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Money makes the world go round

The Pandora Papers have shown that the rich elite help each other stay in power. This creates a rift in our society and damages democracy

It took only a few weeks for Austrian Chancellor Sebastian Kurz, who had first 'stepped aside' and then resigned, to find a new post. Major investor and friend of Donald Trump, Peter Thiel, is making sure that also this scandal-ridden politician will have a soft landing.

In view of these developments, it is no wonder that today, around 40 per cent of the population believe that political parties and politics are corrupt. To the almost weekly revelations of scandals like the CumEx-Files and the Pandora Papers, people now respond with only a frown. But when politicians and business bosses are so closely intertwined and help themselves to money from public budgets, are these only isolated cases? What are the structures behind the scandals? And what do these structures have to do with the increasing division of our societies into rich and poor?

An ideological problem of meritocracy

The superrich 'one per cent' is an ever-present topic in the media. Thomas Piketty and others have published studies on social inequality, and thanks to those who research the elites, we know something about their power and wealth. It is quickly becoming clear that many of these profiteers of corruption know each other. They respect one another and meet for informal talks, they form networks, and serve as accomplices in each other's interests. They create looting systems among themselves, in society and in the work sphere.

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Social critique must begin with these conditions. However, many critical attempts at explanation fall short because they lack a precise term for these phenomena. The 'competent' critique of capitalism, so to speak, either blames the 'system as a whole' for any criminal activity

or looks only at the precarious situation of the 'subaltern' classes. The particular political practices of the 'ruling classes' or elites are hardly ever addressed. In turn, the usual criticism of the elites rarely refers to existing social conditions. In both cases, citizens often appear only as victims or as objects of the given circumstances. This needs to change.

The state and the corporation

At the same time, it is astonishing how openly neoliberal economic theories, behavioural theories, and game theories conceptualise and discuss corrupt practices in relationship networks in terms of efficiency criteria. Discussions about entrepreneurial practice have changed. The selfish maximisation of utility, as laid out in the rational choice approach, establishes that 'might makes right'. Archaic motives such as self-interest, freeloading, greed, and even robbery are legitimised as fundamental components of the modern economic world.

This does not only involve an ideological problem of meritocracy. The political and economic structures have also changed in empirical terms. Private security services, private armies, private arbitration courts, vigilante groups, 'no-go areas', and 'parallel societies' distribute the functions of sovereignty. As in the Middle Ages, with its guilds, feudal corporations, and religious communities – each with its own laws, sovereignties, and sanction mechanisms – we are again dealing with various quasi-state spaces and the absence of monopolised statehood.

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These developments and phenomena are not an expression of the decay of democratic institutions in western countries. However, they do call into question the democracies' legitimising orientation towards the common good and the state's ability to act in the face of dominant economic interests. Today, it is the corporation that is seen as caring, and not the state. This raises the question: in whose interest are these conditions, and who is benefitting from them?

To provide an answer, a contemporary concept for the political practice of the 'ruling classes' is needed. On the one hand, it should be able to clarify questions of state theory with regard to sovereignty and legitimacy. On the other hand, it must take into account the spread of corrupt

practices and also include criminological categories, which in turn take imitations of state structures – such as mafias – into account. Thus the issue does not concern only states that are dominated by capital, but also about legal or illegal capital that is increasingly becoming a state or wishes to take on the functions of one. A case in point is the imitation of statehood in large digital corporations, where employees are sworn to unconditional loyalty to a narrow canon of values.

Modern racket and its dangers

To analyse this, the 'racket' concept posited by the critical theory of Max Horkheimer and Theodor Adorno works quite well. Originally from the US, the term is used to describe a group that uses criminal means to pursue its interests at the expense of the general public. It became a much-used term in the debate about 'Big Labor' and the far-reaching influence of the unions in the New Deal of the 1930s. The illegal machinations of the US trade unions at the time, above all tied to trade union boss Jimmy Hoffa, can be understood as an imitation of the practices of the ruling classes. The unions had no choice but to align with each other in order to hold their own against the arbitrariness of the capitalists in a system of unregulated class relations.

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Against the backdrop of the scandals coming to light on a nearly daily basis – and which are not isolated cases – it is worthwhile to place the term 'racket' in the current social context. Rackets represent the privileged complicity between private managers, public servants, and various other actors who organise tax havens, move funds, and coordinate networks. This is illustrated quite well in the leaked Pandora Papers, which show how law firms, consulting firms and clients from politics and business work closely together. The Mexican drug cartels, the corruption of the Zuma government in South Africa and the Bolsonaro government in Brazil, as well as the entanglement of companies and politics in the opioid crisis in the US, can all be included under the rubric of a 'racket' – as can the more subtle networks between politics and economy in Germany.

By no means does the racket concept constitute a fundamental condemnation of all leading actors in politics, business, and society; in other words, it is not a description of ubiquitous gang rule. It applies to

what is ‘possible’, which then takes on legality because the privileged looting communities fostered by rackets receive a subtle recognition in our society.

Certainly the rich do not consciously drive society apart. They also seldom do so out of sheer political self-interest. Much more often, the social division is a result of their natural and unconstrained profit interests and the exploitation of people and nature that goes along with it. The racket concept, as a term of analysis, helps us to criticise this practice much more concretely. This practice is no trivial offence. It is structural and dangerous because neoliberalism and the rule by racket have one thing in common: they are both enemies of democracy.



Kai Lindemann

Dr. Kai Lindemann has been head of the department „Arbeitswelt und gesellschaftlicher Zusammenhalt“ ('Working World and Social Cohesion') at the DGB Federal Executive Committee since 2016. In 2021, his book *The Politics of Rackets: On the Practice of the Ruling Classes* was published by Westfälisches Dampfboot.