

States without governments

Governments managed through BlackRock & Co

by Robert Seidel

The impression is growing that elected governments no longer determine the fate of a state, but that other forces are increasingly shaping politics. This is reflected in the political, economic, military, and financial lockstep of Western governments. Examples are the case of the Ukraine conflict – including the negligent abandonment of Switzerland’s neutrality by the Federal Council in spring 2022, as well as the ghost-like confrontation course against China or the gradual suspension of democratic freedoms through new WHO or environmental regulations.

What and who are these forces that assert their influence beyond democratic rules? One party receiving little attention in this context is the so-called “asset managers” or “financial service providers”, that have increasingly determined national policies over three decades.

The assertion that “financial service providers”, such as *BlackRock, Vanguard, Morgan Stanley* or *Amundi*, exercise a relevant influence over the economy worldwide – be it through banks, real estate trusts, rating agencies, arms, energy, media, or chemical companies – is proving to be increasingly true. Yet can these financial service providers also influence politics?

Are democratic procedures and rights being circumvented? To put it bluntly: Do the voters or BlackRock “financial analysts” determine what is happening in a country?

BlackRock in the White House

It has been publicly known since 2008 that the influence of financial service providers extends deep into the White House. *Larry Fink*, CEO of BlackRock, is part of the US administration’s close circle of advisors, but also at the FED. Thereby BlackRock exerts massive influence over US politics. Hard to imagine, but it’s true. Such “mildew” has also settled all over Europe, with *Philipp Hildebrand*, the former head of the *Swiss National Bank* SNB, now holds the position of *Vice Chairman* at BlackRock. The German CDU leader *Friedrich Merz* has worked intermedi-

ately as chairman of the supervisory board for BlackRock. The personal connections between financial service providers and democratic offices have become closely linked. Just think of politicians like *Mario Draghi* or *Manuel Barroso* ...

Looking back

Since the deregulation of the financial sector in the mid-1990s, business for financial service providers has been booming. In 1996, *Bill Clinton* repealed the *Glass-Steagall Act*. Since 1933, this law prohibited US banks from merging their operating and investment activities: business deposits could not be used for speculative transactions to prevent a crash like the Great Depression of 1929, in which millions of people were catapulted into destitution. Since the *Glass-Steagall Act* has been abolished, the financial casino started again in 1996. But now extensively and globally.

The “locusts”

During this time, “investment companies” emerged, which *Franz Müntefering*, the former German Vice Chancellor and Federal Minister, described as “locusts”. With their concentrated financial power, they bought up large and medium-sized companies around the world and “exploited” them. To “realise” short-term profits, valuable parts of the company were often sold directly or outsourced from companies in which the “locusts” had gained sufficient influence. Leftovers were sold off as profitably as possible. Mass layoffs or longer-term business strategies played no role. The shareholders received a quick return.

States become victims of “locusts”

Under pressure, most states changed their legislation since the 1990s so that lucrative state-owned or state-supporting companies were allowed to be sold (“liberalisation”). This happened mainly through international organisations such as the WTO, the IMF, or the *World Bank*. The USA had significant influence there. However, in the context of “globalisation,” European financiers

also jumped on the bandwagon. Governments were forced to give up national protection rights, tariffs or “golden shares” that had previously protected their own economies. Direct investments by “investment companies” from abroad became possible (e.g. via the GATS agreements, which, among other things, affected public services). The sell-off of major Swedish industry branches (*Saab* or *Volvo*) are an example. Or the sell-out of Germany: medium-sized companies, but also banks, chemical companies, car companies and other large German industries. Even armament companies are owned by US financial service providers (e.g. *Rheinmetall* Group).

Network of global “financial service providers”

Today, global “financial service providers” are mutually and jointly able to determine the strategies of large corporations. Their goal remains a maximum return for investors and shareholders. They are not charities: the unemployed are financed out of the state coffers – i.e. from citizens’ taxes. The taxation of financial service providers, on the other hand, tends towards zero.

Global cartels

This way, real economic competition for the benefit of all between individual business companies in the sense of healthy competition is being eliminated. Through their shares, “service providers” have significant influence in almost all important corporations globally; This also applies to “competing” companies. Classically this refers to a “cartel” – i.e. a global cartel. Agreements can be made worldwide, and supply and demand can be influenced. Prices can be raised or dropped and thriving businesses can easily be closed. Competition? Market economy for the benefit of all? Werner Rügemer has the great merit of having traced this inhuman network down to the last detail (Werner Rügemer. *Expropriating BlackRock&Co.! On the trail of an unknown world power*. Nomen-Verlag 2021).

