Some reflections on societal and capital structures, and on production pattern

My aim is to show how the capitalist oligarchies have dealt with the crisis and how they use the crisis in order to strengthen their position in global competition, to strengthen their role in the globalization process. This is connected with financialisation and consequently with further oligarchisation. And, this, again, is connected with the development of the production and social structures. The strongest become stronger. But the strongest are based within concrete territories and they are linked to concrete economic sectors which increase contradictions in territories, in the European Union and Europe and, as a consequence, social and ecological problems. The governments in the concrete countries have primarilycome to grips with the interests of the strongest. And these governments are in specific relations to the institutions of the European Union. Merkel acts mainly responding to the interests of the strongest in Germany that is a powerful EU member state. Therefore, Merkel influences EU policy very concretely. But with all that, with the financialisation and oligarchisation, also contradictions develop. And so we have to try to use these contradictions. Therefore I start my contribution with some basics you could find on the blog.
Then I'll illustrate the processes referred to. In conclusion, I'll propose some points for the discussion on alternatives.

On occasion of our previous workshops I have explained how the development of the productive forces in context with the dynamics of the capitalist mode of production has led to a form of co-operation between financial and industrial capitalists. This form of co-operation has become necessary to organize the minimum capital for significant new projects. We could see, how this form of co-operation has led to the development of a particular kind of capital, namely finance capital. Furthermore, I have shown how these major projects and forms of co-operation or how powerful networks have produced a so-called 4+2 connection within societal production that penetrates all structures of production and consumption, as well as the relations of societal power structures, and how it supports the corresponding consensus in society.
The 4, the quartet, consists of the mutually penetrating energy, transport and agriculture/agri-business, the military-industrial-complex/the security sphere.
They are the globally largest consumers of natural resources and the globally largest polluters. The quartet always receives new input, because it is successfully interlinked with the high tech and the finance industries, the finance sphere. The 4+2 connection does indeed produce the highest returns.
A political-economic summary of these points clearly shows that finance capital is a specific, mutually dependent relationship between those owners of capital who mobilise interest-bearing capital and those owners of capital who organise surplus labour in the production of goods. The cooperating owners of capital appropriate surplus values (without counter-value) from the work of others in societal production and finance. They may delegate their organisational functions to managers and they may turn the managers into their associates. Because the corporations owned by them are so complex and all-encompassing they depend on co-operation with state

institutions or the ‘state’. Often it is also supra-nation-state institutions such as the EU and its agencies which act as the partners of modern finance capital.
We therefore speak of capital oligarchies, when social groups develop with finance capital at their core, but we have to see that they are also composed by officials from politics, from the administration, from the military, from all areas of culture and the academia, the media, the legal professions, from professionals of counselling and accounting, as well as from civil society, which are of central importance to the functioning of finance capital. Today, capital oligarchies effectively define the path of development within a society and the very kind of development that society embarks on.

But now let us have a look at the “Europe 2020 Competitiveness Report 2014” by the World Economic Forum. I apologize for quoting a lot, but I think it will turn out to be useful. The report states: “Europe has weathered the financial storm thanks to the adoption of bold monetary policies, the restructuring processes in the banking systems and reforms that have reduced structural public spending in certain countries and brought tranquillity back to the markets.” But after some optimistic phrases we may read further: “The EU continues to underperform in comparison to the United States and other advanced economies in terms of building a smart, innovation-based, knowledge-driven economy.” And later we may read:
“Overall, important national and regional disparities exist in providing an enabling enterprise and innovative environment in Europe, with northern and north-western Europe performing strongly compared with a lagging southern Europe and Central and Eastern Europe. Highly competitive markets, well-developed clusters and an entrepreneurial environment provide the cornerstone of the business environment in northern and north-western European economies. A number of countries outperform the United States in enabling smart growth. But at the other end of the spectrum, many European economies, particularly in southern and Eastern Europe, lag behind. Such a divide is problematic for the region as a whole, and not just for those EU Member States that are less innovative.”

You understand the logic of competition with its contradictions. And you understand the ecological problems connected with “growth”. The report concludes that the EU is significantly outdistanced in laying the foundations for smart growth, as other economies press ahead. R&D expenditure in the EU amounts to 1.6% of GDP compared with close to 2.8% in the United States. But R&D expenditures in Nordic European countries come to 3.4% of GDP compared with less than 1% in southern Europe. The number of patent applications is 16 times higher in the Nordic countries compared with Central and Eastern Europe. Similarly, the EU is divided digitally, with an extremely well-performing north, led by Finland, Sweden and the Netherlands, compared with a trailing south and east. Here, the great exception is Estonia.
The differences are even higher looking at the regions. Six regions already reached all the 2020 headline targets: the capital regions of Denmark, Finland and Sweden, and the three Swedish regions that include Uppsala, Malmö and Gothenburg. The gap between the regions in Italy, Spain, Romania and Belgium is particularly high. Overall, the regions in Bulgaria, Romania, Greece, Croatia, southern Spain and

southern Italy have the greatest distance to the 2020 targets. The differences are increasing when we look at social inequality: Eurostat informs us that GDP per capita measured in purchasing power standard was 283 in Luxembourg, against the euro zone average of 108, and 43 for Bulgaria. 6.6 million people more have fallen into poverty in Europe over the last 4 years. Nearly 125 million people live in or are at risk of poverty. The richest EU citizen lives in France and bring a net worth about 41billion $ to the table. Five out of the 10 most innovative countries of the world are European. Four of these five are EU members: Finland, Germany, Sweden and the Netherlands.
Already before the outbreak of the global crisis we could show a core of the 4+2 connection within the EU, consisting of Austria, Belgium, Denmark, Finland, France, Germany, North Italy, the Netherland, parts of Spain, Sweden, and the United Kingdom.

