

Article

## CLASS IN MONOPOLY FINANCE CAPITAL<sup>1</sup>

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### Abstract

Class relations specific to finance capital arise among people in their struggles of life, defined within the broad bounds of the economies they help to form. Eras of economic and social transition from foraging to farming and fishing, through industry and now finance capital define classes, their relations, redefinition and renewal.

### Keywords

Class, finance, capital, monopoly

Debates about classes, how they formed, and their relations stretch back probably millennia. Though in our early 21<sup>st</sup> century time, class is understood in terms best laid out by Eric Hobsbawm and E.P. Thomson<sup>2</sup>, and buttressed by Peter Mathias<sup>3</sup>, earlier class formations were either described (as in John Newsinger's account of the Taiping Rebellion<sup>4</sup>) or alluded to as in Randall Collins' work on the spread of world philosophies<sup>5</sup>, among many others. Earlier passages from one type of economy to another produced evidence of class interest and formation, along with instruments that could be used to exert those interests. For instance, as human beings emerged from hunting and gathering to subsistence and then market agriculture, the manner of organizing and carrying out work became issues of struggle and resolution. Prior to that period of change, contradictions among people were based largely on gender and their roles in seeking natural provender, as well as upon age and ability to take part in those activities. Resolution of contradictions, disputes, power relations and so forth were handled by rules and roles within kinship systems. Those multi-various arrangements were largely installed by experience in the field and then prescribed into religious and more general cultural practices.

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<sup>1</sup> First version of this article was prepared for a round table at the Society for Socialist Studies sessions, Congress of the Humanities and Social Sciences 2017, Ryerson University, Toronto, Canada, May 30-June 2, 2017.

<sup>2</sup> Hobsbawm, Eric. (1969). *Industry and Empire*, London: Penguin; Thompson, E.P. (1963). *The Making of the English Working Class*, London; Harmondsworth.

<sup>3</sup> Mathias, Peter. (1969). *The First Industrial Nation: An Economic History of Britain 1700-1914*, London; Methuen.

<sup>4</sup> Newsinger, John. (2000). *The Taiping Peasant Revolt*, New York: Monthly Review, 52/5.

<sup>5</sup> Collins, Randall. (2000). *The Sociology of Philosophies: A Global Theory of Intellectual Change*, Cambridge, MA, USA; Belknap Press of Harvard University Press.

In the multiple transitions to agriculture and aquaculture, kinship systems were submerged and then largely suppressed in order that the extended family could conduct farming activities in a predictable (ultimately law-enforced) way. Fishing and related water-based livelihoods made similar transitions and created social formations that contributed to the fishing enterprise.

Transiting from agriculture to industrial economy had parallel re-creations of relationships and methods of exercising the power to make decisions. A large literature accompanies the concept of class formation and interests, and it need not be repeated here, though Engels and Leacock are keys to understanding the issues and engaging in good analysis.<sup>6</sup> Class as a concept cannot exist in and of itself. It is an abstraction, used to understand processes, with a view to taking action based upon it.

Class in monopoly finance capitalism exhibits all, and perhaps more, of the vagueness and upheaval of past episodes in class formation. Monopoly finance capitalism accelerated from perhaps the mid-1970s (though of course there were elements of it before) and became entrenched in the 1980s, while not yet being fully developed. Just as Hobsbawm's account tells us that the classes in industrial capitalism developed as a product of struggle between them, and involved other forces in shaping them, our own era is erecting classes that are a blur of action and reaction, rise and fall, a cauldron of personal and social formations and energies that make their definition difficult.

Industrial capitalism produced classes that formed many types of organization. They broadly congealed into companies and corporations on the one side and unions on the other. These forms did not encompass everyone in society, for industrial capitalism required in the end that most people engage in the work of producing, leaving the minority to take part in the formal organizations representing the interests of the owning and the working classes. In addition, other social forces, such as religious organizations, channeled and focused certain motivations into arenas that helped separate workers and owners from the immediate tasks presented by production. In many ways, these kinds of organizations both helped with solving problems that grew out of industrialism, but also help avoid, ignore and provide relief from these same problems. The political party as the central peak formation could be the originator of concepts and practices to bring class interests to bear on the nation state. Or parties could be mere conduits of the ideas of firms, unions and other forces, to the extent they had sufficient power to exercise their wishes.

