

The Capitalists of the 21st Century

[June 2, 2020 | A few months ago, Werner Rügemer's intriguing typology of the financial players dominating capitalism in the 21. century was published in an English translation. With kind permission of the author I am publishing a longish teaser from "The Capitalists of the 21st Century".](#)

Werner Rügemer: "[The Capitalist of the 21. Century](#)"

1000 satellites orbit the earth and collect, it is said, "every piece of data" about our planet: Cities, villages, deserts, gorges, mountains, climate, winds, storms, volcanoes, traffic flows, ocean floors, schools of fish and birds, refugees, oil fields and metals deep in the ground, manned and unmanned aircraft, military bases, drones, terrorists – but who are the producers and operators of the satellites, who are the owners of the car factories, energy companies, apartments, skyscrapers, banks, electricity and transport networks, supermarkets, toll roads, hotel and restaurant chains, television stations? And who owns, for example, Coca Cola, Goldman Sachs, Exxon, Deutsche Bank, Ryan Air, Zalando and the New York Times? And who owns the world-famous digital giants Google, Amazon, Facebook, Microsoft, Apple, Uber and Airbnb?

Capitalism, financial capitalism, globalization, market economy: For decades, there has been a lot of general and, of course, always "critical" fabulation and claims about why they are bad or good after all or indeed should exist at all. The obvious question is: Who are the capitalists, the financial capitalists, the globalizers, the market economists? What are their names? How do they work (if it can be called that)? What do they do, in politics, in society, in nature, among themselves and above all in our working and social conditions?

Another question: Are they involved in wars or do they promote peace? Or do they perhaps (seemingly) not care?

Western presidents and heads of government like the German chancellors of all populist parties and genders and the fake producers of the leading media talk about "the markets", mostly with a threatening undertone: If we do not obey "the markets", woe betide us! For example, the state must "save" and actually "save" even more.

But who are "the markets"? Where do they reside? Trade unions and leading media routinely fret about corporate boards and managers and their millions in income, but fail to ask about the owners and their hundredfold higher profits.

Freedom of opinion does not apply here either. It is invoked as a high "Western value" – but it is devalued by the dismantling of freedom of information. And the dependent employees in the companies have no freedom of opinion, but a muzzle. Knowledge and freedom of expression for a small radical minority – ignorance and muzzle for the dependent majority.

When the big, powerful banks of the Western world between New York, London, Paris, Milan, Madrid and Frankfurt had speculated their way into joint bankruptcy up to 2007, they had to be rescued with state money, i.e. our tax money – to which they themselves had contributed little – at any rate, this was what the loud spokespersons of "the markets" claimed. The banks were rescued in breach of market rules because they were "systemically relevant".

Aha – so there is a "system" enthroned above the sacred free market economy? A higher freedom, a higher system that can, so to speak, out of the blue or gloomy sky, override the iron market laws if necessary? Who is that? Are they human beings, or are they indeed extrahuman or superhuman beings?

After the bank bailout: The new capital powers

Following bankruptcy and bailout, these “systemically important” banks were stripped of their power. Capital organizers like BlackRock, who had also contributed to the financial crisis – they are now “the system”, they are officially called “shadow banks”, and they are now the owners of the big banks and the stock exchanges and, above all, the most important companies. Today, several dozen other top league financial players of the BlackRock ilk operate, largely unregulated and unknown; in addition, there are the new second and third league financial players, who are also barely regulated, i.e. private equity funds, hedge funds, venture capitalists, elite investment banks and the Internet stars they promote and control, such as Apple and Microsoft, and the players in the platform economy, such as Google, Amazon, Facebook/Alphabet, Uber, Airbnb.

They practice a new, even more anti-social form of brutal accumulation of private capital. With the brutalization, however, the complexity of accumulation has also increased. However, the capital organizers mentioned and the company management boards are only the visible managing directors. The private owners, on the other hand, the ultimate beneficiaries of private profit – they are more invisible than ever before in the history of capitalism. The new capital powers domicile their property rights more resolutely than ever before in a global, occult parallel society of four dozen interwoven financial havens.

This transnational class of the anonymous super-rich, supported by a discreet, civilian private army of “renowned” enrichment professionals, assumes no liability, acts without responsibility for society and nature. It does not care about antitrust law, labor law, tax law or financial supervision.

It is by no means the case, as “globalization critics” denounce, that today’s capital is funneled as digital fiction around the globe intangibly and weightlessly and has nothing (any more) to do with the “real economy” – on the contrary! BlackRock & Co have hundreds of thousands of the most important companies of the real economy in their grip, decide on jobs, work, living, nutrition and environmental conditions, on products, profit distribution, poverty, wealth, national debt. And the global corporations of the platform economy penetrate into the finest pores of the everyday life of billions of people, sound it out, turn it upside down – and cooperate with secret services.