The EU's and its member state’s rescue operations were especially in the interest of the economically strongest, i.e. in Austria, Belgium, France, Germany, Luxemburg, in the Netherlands, in Sweden, and the United Kingdom. The eight contractual Public Private Partnerships “of strategic importance for European industry”, launched by the European Commission are economic aid for companies and cooperating medium-sized enterprises in transportation and above all in high tech located above all in Belgium, Denmark, Finland, France, Germany, in the Netherlands, in Sweden, partly in Spain, and in the United Kingdom. The same is true about the results of the Key Enabling Technologies Summit. The energy and climate policies for more competitiveness should bring gains especially to actors in the afore-mentioned countries, plus Austria, Italy, Spain. Marica Frangakis has shown how the adjustment demands addressed to Greece have in fact helped to newly privatize the already privatized in interesting fields as telecommunication. This is also true for other crisis countries.
The road map for research infrastructures brings the highest benefits to companies and partners in Belgium, Denmark, Finland, France, Germany, in the Netherland, Sweden and the UK. In the beginning of September 2014 the NATO Summit in Wales has laid down: “We agree to reverse the trend of declining defence budgets. … A strong defence industry across the Alliance, including a stronger defence industry in Europe and greater defence industrial cooperation within Europe and across the Atlantic, remains essential for delivering the required capabilities.”
The biggest military exporter of the EU is Germany. France, UK, The Netherlands, Spain, Italy and Sweden closely follow. All these countries belong to the top 10 in the world.

In its competition reports the European Commission classifies member states into four groups:

- High and improving competitiveness – the Netherlands, Germany, Denmark and Ireland.

- High but stagnating or declining competitiveness – Belgium, the United Kingdom, Austria, France, Italy, Luxembourg, Sweden and Finland.

- Modest but improving competitiveness – Estonia, Lithuania, Spain, Latvia, Czech Republic, Hungary, Poland, Portugal, Romania, Slovakia and Greece.

- Modest and stagnating or declining competitiveness – Slovenia, Bulgaria, Croatia, Malta and Cyprus.

In this respect, it may be helpful also to have a look at the differences between some key sectors of their economies. I quote the following sentence: "Industries producing consumer staples such as food and beverages, and pharmaceuticals, have fared relatively better than others since the outbreak of the crisis." They are mainly located in Belgium, France, in the Netherlands and in UK. "High-technology manufacturing industries have in general not been impacted to the same extent as other industries." They are located mainly in Finland, France, Germany, in the Netherlands, in Sweden and in the United Kingdom. Overall, services have been hit less badly than the construction, manufacturing and mining industries. There are also differences across service industries, however: EU-27 market service industries, information & communication, and real estate activities have not suffered from the financial crisis to the same extent as other service sectors. … EU manufacturing declined further to around 15% of overall gross value added in 2012. On average, market services have grown …" Here the strongest are in Austria, partly in the Czech Republic, in Denmark, France, Germany, in Italy, in Luxemburg, in the Netherlands, partly in Portugal and Spain, in Sweden and in the United Kingdom. The share of non-market services has also increased, reaching 23% in 2012. Health services become more successful and the pressure to privatize them rises. The pharma- and health industry is located in the Czech Republic, in Denmark, in France, in Germany, on the Ireland, in Portugal, Spain, Sweden, in the UK.
You see the oligarchies behind them.
The tourist industry has also become a key economic factor. The largest companies are located in UK, France, Germany, Italy, Ireland, Spain.

Counting countries in this way does not mean that the new member states have remained without any gains from the development. Many could win from tourism. But they are – with the exception for Poland – far too small for shaping the EU development and have no such influential economic patterns like the Benelux-countries. And even Poland has no economic structure comparable to France, Germany or the United Kingdom.

Looking further at the EU 2020 Bonds Initiative, which forces financialisation, it is really interesting to see that a project in UK (of all places) has become the first infrastructure project to attract finance from institutional investors – to connect offshore wind energy with UK mainland electricity. The second has been a motorway connection in Belgium.
Again, the public is here used to strengthen the private, especially in the connection to the 4+2.

Like the Bonds Initiative the new European Long Term Investment Funds ELTIF is meant to attract public finance and especially finance from private pension funds to channel funds to the production of goods and services.
That in turn strengthens financialisation and again the 4+2 connection and also the capital oligarchies behind. They are the real drivers of that.
And Merkel is together with the German drivers. She acts of course not without contradictions, as her aggressive role in the third sanction round against Russia shows.

All this is not an easy matter simply of territories with different economic roles, but of the interests of concrete agents of capital accumulation and politics, which cannot be properly reflected by the term “peripherisation”. In the end (and looking for alternatives) I would like to highlight a few points we could really do: Looking at the 12 pillars for competiveness, we see some pillars connected with our daily lives: local and regional infrastructure, health and primary education, higher education and training, labour market efficiency, financial market development, innovation. We can discuss about what we want and what we shall need for avoiding a further response to the logic of competition. We should add that also nature as a resource is needed also by the oligarchies. We can mobilise against privatization, commercialization and for another use of the public, especially of public finance. We can change what can be changed on the local and regional levels: the energy, water and transportation systems, the food production, the public services.
In all the regions, the political actors needed for changing the political power balance have the chance of meeting on the ground and of defining common projects of resistance and change. Therefore, the needed new political power balances can sustainably grow only from the regions.