Transformation from industrialism to finance capital, ultimately resulting in its monopoly form, undermined the historic shapes of the owning and working classes. If class consciousness, corporations and unionism (more on these later) formed up for the purpose of producing goods for the market, finance capital took all that apart quickly in historic terms. In about one generation, the motive forces of industry lost ground to the motive forces of finance. The work bench, the machine, the assembly line – even the farm plow – disengaged to one extent or another the workers

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<sup>6</sup> Engels, Friederich. (1948). Moscow: Progress Books. *Origin of the Family, Private Property and the State*. Leacock, Eleanor Burke. Introduction to Friederich Engels, *Origin of the Family, Private Property and the State*, and (1981). *Myths of Male Dominance*, New York: Monthly Review Press.

that had wielded them. Owners, managers and supervisors decreased in numbers and either adapted or were discharged. A few left of their own accord. The abuses, struggles, disputes and frictions that led to managerialism and unionism changed sharply in form and content<sup>7</sup>. Desk jobs changed in broad trends to computer jobs, which in turn morphed toward mobile cell phone and iPad jobs. The kinds of personal contact that enable office and union hierarchies to form and sustain themselves melted away to greater or lesser extents. Unions declined and corporations amalgamated.

Many of the divisions that had, in earlier eras, resulted in company-versus-union confrontations and other sorts of relations now got solved by merely dumping employees and moving production to another country and to a desperate and unorganized workforce. Those workers with the skills got hired or were contracted to work in the new finance enterprises, in which data assembly and talent at speculation were the work requirements. Based on expertise, daring, risk-taking, command over funding and so on, ascending and cascading layers of finance workers conducted money around the globe, with fewer regulatory impediments than they had experienced in the past.

A key aspect of power for finance capital is found in limiting worker mobility. By controlling global labour mobility at the same time as freeing up movement of money, finance capital increased its capacity for global labour arbitrage – picking workforces and resources based solely on profit levels, regardless of national boundaries.

Since financialization does not itself create value, but merely redistributes it, the financialization of imperialist regions is made possible only by the super-exploitation of labor in low-wage countries. The capture of excess surplus-value by northern multinationals through outsourcing constitutes therefore the defining feature and mechanism of contemporary imperialism.<sup>8</sup>

Automation, AI (Artificial Intelligence) and robotization present new conundrums. Though the early Ford assembly lines (based on even earlier similar techniques discovered and adapted by Henry Ford) began to transform class relations, now in the early 21<sup>st</sup> century, some sectors of industrial capital are fairly well advanced in the process of dispensing with human labour – though not completely. Robots make vehicles and other industrial products such as household appliances, computer components and even “art” pieces that can be turned out in high volume with repetitive procedures and techniques. Though many doubt the capacity of robots to do other than straight physical production tasks, “care” and “relationship” work seems increasingly subject

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<sup>7</sup> Naturally, the central account of this transformation is Braverman, Harry. (1974). *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century*. New York: Monthly Review Press.

<sup>8</sup> Smith, John. (2016). *Imperialism in the Twenty-First Century*, New York, Monthly Review Press, pp. 45, 49, 287, 299. See also application of this analysis in India in Whitehead, Judith. (2016). “Intersectionality and Primary Accumulation – Caste and Gender in India under the Sign of Monopoly-Finance Capital”, *Monthly Review*, 68-6, November, p. 38.

to this form of automation. One estimate is that robots can assume 43% of the work time.<sup>9</sup> But even those efforts to jettison human labor often run afoul of realities of the trade. Roughly 800,000 robots do this kind of work now around the globe. That experience illustrated barriers and glitches that could only be solved by human hands. While robots could do coarse and fine welding or soldering, it took perhaps six months to design and perfect the machine, while a human being could be trained to use existing tools in an hour or two.<sup>10</sup> Nonetheless, recent advances in programming and automation led to Canadian tar sands companies buying hundreds of self-driving monster trucks that haul the bitumen to the processing mills near Fort McMurray, Alberta. Uranium mining in Saskatchewan, as another example, in areas of high concentration, uses robots to do the mining. Humans use control panels isolated from the highly radioactive ore bodies. McDonald's hamburger chain is advancing quickly on robot cooking, service and payment aspects of its business. A recent effort by the finance sector to infiltrate the high-level work of inventing via artificial intelligence (AI), and therefore profiting from it, was shot down by the U.S. Patent Office.<sup>11</sup>

It is well-known in industry that robots produce much higher levels of defective parts and processes requiring repair, correction or disposal, so some robot interventions are themselves jettisoned, returning human hands and minds to the tasks.<sup>12</sup>

At the same time, growing robot use even in the financial trades may be an indicator of things to come. "The term "robo-advisor" is a bit of a misnomer because it doesn't provide personalized advice. It is an algorithm-driven investing platform that basically provides the same service a mutual fund does – in that trades are executed for the customer. The major difference is that the investments are typically in ETFs (exchange-traded funds)."<sup>13</sup>

The politics around these transformations evolved quickly as well. Finance capital adopted (and adapted) neo-liberalism as their ideological foundation, promoting it effectively through largely corporate-owned media. Publicly-owned media broadly acquiesced to the same concepts, while maintaining a basic level of critical capacity not allowed to exceed what the new finance owning class would tolerate.

Class relations used to be based on the following scheme for workers:

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<sup>9</sup> Chui, Michael, James Manyika, and Mehdi Miremadi, (2016). "Where machines could replace humans—and where they can't (yet)", McKinsey Quarterly – July.