These investors and their delegated directors and managers can break millions of laws with impunity, violate human rights, degrade and impoverish dependent workers, contaminate people and the environment, destroy the sense of justice, and plaster over reality – with the full tolerance of governments in Western capitals and in the European Union. In this way, the invisible powers can accelerate their unproductive self-enrichment at the expense of the majority and democracy as never before.

The public managers come along with soft, smarmy, also grassroots-democratic language, bloviate about transparency and responsibility and diversity and manage to death the potential for indignation about the “growing gap between rich and poor”. In line with the venerated Silicon Valley pattern, the digital populists promise the happy life of the digitally standardized egoists and the improvement of all mankind.

This, our capitalism – or death for all

The wealth of the BlackRock milieu is increasing, but the national economies and the infrastructure important for the majority of the population – schools, apartments, hospitals, water pipes, sewage treatment plants – are decaying or being privatized and made more expensive by the capital organizers. Climate warming is being accelerated. Armament profits boom with the invention of new enemies. While the new capital masters have created diverse collective forms for themselves, they are destroying the remnants of previous collective forms of dependent employees and maneuvering them into professionally staged, ultimately joyless, sick loneliness.

With the inward war of the new, even more US-led capitalists against democracy, against the rule of law and the welfare state, they also became more outwardly aggressive. They wage declared and undeclared wars through their governments and military and intelligence services, expand their global military presence, secretly and openly arm their representatives. Even nuclear war on European soil becomes a calculated, incalculable possibility. Motto: This, our capitalism or death for all.

Populism and political corruption

Populism exists when entrepreneurs, investors, advisors, politicians, opinion leaders make promises to the people (Latin: *populus*) or the majority of the population (jobs, secure pensions, life security, peace, homeland, happiness, affordable housing), consciously or naively, in the interest of an unclear, minority interest and power group, that they are unable or unwilling to keep from the outset. On the heels of the primary populism of the previous “people’s” parties of Christian, conservative, and socialist-social-democratic nature we are now seeing, because of their broken promises and the misery they helped to cause, secondary populism.

Among the primary populists in Germany, as far as parties are concerned, are CDU, CSU, SPD, then the business associations, consultancy firms such as McKinsey, leading media such as FAZ, Zeit, Welt, Spiegel, Süddeutsche Zeitung, now also the public broadcasters such as ARD, ZDF and DLF as well as the major Christian churches.

Secondary populism is also promoted by the primary populists and the prevailing opinion makers by discrediting, obstructing and criminalizing the democratic, anti-capitalist opposition. Secondary populists like currently the US president Donald Trump, the French president Emmanuel Macron, in Great Britain the Brexit movement and in Germany the AfD represent “movements” that do not differ significantly from the discredited parties. Rather, values and practices stem from the same old “bourgeois” relics, including free private property, unproductive private gain, nationalism and racism.

Populism in US-led Western capitalism is organically linked to political corruption: The representatives of minority, sectional private ownership grant the ruling populists as well as those who are alternatively judged capable of government (reserve and secondary populists) secret as well as public and legalized advantages in the form of monetary donations, additional income in the private sector, and media support. This perverts or breaks the political will of the majority or initially of certain target groups (Latin: *corrumpere*, breaking the political will).

In US-led Western capitalist democracy, the large private owners have so far bred two main political parties through donations and media support. Occasionally, as in Germany, a third, smaller business party, the FDP, also comes into play, tipping the scales in the formation of governments. Because most populist promises prove to be essentially unfulfillable in the course of two parliamentary terms and one party will no longer win the elections, the main populist parties swap places in government after two terms at the latest. Leftwing alternatives that work for the common good are discredited, right-wing alternatives, lightly censured, are given preference. In the process, the democratic morale of the voters is further and further demoralized. The rhythm of the government changeover can be reduced to one parliamentary term.

This pushes things towards an even more direct, authoritarian “solution” if the democratic self-organization is not strong enough. Dictators and oligarchs in states that belong to the Western sphere of domination and influence (ex-socialist Eastern Europe, the Gulf region, South America, Africa) are in any case staunch allies and pillars of the system parallel to the facade democracy in the metropolitan states.