War for returns on investments

Many financial service providers are currently maximising profits in the areas of the “Green Deal”, energy, armaments/weapons, and the expected reconstruction of destroyed areas. Albeit globally.

Conflicts can also be looked at economically. Profits in armament companies increase when

more arms equipment is sold. As it is well known, demand for armaments arises when many weapons are “consumed” by belligerent states in military conflicts or when governments feel threatened and therefore buy weapons. With their financial interest in wars, financial service providers touch a core task of states – namely to guarantee peace. This is an existential question, especially today, because of the imminent danger of nuclear warfare.

Wars destroy human coexistence. Everyone wants to be able to live an often already complicated life in peace, without getting into a life-threatening war or having to suffer because of it.

The genuine task of any elected government would be to ensure peace.

At this point there is an unspoken conflict of interest between the common good and those “financial service providers”: With their influence on governments, on the media and thus on “opinion formation”; now they are able to influence public debates. They want to increase sales in their armament companies and benefit maximally from future reconstruction. They take the side of “war profiteers”: “War is business – and business is business.” Just think of the gun lobbyist and German FDP politician *Marie-Agnes Strack-Zimmermann*.

We now wonder what ineffable political decisions have already been made based on expertise from the financial services sector.

Who are they?

In September 2023, when asked why the mainstream media clung so unilaterally to the “win option” in the Ukraine war, the renowned ex-US Colonel *Douglas Macgregor* said: “I urge everyone to look at the people who own the media, who control the financial system and who are at the top of governments. Who are they? Where are they from? We have a ruling political class in this country that has emerged over the last twenty years, but it has never been as powerful as it is now. [...] I tell you: find out who is funded by whom. Then you will get some answers». (see *Weltwoche*, 14 September 2023).

Democracy or return on investment?

Who is the sovereign in the country? The citizen or BlackRock “financial analysts”? Apparently, “financial analysts” seem to have taken the governments in most “Western” countries under their wings. The lockstep in the case of the

Ukraine war, the China bashing, the WHO and the “Green Deal” provisions are almost eerie.

In a functioning democracy, “service providers” would have to submit their interests to the common good. Politicians have failed to legally regulate “financial service providers”, as is usual for every normal business and every regular bank. That is why these institutions are also referred to as “shadow banks”. Their influence is now so great that regulation is becoming increasingly difficult. – But who wonders? Some government members themselves were employed by financial service providers or were expecting to get a position there – the “revolving door phenomenon”. Governments seem to have become part of the “service providers”. Transparency has been lost. Effective laws are still missing today.

Lack of transparency

Part of the lack of regulation is the lack of transparency. Everyone knows the CEO of BlackRock. His name is Larry Fink. But who knows the owners of BlackRock? Who owns the majority of BlackRock and who ultimately decides the course of business? Everyone knows the “financial analyst”, but no one knows the boss...

If you want to learn more about BlackRock’s ownership, you end up in a sea of convoluted share portfolios and letterbox companies – often on Caribbean islands. The mailboxes do not have personal names on them. Ironically, the US administration, which knows every bank safe deposit box in Switzerland inside out, at the same time allows for some very special swamps to thrive on its own doorstep.

Mailbox owner

Woe betides you if something is wrong with your tax documents! Watch out that everything has been fully declared!

But who taxes the huge billions in profits that are siphoned off worldwide at the expense of citizens and their states and end up in dubious mailboxes on Caribbean islands?

Did Macgregor ultimately refer to these anonymous mailbox owners? Do they determine the course of financial service providers? They evade all government controls. They hardly pay any taxes and yet use their “financial investments” to opt for a policy that determines the lives of billions of people on earth: through war, hunger, illness, death.

What can be done?

With the rise of the Global South, the BRICS or the SCO, the rules of the game are changing. The dominance of the money- and power-oriented American elite seems to be waning. There is no need to immediately demand to *expropriate the expropriators*.^{*} like Marx did. It would be perfectly sufficient to reintroduce certainties: regulating the “shadow banks” as normal banks and asking tax havens for full disclosure – especially the US ones. In addition, “philanthropic” foundations should be once more be taxed regularly. Citizens in various countries must be given back their self-determination.

It’s that simple. Nothing more, but nothing less.

^{*} *To expropriate the expropriators*. See “The Communist Manifesto”. 1848.