<sup>10</sup> The Canadian Broadcasting Corporation Radio 1 *Ideas* program Sept 13, 20 and 27, 2017 presented Jill Eisen on the history and issues of artificial intelligence, its impact on work, and the general social impact of automation, data-driven economic forces and related topics. Access [cbc.ca/radio](http://cbc.ca/radio) and search Ideas program for details and to listen.

<sup>11</sup> <https://www.theverge.com/2020/4/29/21241251/artificial-intelligence-inventor-united-states-patent-trademark-office-intellectual-property>

<sup>12</sup> Becker, Jasper. (2007). "Dragon Rising: An Inside Look at China Today", Washington; National Geographic, pp. 151-154.

<sup>13</sup> "Are 'Robo-Advisors' the Future of Financial Planning?" Goldengirlfinance, June 5, 2015, website accessed June 7, 2015. See also optimistic views of AI and the professions (at least a few of them): <http://www.cpac.ca/en/programs/public-record/episodes/51328702>

- Initial job consciousness, based in one's own work for one's self, evolving to work for others.
- Worker consciousness based on shared ideas of similarity to others' experiences as worker employees in general, not employees in a specific job.
- Union consciousness as member of organization formed to combat oppression.
- Class consciousness based on knowledge and experiencing of conditions suffered by all, including family and community who suffer by-product oppressions.

A sign that class consciousness existed was the fact that organizing to protect the interests of that class, or some segment of it, occurred in many forms, resulting in numerous types of working class organizations. Informal groups, often with a social aspect growing from the pub or sport ground, provided opportunities for workers to resist unfairness or oppressive practices by an employer. However, more formal class-based structures grew up. Most often these were unions and eventually political parties set up to promote worker union interests. Workers' political parties rested on the fact that the union provided a method of funding and otherwise resourcing them.

### **Class Consciousness in Finance Capitalism**

This title should probably read Class Consciousness in Monopoly Finance Capitalism. It's an important distinction, because finance capitalism can exist, and has existed, in a broad fashion with large numbers of participants for centuries. In some parts of the world economy, that is still the case, but the influence of non-monopoly finance is waning and is being rapidly subjected to the monopolies.<sup>14</sup>

In the late stages of dominance by industrial capital, prior to the decade from the mid-1970s to the mid-1980s, unions as instruments of worker interests lost their place as primary tools of power. Similarly, "progressive" political parties (socialist, communist and social democratic) strayed from their goals and focus, resulting in electoral losses, collapse of state authority and growth of corruption. As a result, unions and their supposed political parties lost the ability to exert power on behalf of the working class. Unions declined drastically in the so-called "western liberal democracies". In the USA now (2020), for example, only seven percent of the workforce have union membership.

Worker class consciousness is either thus not exercised, or is seen to be exercised through other means than these kinds of organizations. Where unions and their political parties funnelled worker power in earlier decades, now worker interests may be represented either by the workers themselves as freely-contracting individuals (a theme, which may be a myth, oft-proclaimed by the popular media and by neo-liberal ideologues), or through other organizations, such as religious bodies. The media often adopt a rather liberal and ambiguous description of the so-called "gig" economy, in which workers hop from job to job, venue to venue and region to region, even

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<sup>14</sup> Amin, Samir. (2013). *Three Essays on Marx's Value Theory*, New York; Monthly Review Press, esp. pp. 56-57. Also, Samir Amin. (2013). *The Implosion of Contemporary Capitalism*, New York; Monthly Review Press, esp. pp. 15-16.

travelling around the globe in some cases, for brief engagements in work that may be performed almost anywhere online.

## Class Consciousness

Class consciousness as a concept indicates self-knowledge and purposeful action. Though much has been examined in the social science disciplines such as political science, psychology and sociology about levels of choice, agency, links between ideology and action, one clear assumption has to be that workers know their own motives, can state them, and then select tools and actions to exert that consciousness. (Owners also clearly do this for themselves.) Notions of false consciousness, acting against workers' own self-interest and so on exist only as interpretations, often without evidence, that workers are that easily led, or that workers act at a less than conscious level on occasion.

Working class consciousness, then, has to find the tools and methods that will gain its members power to conduct affairs in their own interests. Probably that includes a political party dedicated to those interests. Probably it includes a union, or some structure that organizes people at the level of their work, including their work place where they gather for that purpose (though many these days do not work at a specific site, or they may only appear there for limited purposes. The COVID-19 pandemic closed many site-specific jobs and levered open many other novel, separate, usually individual workplaces.) Probably the goal of finding worker-oriented structures should include methods that are inclusive, accessible to all, responsive and democratic at the grass roots level.

At the point in late industrial capitalism transitioning to finance capital, worker relationships to employers increasingly get embroiled in legal conflicts, leading to courts and lawsuits. Employers do not wait for this result, but often initiate these struggles. As an example, employees of a McDonald's franchise may have an immediate boss who owns the franchise, but a recent lawsuit in Virginia, USA, (but with much larger apparent implications for labour law) requests the court to rule on whether the corporation is also an employer, even the sole employer, since most of the work roles, and thus class relations, are determined at the corporate level, not the franchise<sup>15</sup>.