Populism today juggles with various ideological clichés. They are combined and interpreted differently by the

respective players, even if they contradict each other in terms of content (but not necessarily in practice): Nationalism (also Western or European nationalism) and global openness; open society and building walls against others (USA against Mexico, EU against refugees, Israel against Palestine, gated communities against the poor); conservatism and ultra-modernity à la Silicon Valley; liberalism and authoritarianism; digital improvement of humanity and digital surveillance; freedom and surveillance; democracy and superordinate “markets”; competition and monopoly formation; market economy and anti-market systemic relevance; corruption and anti-corruption; feminism of the upper class and exploitation of dependent women; secularization in connection with Catholicism and Evangelicalism; pro- and anti-Americanism, pro- and anti-Semitism, pro- and anti-Islamism. The incoherence of “values” is a sign of decay.

Human history is open

At the beginning of the 20th century, before and during the 1st World War, John Hobson, Rudolf Hilferding, Vladimir Iljitsch Lenin, Rosa Luxemburg, Nikolaj Bucharin and many others had established: The cartel and monopoly-forming banks from the then five most powerful imperialist states the UK, France, Russia, Germany and the USA assumed dominion in transatlantic capitalism – a thirty-year war with two world wars was the result. But a US-led empire has emerged from the rivalry of several imperialist states.

The new financial players have further deepened US domination and the vassalage of the “allies”, with the help of both an educated, smooth-talking US president like Barack Obama just as with the help of an uneducated, loudmouthed US-president like Donald Trump.

The title of Lenin’s world-famous analysis “Imperialism, the Highest Stage of Capitalism” was originally different. In 1916 Lenin spoke not of the “high-est” but of the “latest” stage. The “highest” – also meaning “the last” – stage was then fantasized into it. One can understand the hope connected with it.

But it was illusory when one considers the strength and merciless, treacherous and professionalized crimes and practices that the main players of capitalism at the time already displayed against democracy, international law, the labor movement, socialism and national liberation movements.

The diagnosis “latest stage” was at the time and still is today closer to reality. But especially the rise of communist-led capitalism in the People’s Republic of China, which was unintentionally promoted by Western capitalism, and its globally developing New Silk Road network, demonstrate the fresh dawn of a new, different history. This turning point is also the most visible part of an international movement of newly unleashed decolonization, democratization and peace.

The post-history once proclaimed in the exuberance of defeated socialism in the 1990s, the end of history and the perpetuation of anti-Islamic, Christian-tinted “Western” capitalism are over. After decades of arrogant self-blindness,

the neocolonial free trade globalization of the capitalist West is confronted not only with permanent internal opposition, but also with the completely different economic and globalization practices of the People’s Republic of China.

This book invites you to take a closer look at and compare the two great variants of recent capitalism, from within and from without, in terms of human rights and international law. History is open.

I. The New Capitalist Players of the West

The new capitalism that has emerged since the 1980s and has dominated since the banking crisis of 2007 includes various classes and groups of globally active financial players.

1. The most powerful of these are the BlackRock-type capital organizers.
2. The second league so far consists of private equity investors (“locusts”), hedge funds and venture capitalists.
3. elite investment banks, private banks and the traditional big banks play various roles.
4. Promoted and shaped by these financial players, are the five “apocalyptic horsemen of the Internet”: Google, Apple, Microsoft, Facebook Amazon (GAMFA), alongside the most important traditional corporations.
5. Finally, the youngest generation, the even more rapidly rising companies of the digital platform economy of the type Uber, Deliveroo, Netflix, Parship/ElitePartner, Upwork, FlixBus.

Smaller and diffuse financial players who flourish in the upheaval of Western capitalism (and can also perish) such as debt funds, organizers of crypto currencies and the diffuse army of financial advisors are not taken into account here, nor is the group of oligarchs, who indeed are more important for the primitive version of the capitalist transformation, who in part or for a short time also assume government or government-related functions such as Trump, Soros, Khodorkovsky, Timoshenko, Poroshenko, Djukanovic and Babishenko.

1. The big capital organizers: BlackRock&Co

Not only since the “financial crisis” have the economies in the “Western community of values” stagnated, systemically and permanently. Not only the countries, but also the companies are investing less and less and at the same time are sinking ever deeper into debt, even more so than before the financial crisis. And this over-indebtedness is no longer recoverable with this type of economy. Likewise, private household debt has risen and continues to rise.

Economic contraction, irrecoverable overindebtedness

The officially mostly higher growth in the USA stems from the more sophisticated statistical tricks and is overstated by up to two percent 2 – or is any- way based on nonsensical, military and environmentally harmful products. Unemployment and underemployment are permanently high and are also dressed up statistically. Under transatlantic capitalism, the share of income from dependent labor has been steadily declining since about 1990 and even faster since 2007. Dependent employees are squeezed between either over- or underemployment and a state of working poor, poor in spite of work – or hassled with good pay.

