and experts* (versed in analytical, symbolic and affective forms of knowledge) without whom all of this would not function. Of course, fruitful contradictions and alternative opportunities arise within all of these rings of the MPC. At the same time, there is a strong tendency towards ‘capitalism-based high-tech-refeudalisation’.<sup>8</sup>

### ***Power Elite and functional elites: The difference***

If one looks at social power, at forms of power that have moved societies throughout history, one always will encounter alternative forms of power and utopian energy, too. And this always has caused the elites in power to coalesce into a more or less homogeneous power elite, which today is entrenched between the poles of high tech military force on one hand and highly informatized pecuniary omnipotence, so to speak, on the other. And this power complex is, of course, striving to monopolize its potential. It will try to coopt functional elites through evaluation and selection regimes and it will find means to exclude others. In that sense, the power elite can be seen as a ruling class, braced by and unified through central configurations like the MIC or the MPC.

At the same time, though, such powers have to conform to the laws of capitalism and that means controlling (or rather: exploiting) the living forces of labor on all levels of the system of productive forces. This, in turn, implies that the ruling class has to acquire a high degree of differentiation and sophistication in order to cope with a universe of contradictions and diverging interests. It will have to organize and maintain its coherence by establishing elitist, private ‘special publics’ where functional elites can be deployed for special tasks. More often than not this cooperation between secretive ‘Machtidioten’ and over-taxed ‘Fachidioten’<sup>9</sup> will produce catastrophies like the present crisis.

The task of *functional* elites became even more difficult when the *core* elite of the MPC was forced to organize its public and media representation. Being preoccupied with the preservation of its own integrity, the core elite did not really want to give away too much information about itself. In particular, the revelation of value adding activities in production and in the financial sphere was taboo. The gates of factories and banks still carried the sign “No admittance except on business” (as Karl Marx wrote in ‘Capital’). This is where the intellectuality and discursivity of the functional elites came to the fore. They were entrusted with the tasks of protecting trade secrets, of creating public consensus and, above all, of obscuring the one insight that would tumble the house of cards: Namely that the existence of the power elite was dependent on the living forces of labor - and not the other way around. So the task of the functional elites was to expand on the myth that it was the capitalists who were creating the jobs and doing the good deeds.

Obviously, the functional elites carry a heavy burden in these power games. *Privately*, in order to secure their very existence, they are tied to the power elite, to the MIC and the MPC. *Publicly* they cannot deny the fact that – because of their social, cultural, technical, scientific skills – they are part of the general living forces of labor. And this is why the networks of

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<sup>8</sup> Cf. H.J. Krysmanski, ‘Who will own the EU – the Superrich or the People of Europe?’, RLS policy paper 3/2007

<sup>9</sup> ‘idiots of power’ and ‘idiots of expertise’ probably are no adequate translations, try geek, nerd, expert idiot, one-track specialist of power ...

power are not static but retain a brittleness, fluidity and historicity that keeps them open for change.

### **Elites of valorization and distribution**

One of the most striking examples for the cooperation between financial and political elites has been the bailout history of insurance giant *American International Group (AIG)*. In March 2009, according to an *IHT*-editorial, taxpayers had been called upon to rescue AIG from collapse for the fourth time since September 2008. This brought the bailout commitment for that one company to some \$160 billion. The Federal Reserve and the Treasury had justified the move, saying that "the potential cost to the economy and the taxpayer of government inaction would be extremely high." But no one said which firms would be most threatened by an AIG collapse except hinting that „a number of major financial institutions“ might be affected. That meant that by enabling AIG to avert bankruptcy proceedings, the taxpayer was also bailing out „whom, exactly?“ The editorial continued: „The AIG bailouts fail the basic test of transparency: Who ends up with the money? Major financial institutions are not innocent victims of AIG's demise. They are sophisticated investors, and they should have known the risks being taken - and who profited mightily from the relationship before it all came crashing down ... Whomever the recipients are, they should be investigated for their roles in the crash and, to the extent possible, be made to pay for the bailouts.“ This remark was aimed especially at the problematic connection of AIG to the Wall Street bank Goldman Sachs. „At the time of the first AIG rescue last fall, it was reported ... that Goldman was AIG's largest trading partner, with some \$20 billion of business tied into the insurer.“ Goldman had claimed that its exposure to risk from AIG was offset, or hedged, by other investments. But the only thing certain was „that Goldman has lots of friends in high places“ who obviously were not interested in making this bailout as transparent as possible. „Lloyd Blankfein, Goldman's chief executive, was the only Wall Street executive at a September meeting at the New York Federal Reserve to discuss the initial AIG bailout. Also involved in the discussion was the then head of the New York Fed, Timothy Geithner, who is now President Barack Obama's Treasury secretary.“<sup>10</sup>

