GlobalResearch
Center for Research on Globalization

The Global 1%: Exposing the Transnational Ruling Class

By Peter Phillips and Kimberly Soeiro
Global Research, August 14, 2012
Project Censored 14 August 2012

Theme: Global Economy, Poverty & Social Inequality

This study asks: Who are the the world's One percent power elite?

And to what extent do they operate in unison for their own private gains over benefits for the 99 percent?

We examine a sample of the 1 percent: the extractor sector, whose companies are on the ground extracting material from the global commons, and using low-cost labor to amass wealth. These companies include oil, gas, and various mineral extraction organizations, whereby the value of the material removed far exceeds the actual cost of removal.We also examine the investment sector of the global 1 percent: companies whose primary activity is the amassing and reinvesting of capital. This sector includes global central banks, major investment money management firms, and other companies whose primary efforts are the concentration and expansion of money, such as insurance companies.

Finally, we analyze how global networks of centralized power—the elite 1 percent, their companies, and various governments in their service—plan, manipulate, and enforce policies that benefit their continued concentration of wealth and power. We demonstrate how the US/NATO military-industrial-media empire operates in service to the transnational corporate class for the protection of international capital in the world.

The Occupy Movement has developed a mantra that addresses the great inequality of wealth and power between the world's wealthiest 1 percent and the rest of us, the other 99 percent. While the 99 percent mantra undoubtedly serves as a motivational tool for open involvement, there is little understanding as to who comprises the 1 percent and how they maintain power in the world. Though a good deal of academic research has dealt with the power elite in the United States, only in the past decade and half has research on the transnational corporate class begun to emerge.[i]

Foremost among the early works on the idea of an interconnected 1 percent within global capitalism was Leslie Sklair's 2001 book, *The Transnational Capitalist Class*.[ii] Sklair believed that globalization was moving transnational corporations (TNC) into broader international roles, whereby corporations' states of orgin became less important than international argreements developed through the World Trade Organization and other international institutions. Emerging from these multinational corporations was a transnational capitalist class, whose loyalities and interests, while still rooted in their corporations, was increasingly international in scope. Sklair writes:

The transnational capitalist class can be analytically divided into four main fractions: (i) owners and controllers of TNCs and their local affiliates; (ii) globalizing bureaucrats and politicians; (iii) globalizing professionals; (iv) consumerist elites (merchants and media). . . . It is also important to note, of course, that the TCC [transnational corporate class] and each of its fractions are not always entirely united on every issue. Nevertheless, together, leading personnel in these groups constitute a global power elite, dominant class or inner circle in the sense that these terms have been used to characterize the dominant class structures of specific countries.[iii]

Estimates are that the total world's wealth is close to $200 trillion, with the US and Europe holding approximately 63 percent. To be among the wealthiest half of the world, an adult needs only $4,000 in assets once debts have been subtracted. An adult requires more than $72,000 to belong to the top 10 percent of global wealth holders, and more than $588,000 to be a member of the top 1 percent. As of 2010, the top 1 percent of the wealthist people in the world had hidden away between $21 trillion to $32 trillion in secret tax exempt bank accounts spread all over the world.[iv] Meanwhile, the poorest half of the global population together possesses less than 2 percent of global wealth.[v] The World Bank reports that, in 2008, 1.29 billion people were living in extreme poverty, on less than $1.25 a day, and 1.2 billion more were living on less than $2.00 a day.[vi] Starvation.net reports that 35,000 people, mostly young children, die every day from starvation in the world.[vii] The numbers of unnecessary deaths have exceeded 300 million people over the past forty years. Farmers around the world grow more than enough food to feed the entire world adequately. Global grain production yielded a record 2.3 billion tons in 2007, up 4 percent from the year before—yet, billions of people go hungry every day. Grain.org describes the core reasons for ongoing hunger in a recent article, "Corporations Are Still Making a Killing from Hunger": while farmers grow enough food to feed the world, commodity speculators and huge grain traders like Cargill control global food prices and distribution.[viii] Addressing the power of the global 1 percent—identifying who they are and what their goals are—are clearly life and death questions.

It is also important to examine the questions of how wealth is created, and how it becomes concentrated. Historically, wealth has been captured and concentrated through conquest by various powerful enities. One need only look at Spain's appropriation of the wealth of the Aztec and Inca empires in the early sixteenth century for an historical example of this process. The histories of the Roman and British empires are also filled with examples of wealth captured.