Working class consciousness will probably also arise only when certain individuals gain the skills to organize the parties, unions and local groups, with all the results that flow from that set of relations. Skills may be gained by experience, by training and education, by familial learning or other means<sup>16</sup>.

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<sup>15</sup> "Who's the boss?" The Economist, August 22, 2015, p. 27.

<sup>16</sup> Note that even in the IT sector, worker consciousness is not entirely absent. See: <https://www.bloomberg.com/news/articles/2017-09-14/union-power-is-putting-pressure-on-silicon-valley-s-tech-giants>

Goals of those structures are key elements of successful transition to worker power, yet they are vague and undefined. Samir Amin hints at the issues presented within those structures.

The fundamental inequality in capitalism's characteristic distribution of income rests primarily on the contrast opposing the power of capital-owners to the subordination of labor-power sellers. The wage-scale comes in addition to that. But this wage-scale has by now acquired a new dimension. The contemporary capitalist system of generalized monopolies is based on an extreme centralization of control over capital, accompanied by a generalization of wage-labor. In these conditions a large fraction of profit is disguised in the form of the "wages" (or quasi-wages) of the higher levels of the middle class whose activities are those of the servants of capital.<sup>17</sup>

These are the workers who decide on investments, interest levels and insurance premiums. They judge financial risk, gather data and other information and sharpen those estimates. Their wages and "quasi-wages" often consist of a guaranteed minimum, plus commissions or percentages of sales, premiums, profits or are based on other results desired by finance capital. The desirable results may be straight financial gain or may be that mixed with access to and control of data that may be used to maximize capital accumulation.

Thus the oppressions that typified previous worker grievances because they suffered loss of control of their work and tools are now replaced, and made more complex, by the fact these workers are not producing articles for sale but are instead performing a decision-making function below that of ownership, but often enough with elements of ownership via stock holdings and other investments in their own or allied firms. These quasi-wage workers perform above the level of production, and they often make decisions affecting production where that is a means of profit-making and accumulating capital. Organizing these workers to contest elements of control over working conditions, wages and benefits is far from the shop floor campaigning that went on in previous eras of industrial capitalism. If they are part of the working class, their motives are clouded by statuses that separate them from those who produce goods and services.

Are they members of the working class? Or are they management or administration? Or are they, as worker-investor-profit-takers, members of the owning class, if at a lower level than the One Percenters? Amin deals with this very briefly in *The Implosion of Contemporary Capitalism*,<sup>18</sup> pointing out that production for use - or profit - is no longer the central purpose of work, either by owners or workers. Control of money over time is now the central point.

Probably there will be no real parallel to industrial workers striving to gain control of the shop floor nor to gain power over direction of industry in the new era of monopoly finance capital. Workers probably will not wish to organize to manipulate the stock market, calculate interest rates

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<sup>17</sup> Amin, *Implosion*, p.p. 24-25.

<sup>18</sup> Amin, *Implosion*, p. 112.

at banks, judge premiums for insurance or gauge profits from housing. Those activities would more likely be targets for destruction, in favour of other methods of deciding on production, energy, transport, housing, education, and so on. Besides inventing tools for worker power, an added responsibility would be to instill concern for fairness and justice, access, allocation based on (preferably local) democratic decisions and at least generational changes of leadership, perhaps even more frequently.

More to the point would be workers comprehending the need to produce for use – manufacture of products needed, and to some extent wanted – under the control of the working class. Judging what is needed and wanted, and where to get the resources to do so should be a political process, not an economic one. Human interest should hinge around conscious human decisions, not around chance and gambling on conjunctions of money and greed.

The owning class has already made most of these leaps since the 1980s in their own favour. Those in a position to decide already have removed most of the controls on their behavior. They have already adapted new technologies to perform work in their own interests that were previously only available to the very top elite, but now are in common use – the computer, so-called “big data”, wireless communications, co-ordinated transportation, and so on, all elements of the modern finance-based economy. Combining the techniques and the tools of the electronic world, finance capital now can bypass the need for many workers to calculate money flows, risks, opportunities, sources of profit, loss avoidance and so forth. The mysteries of the algorithm serve to obscure human relationships in their whole or fragmented forms.

Finance capital has organizations and associations to promote its interests. It has political parties that do its bidding. Finance capital more or less gained control, or at the very least dominating interest, in the media, and to a great extent, the education system as well.

### **Reproduction in Monopoly Finance Capitalism**

A part of social life, with all its interactions, is arranging for the following generations of people. Both owners and workers exert some energy doing this. In Marxian terms, it is called “reproduction”. It consists not only of genetic reproduction of a new young generation, but more importantly, reproducing the relations between workers and owners in upcoming generations, in updated and amended forms. A very condensed account of reproduction activities and tools involves using the powers available to produce goods and services to sustain people in their class relations. Powers of owners and workers are employed also to decide how they are distributed, in what quantities, under what enhancing and limiting conditions and related matters.