Not only investment bankers see their reputations going down the drain, the political elites - if they are acting within or near the MPC - have problems with their public image, too. President Barack Obama had been regarded a bearer of hope for the political class all over the world. But many of these hopes resting on a new type of politician have been frustrated. „President Obama has made an enormous mistake. Instead of cracking down on serial looters and complicit regulators, he wants to guarantee the financial sector's obligations, which are several times larger than America's economy. This is a Ponzi scheme far beyond Bernie Madoff's imagination. Simply put: The government is breaking the rules of capitalism to reward the most reckless capitalists.“<sup>11</sup>

Since no politician and, in particular, no American president can be seen as an individual acting entirely on his own, the emphasis of analysis must be laid upon the political, economic, social and cultural structures and upon the networks of experts plus lobbyists surrounding such persons. And it is becoming quite obvious that *system change* cannot come out of these circles. But the interesting thing is that these circles by now are incapable of *saving* the system either. The complexity of the power networks has grown. With regard to the person

<sup>10</sup> ‚Never-ending bailouts simply fuel distrust‘, editorial, *International Herald Tribune*, March 3, 2009

<sup>11</sup> Jeffrey Klein, ‚Obama's Perilous Compromise with Wall Street Looters‘, *Huffington Post*, January 5, 2009: <http://www.alternet.org/story/117219/>

and career of Barack Obama this has been brilliantly analyzed by G. William Domhoff in the most recent edition of his bestseller *Who Rules America*.<sup>12</sup>

### **Elites of knowledge production and informatization**

Let me focus briefly on the multifaceted groups of experts, technocrats, media people, wellness specialists etc. paid by the MPC. They are the people that will be called upon to attempt the salvation of the system. *Wall Street Journal* Autor Paul B. Farrell minced no words when he discussed the '10 dirty tricks Wall Street con artists will pull to keep the rip-offs going'. "Remember," he writes, „Washington's run by 40,000 lobbyists not 537 elected politicians. I'm betting lobbyists will use the following tactics to limit reforms. That way, behind the scenes Wall Street keeps control with its business-as-usual tactics, schemes, scams, hustles and wheeling and dealing.“ Farrell goes on to enumerate what has to be ‚done’: 1. *Gridlocking*: „Forbes 400 richest, CEOs and lobbyists as well as Wall Street insiders, all get richer when Washington's in gridlock.“ - 2. *No Glass-Steagall revival*: „From 1933 until 1999 the Glass-Steagall Act separated banking to avoid conflicts of interest. In 1999 Congress tore down that wall.“ - 3. *Keep rating agencies 'official'*: „Credit-rating agencies are Street puppets. They shield Wall Street from liability, and create an illusion of security for investors.“ - 4. *Limit new derivative regulations, keep 'shadow banking' alive*: Wall Street lobbyists must minimize reforms and keep shadow banking as much outside the jurisdiction of the Fed and Treasury as possible. - 5. *Offload toxic debt into a government-owned 'bad bank'*. - 6. *Support executive pay limits - in public, anyway*: „Wall Street banks are cash cows for insiders.“ - 7. *Create accounting standards loopholes*: „Forget all the campaign promises of ethical reform, transparency and sundry new executive orders.“ - 8. *No limitations on SEC hiring*: „Wall Street would lose a steady supply of well-trained securities lawyers.“ - 9. *Invest heavily in lobbying*: „Washington Post called lobbying ‚Washington's biggest business’. Now they "can't hire people fast enough. Starting salaries have risen to about \$300,000 a year for the best-connected aides who squeeze megabucks out of the federal budget.“ - 10. *Major PR brainwashing*: „The bottom line, the No. 1 priority is very simple: America needs a new bull market, and that means brainwashing the public with ‚good news’ to renew confidence and trust.“<sup>13</sup>