In Western capitalism there is “secular stagnation”, according to the former US finance minister Lawrence Summers, 4 who helped to spawn this development under President William Clinton. In practice, Western capitalism does not rely at all on “constant growth”, as critics of globalization and growth point out disparagingly. In Western capitalism, private profit is growing, but the quality of work and life of dependent employees is declining. The infrastructure necessary for the majority of the population – affordable housing, schools, kindergartens, hospitals, nursing homes, local government, water and sewage systems, waters, long-distance and local transport – is neglected, shrunk, debased or is privatized and made more expensive.

There is an “investment strike in Europe”, headlined the investor-friendly Handelsblatt (HB). But the authors, who are so well versed in “the economy”, fall into a hazy psychology: “Apparently confidence in the future is simply not great enough.”

The BlackRock boss: “The chief of the leading capitalists”

Some can only laugh about this, initially furtively, now publicly. Certain investors do indeed have a great deal of faith in the future of over-indebted shrinking capitalism. Since the financial crisis, they have been investing even

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more, quietly and resolutely.

On the top floors of the Western world, BlackRock boss Lawrence Fink is idolized like no other. The leading media congenially call him “Larry”. When he is flown into the annual World Economic Forum in Davos, Switzerland, the unelected and the elected elite click their heels. Because “they have all understood, the managers, entrepreneurs, bankers, big investors, politicians, economists, that the American is something like the undeclared president of the world financial community, the supreme of the leading capitalists, who determines the laws and fortunes of capitalism more than many others,” says the Handelsblatt author, who was allowed to attend wide-eyed.

Speculation with shares – fraud also possible

Let’s take a look at some of the typical activities of the chief of the top capitalists in turn. Let’s take an “investment” from 2016. BlackRock and other financial investors took out a billion euros in loans from other such investors and banks and bought on a loan basis a fifth of all Lufthansa shares (“loaned shares”) from other Deutsche Lufthansa shareholders for a limited time.

BlackRock&Co speculated that fears of terrorist attacks and Brexit would result in fewer flight bookings and send the shares southward. According to Western market laws, that is exactly what they did, sliding by 14 per cent. After a few weeks, the investors returned the loan shares to their rightful owners as agreed and bought up Lufthansa shares that had fallen in value – at a profit, as the value of the shares rose again afterwards.

However, in this case BlackRock is not a speculator from outside, but one of Lufthansa’s main shareholders. If you don’t know anything about current capitalism, you might well ask: Why is a co-owner speculating on the decline

in the value of his own company’s shares? In the capitalism of late, companies are the basis for speculation for owners like BlackRock. If they generate more than holding the shares and the annual wait for the dividend payout, then they invest in speculation – perverse to call something like this an “investment”, isn’t it?

BlackRock&Co constantly use parts of their shares in Lufthansa, Daimler, Siemens, Coca Cola, Goldman Sachs etc. for speculation. Let’s take the random date of 18.8.2016: BlackRock reports to the German Financial Supervisory Authority – Bundesamt für Finanzdienstleistungsaufsicht, Bafin – short share sales at Kali&Salz AG, zooplus AG and ElringKlinger AG; the investor Marshall Wace reports short share sales at Deutsche Bank, Lufthansa and Grammer AG to Bafin; the investor AQR reports short share sales at the Bilfinger construction group to Bafin; the investor Lansdowne does the same at VW; Millenium does the same at Wacker Chemie AG etc etc.

Scaremongering and fraud

These short sales on this single day are only a tiny fraction and are related only to Germany. Such short sales by BlackRock&Co take place simultaneously in many more companies in Germany and in many other companies and countries. BlackRock can “exacerbate price swings and thus cause panic”, notes even the FAZ, otherwise an admirer of the speculator.

Other speculations with shares enable fraud. BlackRock lends shares to other market participants for a fee. With the Cum-Ex – business BlackRock had lent its own shares for a certain time to rich individuals and banks. BlackRock gets a fee for this. The borrowers of the shares can declare themselves as owners to their tax office and be refunded unpaid capital gains tax.

BlackRock&Co can play the innocent: We don’t know what the borrowers do with them. Meanwhile public prosecutors in Germany have woken up and have carried out raids in the German branch of BlackRock.

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Violate laws, one-off fine from the petty cash

On such speculations, BlackRock has violated reporting obligations under Sections 21, 22 and 25 of the German Securities Trading Act. After random checks, the Bafin therefore imposed a fine of EUR 3.25 million on BlackRock

in March 2015. This is by far the largest fine the Bafin has ever imposed. "BlackRock's disclosures about voting rights and financial instruments held were incorrect and/or came too late."