Reproduction functions set in play the conditions under which the next generation(s) of workers and owners carry forward their class tasks. However, ruptures caused by the ascendancy of monopoly finance capital create chaotic conditions under which those transfers to the next generations take place. Owners and workers no longer exercise their class interests in relation to decisive powers in production, but rather in relation to decisive powers in deploying money over time. Production, reproduction (largely exercised as health, education, cultural and social services



broadly defined) and distribution become activities that can be merely incidental (or at least subsidiary) to investment and profit flows. Rationales for production-reproduction-distribution hinge no longer on establishing somewhat amended relations between workers and owners through power available to unions, political parties, trade or commerce organizations (along with the media and other elements of popular culture). Rationales are now almost exclusively about investments, profits, risks and assembly of huge funds available for high-level workers to make decisions.

In these circumstances, workers lose dramatically in their powers to influence decisions. Unions and “left” political parties largely do not understand what happened to the economies in which they work. To a great extent, that is denial rather than ignorance. In desperate efforts to hang onto at least an income and an enjoyable life, workers’ organizations surrender to the processes of monopoly finance capital and carry on taking orders from superiors in the hope that their belief in the cyclical theory of history will be born out. The economy will rebound. Demand will return, supply will be required. Daily life will be eased, and the beer-and-barbecue routine can be resumed with little disruption or effort.

In the meantime, monopoly finance capital continues to consolidate, largely out of sight. Banks, insurance companies, pension funds, investment firms, financial planners and apparatchiks of government in their support carry on behind quite opaque walls of secrecy and subterfuge. Information is revealed only when it may play a function in accelerating processes of money transfers, investments and profit-making. Occasional leaks of secret data (large, as in Edward Snowden or small, as in corrupt practices revealed at a bank) illustrate only that the game is no longer about raw materials and factories, food, housing and services, but is instead about these items becoming mere froth on the currents and waves of massive finance. A telling comment, only partially out of context, lifted from Prabhat Patnaik, commenting on Greece: “What is remarkable ... is that ... finance capital has been subjected to no coercion at all, no credible threat to its hegemony.”<sup>19</sup>

## The State

Of course, a key element in this discussion concerns the role of the state. Class control over, or even influence over, the state continues to be recognized as the chief mechanism available for exercising class interest. Capitalist states increasingly use the state as the way to open business opportunities. Those resisting capitalism to whatever extent see the state as a way to at least constrain capital and, if possible, to turn labour to the purpose of production for use. That includes performing services for use, as opposed to seeking profit (especially for someone else).

Two recent liberal media discussions involved the problem of the state. Eric Reguly in the business section of the Toronto Globe and Mail mused about the “return of the state” as a player in shaping the economy, admittedly within capital accumulation, though he did not state it exactly

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<sup>19</sup> Patnaik, Prabhat, “Europe’s Moment of Truth”, <http://mrzine.monthlyreview.org/2015/patnaik020815.html>

that way. The other was an editor in a Russian newspaper in Sochi, site of the 2014 Winter Olympics, talking about the state there as being “separate from the lives of ordinary people”, very little to do with them. That also would be a case of using the state for capital accumulation (in which the Sochi Olympics was a particularly rich opening for Russian corruption to cash in), but is not the same as, say, North American citizens viewing the state as remote from their lives, but not entirely removed. Remembering that capturing control of the state is a key goal for both owning and working classes leads us to ponder what role the state plays in enhancing the interest of finance capital. Evald Ilyenko, a Soviet philosopher (deceased 1979) has a growing western appreciation as his work is published in other than Russian languages. His ideas on the state seem germane here:

Ilyenkov was tormented by the question: Why did the state not wither away in the socialist countries, contrary to Marx’s prediction? Why does society not evolve into a self-governing commune? On the contrary, the power of the state over the human personality grew tremendously. Ilyenkov concluded that in order to build a society with a so-called human face, human personality itself had to be transformed. Hence his keen interest in the Zagorsk experiment with deaf-blind children, in which the principles of nurturing a new kind of personality could be honed and tested in practice. Cultural-historical psychology and developing pedagogy should teach us how to form a harmonious personality, one that could shed the yoke of megamachines of alienation—the state and the market<sup>20</sup>.

Part of the job of the working class, then, is to overcome these finance capital interests and forces by re-taking control of them where that is possible, and doing away with finance’s tools where that is desirable. Though in a simplistic way it may be useful as a slogan to demand that finance capital be “smashed”, as Marx observed, the transition requires a nuanced and carefully judged transition, growing from the old to the new.

Can we find examples of worker control and influence growing – even worker power? Venezuela, Cuba, Nepal; Kerala in India; Uruguay, Chile, Argentina, Brazil; Bolivia, Peru; Nicaragua after all its pain and destruction.