And there are other tasks related to the needs of the MPC. Of course, our technical, managerial and scientific elites could opt for alternatives like a democratically planned economy. They could contribute to advances in technology and science not geared to the commodity fetish. But right now innovations run in the opposite direction. A recent study by a British Ministry of Defence team envisions that in 30 years – with more than 60% of the world population living in urban sprawls - social and ‚inter-communal’ unrest will reach new heights. Referring to a growing gap between the middle classes and the super-rich, the report states: "The middle classes could become a revolutionary class, taking the role envisaged for the proletariat by Marx ... The world's middle classes might unite, using access to knowledge, resources and skills to shape transnational processes in their own class interest".<sup>14</sup> So eventually the elites of the MPC might need the MIC more than the other way around. Just think of president Obama’s announcement of a new White House office of cyber security:

<sup>12</sup> G. William Domhoff, *Who Rules America? Challenges to Corporate and Class Dominance*, Sixth Edition, July 2009; cf. G.W.D., 'The American Power Structure: Can It Be Challenged?', in: *luxemburg*, August 2009

<sup>13</sup> Paul B. Farrell, '10 Dirty Tricks Wall Street Con Artists Will Pull to Keep the Rip-offs Going', *Wall Street Journal*, February 22, 2009: <http://www.alternet.org/story/128241/>

<sup>14</sup> Richard Norton-Taylor, 'Revolution, flashmobs, and brain chips. A grim vision of the future', *The Guardian*, April 9, 2007; see also: Max Boot ( Council on Foreign Relations), *War Made New: Technology, Warfare and the Course of History – 1500 to Today*, 2006, Gotham Books

This civilian effort complements Pentagon plans to create a military command for cyberspace, stepping up preparations by the armed forces to conduct both offensive and defensive computer warfare. The new White House office – reporting to both the National Security Council and the National Economic Council - would “coordinate a multibillion-dollar effort to restrict access to government computers and protect systems that run the stock exchanges [sic!], clear global banking transactions [sic!], manage the air traffic control systems and perform myriad other tasks that make modern life possible“.<sup>15</sup>

## Networks

History teaches us that all high cultures, especially those of Feudalism, have been riddled with non-public power networks, secret societies, dynastic webs etc. These traditions survive in bourgeois or civil society. They constitute, as I have mentioned before, the dark, anonymous side of power in modern societies and democracies. At the same time, such networks have become more sophisticated. They have been tied into a planning culture made possible by the rise of the information age and of the knowledge society. And some secret societies, dynastic webs etc. have even joined the ranks of the thousands of *think tanks* out there.

The study of all these power networks and micro-networks can become self absorbing. On the other hand it is a tempting subject, especially in the light of Carl Schmitt’s dictum that “elite are those whose sociology nobody dares to write about.“ Above all it is the informal, hyper-private character of the ‘most private of private men’, of the superrich, that fires the imagination. A recent *Secret Meeting of Billionaires*<sup>16</sup> saw “a dozen of the richest people in the world meet for an unprecedented private gathering at the invitation of Bill Gates and Warren Buffett to talk about giving away money.” It was held at Rockefeller University, and included notable philanthropists such as New York Mayor Michael Bloomberg, George Soros, Eli Broad, Oprah Winfrey, David Rockefeller Sr. and Ted Turner. Participants steadfastly refused to reveal the content of the discussion. Some cited an agreement to keep the meeting confidential. Reports indicate that, they discussed how to address the global slump and expand their charitable activities in the downturn. The UK newspaper *The Sunday Times* reported that the billionaires had met “to consider how their wealth could be used to slow the growth of the world’s population [sic!],” and that they “discussed joining forces to overcome political and religious obstacles to change.”<sup>17</sup> Now, this group of billionaires certainly belongs to the ‘liberal’, ‘social’, even ‘progressive’ segment of their class. One can easily imagine how less common good-oriented men and women ‘of independent means’ might instrumentalize meetings like that.