As described above, BlackRock's business involves buying and selling blocks of shares in its companies on a daily basis, forming derivatives from them and exploiting price differentials between the world's stock exchanges. For this, tardy and false public announcements are profit-relevant. Bafin has to date not repeated the elaborate spot check from 2013. BlackRock paid the 3.25 million without comment from the petty cash of the German branch. The Bafin is unable to cope with the comprehensive examination regarding BlackRock alone, not to mention regarding the other four dozen from the BlackRock club. This reduces the state financial supervisors of Western capitalism to ridiculous fools.

Mastermind of the Western economy

BlackRock speculates constantly with its own and third-party shares on all stock exchanges of the world. In the process, price differentials in the nanosecond range between the stock exchanges in New York, Tokyo, Singapore, London, Zurich, Milan, Frankfurt, Paris, Luxembourg, Rio de Janeiro etc. are exploited. The same happens with securities of all kinds that build on the shares: Futures, derivatives, ETFs, iShares. For the most part, this happens automatically.

The programs belong to Aladdin, the robotized mastermind of BlackRock. This computer system of 5,000 mainframes is operated by 2,000 IT specialists, programmers and data analysts. The system requires so much power for cooling that most of the Western economy's largest financial data processing facility was set up 4,425 kilometers from Wall Street in the northwest of the US, near the town of Wenatchee with its population of 30,000. The hydroelectric power plants on the Columbia River there produce the cheapest electricity in the USA. It is also the home of the small, albeit soccer-field-sized data centers of Yahoo, Microsoft and Dell, for example. Aladdin stands for Asset Liability and Debt Derivative Investment Network.

Risk factors such as changes of government, wars and military actions, earthquakes, climate fluctuations, strikes and opposition movements, changes in consumer behavior, insolvencies and image campaigns are included. Surprising changes and the run-up to them are particularly interesting. The key is: How can one influence the performance of securities through prior knowledge – it can also be a matter of fractions of seconds – and exploit it to one's own advantage with purchases and sales? Strikes, government crises, actual and above all possible wars can by all means have a positive function.

BlackRock is, together with other capital organizers of this ilk – Vanguard, T Rowe Price, State Street, Fidelity, Wellington, Northern Trust, JPMorgan, Capital Group and others – simultaneously co-owner of the most important stock exchanges in the Western world, the NYSE in New York and the Nasdaq technology exchange as well as the London Stock Exchange and the German Stock Exchange – and co-owner of thousands of corporations such as Lufthansa and Coca Cola. BlackRock thus combines the largest data processing capacity of the Western financial industry with the function of the largest financial and economic insider.

Because BlackRock, for example, is also a major shareholder in Deutsche Bank, its asset management is controlled by Aladdin. Aladdin now also carries out risk analyses for over 150 smaller capital organizers, but also for foundations, sovereign wealth funds, insurance companies, pension funds and even for 50 Western central

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banks, including the US Federal Reserve and the European Central Bank ECB. In financial circles it is clear that these promoted speculations, also in favor of BlackRock&Co, “jeopardize financial market stability” and exacerbate the already systemic crisis-proneness of the current economic system.

The transnational capitalist class

BlackRock has only 14,000 employees worldwide. The traditional big banks manage far less capital, but notwithstanding their rigorous policy of cutbacks they need considerably more staff: JPMorgan Chase has 230,000 employees, Deutsche Bank 100,000. This has to do with the fact that BlackRock only has a comparatively small number of super-rich customers to serve. There are no walk-ins, no bank counters. All over the world, corporate heirs, corporate clans, entrepreneurs, corporate and banking board members and supervisory boards, managing directors, corporate foundations, billionaires and millionaires entrust BlackRock with their liquid capital. Such customers are called Ultra High Net Worth Individuals (UHNWI). From 50 million, better still from 100 million you are one of them. Traditional banks, insurance companies, central banks, corporate finance departments and pension funds also entrust BlackRock with their capital.

Those responsible and economically entitled in each case form the transnational capitalist class. Only BlackRock&Co know the names of these, their customers. The public doesn't know the names, the tax offices usually don't know the names either. Even the companies in which BlackRock buys shares or other share certificates for these customers do not know the names of their “actual” owners.

BlackRock&Co are an anonymization machine – this exclusive knowledge is also a source of their power. BlackRock&Co thus form a global network of the super-rich, with millions of powerless and ignorant small investors still dangling from their coattails.

This was an excerpt of Werner Rügemer's book: ["The Capitalist of the 21. Century"](#) (2019)

My review article on the original German edition is [here](#).