### **Working Class Resistance in Finance Capital**

Is it possible to describe how (or whether) class consciousness is exerted now? It was probably not possible to do that kind of portrayal as feudalism collapsed in the face of the growth of commercial agriculture emerging into industrialism (which is the definition of feudalism in any

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<sup>20</sup> Maidansky, Andrey, interviewed by Vesa Ottinen. “Evald Ilyenkov and Soviet Philosophy”, <https://monthlyreview.org/2020/01/01/evald-ilyenkov-and-soviet-philosophy/> p. 20 in paper edition, Monthly Review, 71/8, January 2020.

case – that transition in train). Those generations of workers who lived through that extended period themselves could likely only describe their own daily realities, not the social formations, or lack thereof, that organized their class consciousness into a reality that could be stated.

It is possible that some writers of that age did describe how worker interest and power were used. Certainly incidents such as sit-ins, occupations, rebellions and so on, based on worker interests, were described, but usually with little analytical content. Later writers and analysts gathered what they could of these records and assembled them into accounts of worker motivations and actions, even organizations and movements.<sup>21</sup> Eric Hobsbawm, taking another track, recounted instances of “worker negotiation by riot” as spontaneous eruptions of organization based on a fundamental worker consciousness in which common understandings of oppression or injustice, joined with trust, fueled these rebellious acts. But they almost always lacked consistent identifiable goals.

In the current era, methods used in the past, but adapted to the realities of today may be recommended. Though labour laws usually prevent so-called “secondary” picketing and boycotts, it may be remembered that grocery and department stores now often house banking and insurance outlets, pitching their finance services and products directly to shoppers. Picketing against abuses of finance fees, for instance, could take place on public property adjacent to a grocery store. That is effective not because it directly prevents people from buying insurance or using an automated teller machine (ATM), but because grocery stores operate on very close margins. They depend critically on high volume. It is known that any kind of picket or other disruption at the parking lot entry turns away up to twenty percent of the customers, just because they don’t want the conflict or hassle. Thus the grocery operation has an immediately growing interest in correcting the behaviour of the bank or insurance company.

More directly, those same financial institutions may face boycotts, pickets, lineups for complaints, mortgage slowdowns and so forth (for example, open a very small account, then return minutes later to close it) as a protest against unfair fees and interest rates or opposing discrimination against certain categories of customers.

A pro-active example, already used since the 1980s, would be identifying financial institutions holding large amounts of cash or wielding access to credit, and requiring that certain portions of it – even ALL of it – be used for development wanted by the working class. That could include hard goods, such as housing, or services, such as health or seniors’ care.

### **Defensive Organizations and Class**

Common in earlier phases of economic development and advance, defensive organizations grew up to offset the impacts of various oppressions. Rural communes and co-operatives were reactions to landlord practices that devalued the lives of peasants and, later on, farmers, on private family farms or in larger industrialized holdings. In some countries, farmers unions, credit unions,

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<sup>21</sup> For instance, Mathias, Peter, op cit.

machinery co-ops and so on countered the banks and the railroads, whose finance and transportation practices threatened rural livelihoods. Women's organizations resisted trends against the interests of families and children. Feminist groups reacted often to more theoretical and overarching issues such as anti-abortion and anti-family planning laws, or lower pay scales for women workers.

The era of monopoly finance capital presents new forms of oppression around which it is much harder to form defensive organizations. Contract workers in the finance sector, often working alone, perhaps from home, on smart phones and tablets, initiating transactions based on statistical risk, have little consciousness of common threats to their own financial wellbeing that translate into commonalities they can identify with others like themselves. They often don't know who else is working in their sectors, who else is assessing and balancing risks along with or against themselves. On what basis would they see themselves as a class of people?

Current-day commonalities, encouraged to some degree by the owning class, are assembled in relation to consuming. Being and acting as consumers is now a critical function to finance capital, more important than being workers (who may now be replaced by robots and automation, by statistical financial manipulations and by secretive interest rate-setting). But those influences and trends are usually outside daily consciousness and direct awareness, and thus not much of a basis for collective defensive action. Consumer organizations tend to concern themselves with more individualistic issues such as prices and quality. However, consumer consciousness, for all its imperfections, exists. Protests and resistances against price hikes, fee increases, interest rate rises, threats to pension benefits or other similar changes are becoming more common and often organized by consumer pressure groups.

Age groups such as seniors can press against changes that affect pensions, housing, care and other services. They are numerous enough (in some Canadian provinces approaching a quarter of the population) that, in addition to price changes, altered access to services, physical barriers to transportation, decreases in hours of business operation can become bristly public issues. Organizations such as CARP (Canadian Association of Retired Persons) or its American equivalent AARP can affect interest rates, insurance premiums, travel fares and so on.

Women, who dominate organizations such as Planned Parenthood, are major forces in political contests, elections and otherwise. Health, medical and food organizations often do have significant impacts on issues in their fields.