The spread of uncontrolled and uncontrollable networking has substantiated the notion that a *transnational ruling class* is in the making. „Analysis of corporate-policy interlocks reveals that a few dozen cosmopolitans – primarily men based in Europe and North America and actively engaged in corporate management – knit the network together via participation in transnational interlocking and/or multiple policy groups ... The policy groups pull the directorates of the world’s major corporations together, and collaterally integrate the lifeworld of [a well-integrated] global corporate elite“.<sup>18</sup> In a way, this emerging consensus on the subject among social scientists leads us back to the visions of the *The Communist Manifesto*.

<sup>15</sup> David E. Sanger, Thom Shanker, ‘Obama announces first prong of U.S. computer security effort’, *International Herald Tribune*, May 30-31, 2009

<sup>16</sup> A. G. Sulzberger, ‘The Rich Get ... Together (Shhh, It Was a Secret)’, *The New York Times*, May 20, 2009

<sup>17</sup> John Harlow, ‘Billionaire club in bid to curb overpopulation’, *The Sunday Times*, May 24, 2009

<sup>18</sup> William K. Carroll, Colin Carson, ‘The network of global corporations and elite policy groups: a structure for transnational capitalist class formation?’, *Global Networks* 3, 1 (2003) 29–57

Marx and Engels saw capitalism as a transnational, global endeavor - with the capitalist class able to act cosmopolitical whenever profit beckoned. The working classes, by contrast, were physically trapped on a local and regional level, still having a long way to go on the road to globality. It is only now that the productive forces have reached a stage permitting that ascent.

It is the world of the networked computers that seems to turn the trick. Bloggers dream of an online global collectivist society: „We underestimate the power of our tools to reshape our minds. Did we really believe we could collaboratively build and inhabit virtual worlds all day, every day, and not have it affect our perspective? The force of online socialism is growing. Its dynamic is spreading beyond electrons—perhaps into elections.“<sup>19</sup> Interesting, too, is a project by the likes of Walden Bello, Noam Chomsky, Barbara Ehrenreich, Susan George, Naomi Klein and 500 more intellectuals worldwide called *Reimagining Society* - an internet-based forum to vent alternatives.<sup>20</sup> Or think of Sweden’s Pirate Party, by now the third largest in that country.

### **The brittleness of the MPC, the MIC and capitalism in general**

James Saft of the *NYT* asks: *Was whole economy a Ponzi scheme?* "By this I mean that we should think about the true value of assets as being derived from the future flow of goods and services that the assets can lay claim to or produce."<sup>21</sup> And historian Paul Kennedy argues: "It is one thing ... for leaders of the world's leading nations and fiscal institutions to meet ... and try to avert the international slump from getting worse ... But it is another thing to suppose that ... with a bit of luck, things can be returned back to ‚normal’ - that is, the world before the banking and credit and commercial crisis broke. Underneath, the economic tectonic plates - Marx's oft-derided ‚substructures’ - are still moving, away from the West, and toward the successful parts of the Rest."<sup>22</sup>

*NYT*'s conservative columnist David Brooks still tries to make sense of this crisis and offers two explanatory narratives for what is happening. The *greed narrative* considers the U.S. financial crisis to be a bigger version of the crises that have afflicted emerging-market nations for decades. An oligarchy takes control of the nation. The oligarchs get carried away and build an empire on mountains of debt. The whole thing comes crashing down. Period. The *stupidity narrative* points to another culprit: „It’s that overconfident bankers didn’t know what they were doing. They thought they had these sophisticated tools to reduce risk.“ So the „greed narrative leads to the conclusion that government should aggressively restructure the financial sector. The stupidity narrative is suspicious of that sort of radicalism. We’d just be trading the hubris of Wall Street for the hubris of Washington. The stupidity narrative suggests we should preserve the essential market structures, but make them more transparent, straightforward and comprehensible. Instead of rushing off to nationalize the banks, we should nurture and recapitalize what’s left of functioning markets. Both schools agree on one thing, however. Both believe that banks are too big. Both narratives suggest we should return to the day when banks were focused institutions — when savings banks, insurance companies, brokerages and investment banks lived separate lives.“<sup>23</sup> Basically, this vision of a self-healing MPC is backward looking. What we see on all fronts is pointing towards