These examples illustrate how inroads into class consciousness have been made by so-called "identity" issues. Some decry those trends. Yet, they are facets of class interest and class consciousness that do not differ much from prior-era efforts to dilute class awareness and organization. As the basis for class organizing, they require concerted effort to analyze and present issues in terms that help class understanding to be clarified and to take hold as organizing concepts.

These early 21<sup>st</sup> Century days witness demands that national (or even more local) governments enter the finance field themselves. In Canada, a current drive is under way to open the post office to banking services. In addition, re-opening the Bank of Canada to becoming a low-

interest or no-interest funder of social projects like municipal infrastructure or schools is a liberal economic reform project that bears watching.

### **Rural Agricultural People, Fishers and Finance Capital**

The original emergence from work tending the land and fishing the seas resulted in class formations of industrial capitalism. Following upon that, finance capital is running up against barriers to its own complete emergence. Where industrial capital seemed ready to absorb all the workers available to produce consumer and capital goods, finance capital now has to think about what to do with all those people driven off the land and water. Urban areas can no longer, even in a minimal and cruel manner, take more people who need health, education, housing and other socially-defined necessities, but also fundamental basics such as water and clean air. Measures to discourage and prevent, migration to the cities find common ground with people already there who see that illness and starvation await them if they stay. So some of them go back to farming and fishing.

About a quarter of the population of the globe lives on farming, and a smaller portion fishing. Leaving aside those on farms in the advanced economies, where industrialized agriculture creates each farmer as a capital-wielding through credit, but not capital-owning, operator; and leaving aside fishers who work on giant trawlers and freezer factory ships, rural hundreds of millions in China, India, Africa, Southeast Asia and Central and South America live on less than \$2 per day. A goodly proportion of those receive less than half that amount. These people cannot assemble capital nor buy consumer goods. On average, they are not even subsisting on income and food provided by farming or fishing. They make and repair their own tools, housing and clothing. Though they are part of the global finance capital economy now, their part is minuscule.

These farmers and fishers are in the working class and would identify themselves as that, but they largely do not confront the owning class directly. Though they may submit part of their crops or catch to land or fish company owners, it is often to relatives or kin. It may be amicable or harsh, but it is not a pure economic relation of owning versus working class.

That fact begins, in an odd and distant way, to parallel relations between workers in the FIRE industries (Finance, Insurance and Real Estate) and the owners. The workers are often so-called “free” agents, hired on contract, investing money and assessing risk, for a small basic income plus a share of the profits, assuming there are some.

### **What Is To Be Done?**

Certain features of monopoly finance capital require intervention if there is to be anything but owning class rule of those operations. At a local level, it is possible to require that agencies of capital offer something more than opportunities to increase their own profits. Even the conservative Economist magazine admits that.

The problem, says (Glen) Weyl (an economist at Microsoft Research) is getting people to understand that their data have value and that they are due some compensation. “We need some sort of digital labour movement” he says. It will take even more convincing to get the “siren servers”, as Mr. Weyl calls the data giants, to change their ways, as they benefit handsomely from the status quo.<sup>22</sup>

In North America, current pieces of local legislation require banks and credit unions to open some portion of their financial holdings to mortgages and lines of credit at controlled rates of interest, designed to enable affordable housing, commercial space and service buildings in their immediate region. Some locales are active in removing so-called “red-line” districts within which mortgagors disallowed home loans to supposedly undependable borrowers, often defined informally and secretly, though not exclusively, in “racial” terms. Sometimes women were systematically denied credit, and that continues. As a result, there is an interest in the issue from the point of view of the worker, but also the consumer and perhaps based on gender.

Abuses of the credit system got so bad in the Greater Vancouver Area that the province had to step in and remove licensing and regulation of property sales from the realtors association, placing it under control of an appointed director. Media revelations, consumer complaints and lawsuits forced that move. A special provincial tax on investments from overseas in property formed another bulwark against pricing that threatened to drive all but the wealthy out of the market and cause increasing homelessness.

Most citizens are not aware that, at a much higher level, some of their own countries are involved in financial self-protection schemes that damp down wild financial swings caused by miscalculated speculative investments. The central banks of the United States, the European Union, Switzerland, Britain, Canada and Japan built a structure in October, 2013 to expedite currency swaps designed to provide liquidity when any of those countries have cash flow problems arising from loans and other investments gone bad. That fairly straightforward goal sounds simple enough, but it also accomplishes a much bigger objective – it creates a broadly regional exchange mechanism that in some circles has come to be called the “Atlantic System” of international currencies. Its member support each other, but also act to create currency and exchange emergencies in other countries. China is their current target.