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<sup>19</sup> Kevin Kelly, ‚The New Socialism: Global Collectivist Society Is Coming Online’, *Wired Magazine*, May 22, 2009

<sup>20</sup> Reimagining Society Project: <http://www.zcommunications.org/zparecon/reimaginingsociety.htm>

<sup>21</sup> James Saft, ‚Was whole economy a Ponzi scheme?’, *International Herald Tribune*, January 1, 2009

<sup>22</sup> Paul Kennedy, ‚Karl Marx and the G-20’, *International Herald Tribune*, April 3, 2009

<sup>23</sup> David Brooks, ‚Greed and Stupidity’, *International Herald Tribune*, April 3, 2009

concentration and monopolization.<sup>24</sup> One chance for change seems to be to get functional elites themselves interested in *power structure research*. They might, at this point, encounter not only the MPC, but also the MIC.

## Wars

The American MIC has played a world historical role before. Grown out of the WWII war economy its hour came when the United States entered into the Korean War. „The US defense budget jumped from \$13 billion in 1951 to \$50 billion in 1953; the US nuclear arsenal grew from 300 bombs in 1950 to 1,300 bombs in 1953.“ Dean Acheson, Harry S. Truman’s Secretary of State, welcomed the ensuing *permanent war economy*. It was the beginning of that American imperial project also known as the Cold War. But at the same time Truman rejected the atomic bombing of enemy forces in Korea his generals were demanding. „Because Washington did not use atomic weapons when, with relatively little danger to itself, it could have, other nuclear powers joined in regarding the use of these weapons as beyond the pale. If Truman had chosen otherwise, whether "successfully" or not, there can be little doubt that nuclear weapons would have been used again, and probably again, until ...“ This forgotten decision, too, has changed the world.<sup>25</sup>

Today the American MIC again is involved in a historical turn-about that must be judged in all its ambivalence. This military force is presently, at least in part, being transformed into an ultra-high-tech-machine capable of controlling and, if necessary, taking out the central power structures of governmental and non-governmental adversaries worldwide.<sup>26</sup> In that sense, even Rumsfeld’s Iraq strategy may be deemed a ‘success’. These highly complex and effective military capacities, being expanded under Obama, have not gone unnoticed – from Moscow to Beijing, from Caracas to Tehran. In the last analysis, these capacities constitute a threat potential that is aimed at power elites and functional elites not doing the bidding of the empire, of a brittle empire. Seymour Hersh, who first drew attention to Abu Ghraib, recently spoke about an ongoing covert military operation that he called an ‘executive assassination ring’: "They’ve been going into countries, not talking to the ambassador or the CIA station chief, and finding people on a list and executing them and leaving. That’s been going on, in the name of all of us."<sup>27</sup> Other investigative journalists ask: “Who are the Shadow Warriors? Countries Are Getting Hit by Major Military Attacks, and No One Is Taking Credit.”<sup>28</sup> And a US colonel calls for military attacks on ‘partisan media’ who report from combat zones without being authorized.<sup>29</sup>

On the other hand, these high tech killing fields for the elites are still overshadowed by the mass brutality of wars in the industrial age. The economic meltdown has produced enough bankruptcies, factory shutdowns and mass layoffs to dramatically increase the chances for social unrest, ethnic conflicts and outright wars. Eric Hobsbawm: „There will be blood, more blood, the suffering of humanity will increase, the number of refugees will increase. And

<sup>24</sup> Cf. the excellent article by Sandy B. Lewis/William D. Cohan, ‘The economy is still at the brink’, *New York Times*, June 7, 2009: <http://www.nytimes.com/2009/06/07/opinion/07cohanWEB.html>

<sup>25</sup> Cf. James Carroll, ‘Presidential restraint’, *International Herald Tribune*, June 2, 2009

<sup>26</sup> Cf. Derek Gregory, *War Culture* (forthcoming)

<sup>27</sup> Eric Black, ‘Seymour Hersh: "Executive Assassination Ring" Answered to Cheney, Had No Congressional Oversight’, *MinnPost.com*, March 12, 2009: <http://www.alternet.org/story/131153/>

<sup>28</sup> Conn Hallinan, ‘Who Are the Shadow Warriors? Countries Are Getting Hit by Major Military Attacks, and No One Is Taking Credit’, *Foreign Policy in Focus*, May 28, 2009: <http://www.alternet.org/story/140289/>

<sup>29</sup> Jeremy Scahill, ‘Neocon US Colonel Calls for Military Attacks on ‘Partisan Media’’, *Rebel Reports*, May 25, 2009: <http://www.alternet.org/story/140223/>

there is something else I would not exclude: a war, which would become a world war – between the US and China.“<sup>30</sup>

### **Enlightenment and the *Protocols of the Elders of Greenwich***

So where are the voices of enlightened reason? I wouldn't count on Jürgen Habermas who is too good for this world.<sup>31</sup> The *Council on Foreign Relations* by contrast subscribes to a much more pragmatic enlightenment tradition. Its former president Leslie Gelb seems to know: „Power is what it always was - essentially the capacity to get people to do what they don't want to do, by pressure and coercion, using one's resources and position. The world is not flat. The shape of global power is decidedly pyramidal - with the United States alone at the top, a second tier of major countries (China, Japan, India, Russia, the United Kingdom, France, Germany and Brazil), and several tiers descending below. Among all nations, only the United States is a true global power with global reach.” Gelb dismisses the more subtle uses of digital technology and he also has no sympathy for the concept of ‚soft power‘ (Joseph Nye). Writes Gelb: “Persuasion, good values and leadership won't - by themselves - cause foreign leaders to do your bidding. To me, soft power is foreplay, not the real thing.”<sup>32</sup>

A specialist for foreplay, though, is Gelb's protégé Walter Russell Mead, *Henry A. Kissinger Senior Fellow* at the *Council on Foreign Relations*. Based on his highly acclaimed book *God and Gold* (2007), he on various occasions has expounded on the rationale behind the thinking and doing of the American establishment (which by now has established a firm grip on Barack Obama). He has – in ironic reference to the conspirationist *Protocols of the Elders of Zion* – invented the *Protocols of the Elders of Greenwich* in order to illustrate what he deems to be the British-American formula for global domination. Mead: “You know, it's kind of a simple plan in some ways. Point one is you have an open society, where you have freedom of religion, you have economic freedom, you have political freedom, intellectual freedom. Then, that's point two, that society goes out and engages with the world through trade and other things. And this encounter, because you are so open, and have so many ideas, makes you rich, which gives you the ability for step three, which is a global balance of power system, where you prevent any one country from being able to challenge you while you build a system to protect international trade. Point four, you allow other countries into the system. We're trying to do that, to some degree, with China. And finally, point five, you promote the values that make the system work around the world. And that basic geopolitical strategy has been the guiding force behind both British and American world power.”<sup>33</sup>

All this, by the way, is echoed in Barack Obama's 'historic' Cairo address of June 4, 2009. In fact: that speech could have been copied out of an article by Walter Russell Mead that appeared in *Foreign Affairs* in January 2009: „Much like Copernicus, who put the sun at the center of the universe, the Obama administration must put Palestinian politics and Palestinian public opinion at the center of its efforts to bring peace to the Middle East. But this need not

<sup>30</sup> Eric Hobsbawm, ‚Es wird Blut fließen, viel Blut‘, *Stern*, Heft 20/2009

<sup>31</sup> „Die Politik macht sich lächerlich, wenn sie moralisiert, statt sich auf das Zwangsrecht des demokratischen Gesetzgebers zu stützen. Sie und nicht der Kapitalismus ist für die Gemeinwohlorientierung zuständig.“ Quoted in: Thomas Assheuer, ‚Nach dem Bankrott. Der Privatisierungswahn ist an sein Ende gekommen ... Ein Gespräch mit dem Philosophen Jürgen Habermas‘, *Die Zeit*, 6.11.2008, Nr.46

<sup>32</sup> Leslie H. Gelb, *Power Rules. How Common Sense Can Rescue American Foreign Policy*, Harper/HarperCollins Publishers, 2009, p. 23