China, having suffered several severe finance ups and downs in recent years did not sit still while this arrangement was put together. Internally, China set up paths between its stock exchanges in Hong Kong and Shanghai to enable quick flows of funds to recover from such events. It also re-organized its banking system into four main units to focus and increase expertise on different sectors of the economy. These moves apparently succeeded in bringing order to the chaos

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<sup>22</sup> Economist, May 6-12, 2017, *Fuel of the future*, pp. 19-22.

that had existed for several years<sup>23</sup>. They also allowed China to defend itself much better against abrupt incursions and withdrawals of foreign capital.

This paper was about class relations in finance capital. It was largely about people in their struggles of life, defined within the bounds of the class they occupy. Parallel arguments can be made writ large – about the struggles of economic segments in their locations in capital finance. Though that is not a goal of this paper, let us note the work of Dirk Bezemer and Michael Hudson<sup>24</sup> who lay out evidence that the activities of the FIRE (Finance/banks/investment houses), Insurance and Real Estate increasingly rest on debt which contributes very little to productive activity. Debt on housing and consumer goods does not increase production significantly, and there is a great probability that much of that debt will go unpaid when the economy upon which it rests collapses. Evidence exists that debt under dominant finance capital will actually become a negative – a subtraction, not a positive contribution to the economy. The COVID-19 crisis of 2020 and beyond makes that possibility even more fraught than in “normal” times.

Working class people have no access to avenues to affect issues like these very much. Yet, we are impacted by them. To gain a foothold in these issues requires entry into large-scale education and action about them, organized by political parties, unions, women’s organizations and other defensive formations.

It is important to once again note that it is not the job of socialists to run capitalism or to operate finance capital better. A key development, awaiting further refinement, is to re-open and complete planning for a socialist economy. We don’t need more “bourgeois apologia” as is the case with current mainstream capitalist economics. We need a plan for allocation of resources and protection of the environment that recognizes social need and citizen development, flourishing artistic activities and opening of all growth possibilities for individuals and social formations. Preliminary efforts were made in previous times<sup>25</sup>. We don’t need more critiques of socialist economics based on the fact that it doesn’t succeed in meeting goals or creating profit and individual incomes at capitalist levels. Consumerism is not the object of a socialist economy.

To conclude in the same vein as in opening this topic, relations between classes is key to understanding, for ourselves, “What is to be Done?” (to cite a rather well-known Marxist<sup>26</sup>). Accurate and good work rests on accurate and good understanding of our class positions.

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<sup>23</sup> A more complete account of this struggle in the arena of finance can be found in Tsui, Sit, Erebus Wong, Lau Kin Chi and Wen Teijun, (2017). *The Tyranny of Monopoly-Finance Capital: A Chinese Perspective*, New York: Monthly Review, 68/9, February, pp. 29-42.

<sup>24</sup> Bezemer, Dirk and Michael Hudson. (2016). *Finance is not the Economy: Reviving the Conceptual Distinction*, Journal of Economic Issues, Vol. L No. 3 September; [https://www.amazon.com/Finance-as-Warfare-Michael-Hudson/dp/1848901852/ref=pd\\_sim\\_14\\_2/154-51497739590562?encoding=UTF8&pisc=1&refRID=7SXXHXXBAZW5SC3F63PW](https://www.amazon.com/Finance-as-Warfare-Michael-Hudson/dp/1848901852/ref=pd_sim_14_2/154-51497739590562?encoding=UTF8&pisc=1&refRID=7SXXHXXBAZW5SC3F63PW)

<sup>25</sup> Cole, G.D.H. (1950), *Socialist Economics*, Oxon: Routledge and (2011) New York: Taylor and Francis; Nove, Alec. (1983) *The Economics of Feasible Socialism*, Oxon and New York: Routledge. The Wikipedia discussion of socialist economics provides some additional background.

<sup>26</sup> Lenin, Vladimir Illich. (1969). *What is to be Done: Burning Questions of Our Movement*, New York: International Publishers

Knowing what that is in the current era goes a long way toward doing socialist work of value. That is the only way to advance. "... (R)elations of production that prevail in one stage of development eventually become fetters on the further development of other productive modes<sup>27</sup>.

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<sup>27</sup> Enfu, Cheng and Ding Xiaoqin, (2017), *A Theory of China's 'Miracle': Eight Principles of Contemporary Chinese Political Economy*, Monthly Review, 68/8, January, pp. 46-57; also valuable, Nabudere, Dani Wadada (2009) *The Crash of International Finance-Capital and Its Implications for the Third World*, (2nd edition), Pambazuka Press, Uganda. The first edition was published in 1989, thus being more convincing because it deals with general theory and concepts of periodic financial collapses rather than solely being about the 2007-08 crash; <http://monthlyreview.org/2011/12/01/contradictions-of-finance-capitalism/> ; <http://www.utne.com/politics/monopoly-finance-capital-ze0z1210zgar> ; Clarke, Simon. Unpublished paper submitted to New Left Review, 1989, Configurations of Dissent: Fractions of Capital, Class Struggle and the Decline of Britain. <http://homepages.warwick.ac.uk/~syrbe/pubs/nlr.pdf>