<sup>33</sup> The Dennis Prager Show, Dennis Talks To Walter Russell Mead On The Importance Of Religion To Success, November 22, 2007; German version: Hannes Stein, ‚Barack Obama und die Pläne zur Weltherrschaft‘, 16.12.2008, *Welt online*: <http://www.welt.de/politik/article2886015/>

mean turning away from Israel: such refocusing would in fact offer Israel substantial long term benefits.“<sup>34</sup>

But if the MIC and the MPC are to implement the *Protocols of the Elders of Greenwich* today, it will be costly as no other historical achievement of the Anglo-Saxons. By the end of 2008 the Wall Street Bailout already had cost more than \$ 4,6 Trillion - 4 600 Billion. Look, for comparison, at other American imperial projects (prices adjusted for inflation): Marshall Plan \$ 115 Billion, Louisiana Purchase \$ 217 Billion, Moonshot \$ 237 Billion, Savings&Loan Crisis \$ 256 Billion, Korean War \$ 454 Billion, The *New Deal* \$ 500 Billion, Iraq War \$ 597 Billion, Vietnam \$ 698 Billion, NASA (all time budget) \$ 851 Billion. To repeat: all these projects *together* cost \$ 3,925 Trillion, Wall Street *alone* already \$ 4,6 Trillion.<sup>35</sup> Unaffordable in the long run.

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The above text has developed an argument that might lead up to a vision – a vision which, to some, might seem enigmatic or disappointing in its implications. It is all about the concept of planning – of participatory or democratic or, as I would prefer to call it, scientific (interdisciplinary) planning. It is about the multitude of experts, scientists and professionals that are involved in the incredibly complicated planning processes of today.

Exploring strategies for the future cannot compel a European of my generation to dismiss the lessons of 20<sup>th</sup> century’s Left Project, which started out under the banner of ‘scientific socialism’ – and dismally failed. But do we refrain from returning to classical art and thought just because the project of classical antiquity ‘failed’? To Karl Marx and Friedrich Engels and to thousand other thinkers the concept of scientific socialism was essential. And many think, that advances in the soft and hard sciences are such that this concept finally has a chance.

If this is the case, any discussion of the visions of classlessness, for example, is meaningless if it does not consider how today’s structures of power and the actors therein are changing. In order to get from ‘here’ to ‘there’, the issue of classes and class relations has to be taken up. Power structures have evolved in the most interesting ways and they have challenged our classic notions of class analysis. But just as we cannot disregard Charles Darwin’s momentous discoveries because evolutionary biology has advanced since then, we cannot do away with the classicality of the *Communist Manifesto* just because things have become infinitely more complex.

So we shouldn’t be shy to stand in this tradition while searching for alternative concepts and in particular to identify actors who might be potential allies in building a better society. Many of the members of the knowledge elite within the MPC are much more expert in assessing the cracks in the concrete of capitalism than we are. Still, they have joined forces with political directorates, corporate and financial elites etc. because that is all they have been taught to do. But even here we discover cracks, and ‘discoverers of cracks’, and ‘visionaries’.

The role of this highly differentiated group of ‘functional elites’ has really been at the center of my contribution. In the final analysis a very real chance for change might be to get the shaken functional elites (now halfheartedly serving the MIC and the MPC or having already

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<sup>34</sup> Walter Russell Mead, ‘Change They Can Believe In. To Make Israel Safe, Give Palestinians Their Due’, in: *Foreign Affairs*, January/February 2009, p. 59-76

<sup>35</sup> <http://www.globalresearch.ca/index.php?context=va&aid=11265>; cf. Barry Ritholtz, *Bailout Nation*, Wiley, May 2009

lost their jobs) to engage in a power structure research of their own. They know their way around. They can harness the computer power available and they can handle the skills and the machinery of day-to-day exercises in power. They might discover, along the way, that enlightenment is no sole product of the Anglo-Saxons' best and brightest, of Wall Street or of Europe, for that matter, but that reason has evolved within all of the cultures of globalization. So – to re-phrase the central tenet of the *Communist Manifesto* - they might begin to enjoy the feeling of *scientifically planning* the replacement of the old societies (with their classes and class antagonisms) by a global network of peaceful associations in which the free development of each is the condition for the free development of all.