Once acquired, wealth can then be used to establish means of production, such as the early British cotton mills, which exploit workers' labor power to produce goods whose exchange value is greater than the cost of the labor, a process analyzed by Karl Marx in *Capital*.[ix] A human being is able to produce a product that has a certain value. Organized business hires workers who are paid below the value of their labor power. The result is the creation of what Marx called surplus value, over and above the cost of labor. The creation of surplus value allows those who own the means of production to concentrate capital even more. In addition, concentrated capital accelerates the exploition of natural resources by private entrepreneurs—even though these natural resources are actually the common heritage of all living beings.[x]

In this article, we ask: Who are the the world's 1 percent power elite? And to what extent do they operate in unison for their own private gains over benefits for the 99 percent? We will examine a sample of the 1 percent: the extractor sector, whose companies are on the ground extracting material from the global commons, and using low-cost labor to amass wealth. These companies include oil, gas, and various mineral extraction organizations, whereby the value of the material removed far exceeds the actual cost of removal.

We will also examine the investment sector of the global 1 percent: companies whose primary activity is the amassing and reinvesting of capital. This sector includes global central banks, major investment money management firms, and other companies whose primary efforts are the concentration and expansion of money, such as insurance companies.

Finally, we analyze how global networks of centralized power—the elite 1 percent, their companies, and various governments in their service—plan, manipulate, and enforce policies that benefit their continued concentration of wealth and power.

The Extractor Sector: The Case of Freeport-McMoRan (FCX)

Freeport-McMoRan (FCX) is the world's largest extractor of copper and gold. The company controls huge deposits in Papua, Indonesia, and also operates in North and South America, and in Africa. In 2010, the company sold 3.9 billion pounds of copper, 1.9 million ounces of gold, and 67 million pounds of molybdenum. In 2010, Freeport-McMoRan reported revenues of $18.9 billion and a net income of $4.2 billion.[xi]

The Grasberg mine in Papua, Indonesia, employs 23,000 workers at wages below three dollars an hour. In September 2011, workers went on strike for higher wages and better working conditions. Freeport had offered a 22 percent increase in wages, and strikers said it was not enough, demanding an increase to an international standard of seventeen to forty-three dollars an hour. The dispute over pay attracted local tribesmen, who had their own grievances over land rights and pollution; armed with spears and arrows, they joined Freeport workers blocking the mine's supply roads.[xii] During the strikers' attempt to block busloads of replacement workers, security forces financed by Freeport killed or wounded several strikers.

Freeport has come under fire internationally for payments to authorities for security. Since 1991, Freeport has paid nearly thirteen billion dollars to the Indonesian government—one of Indonesia's largest sources of income—at a 1.5 percent royalty rate on extracted gold and copper, and, as a result, the Indonesian military and regional police are in their pockets. In October 2011, the *Jakarta Globe* reported that Indonesian security forces in West Papua, notably the police, receive extensive direct cash payments from Freeport-McMoRan. Indonesian National Police Chief Timur Pradopo admitted that officers received close to ten million dollars annually from Freeport, payments Pradopo described as "lunch money." Prominent Indonesian nongovernmental organization Imparsial puts the annual figure at fourteen million dollars.[xiii] These payments recall even larger ones made by Freeport to Indonesian military forces over the years which, once revealed, prompted a US Security and Exchange Commission investigation of Freeport's liability under the United States' Foreign Corrupt Practices Act.

In addition, the state's police and army have been criticized many times for human rights violations in the remote mountainous region, where a separatist movement has simmered for decades. Amnesty International has documented numerous cases in which Indonesian police have used unnecessary force against strikers and their supporters. For example, Indonesian security forces attacked a mass gathering in the Papua capital, Jayapura, and striking workers at the Freeport mine in the southern highlands. At least five people were killed and many more injured in the assaults, which shows a continuing pattern of overt violence against peaceful dissent. Another brutal and unjustified attack on October 19, 2011, on thousands of Papuans exercising their rights to assembly and freedom of speech, resulted in the death of at least three Papuan civilians, the beating of many, the detention of hundreds, and the arrest of six, reportedly on treason charges.[xiv]

On November 7, 2011, the *Jakarta Globe* reported that "striking workers employed by Freeport-McMoRan Copper & Gold's subsidiary in Papua have dropped their minimum wage increase demands from $7.50 to $4.00 an hour, the All-Indonesia Workers Union (SPSI) said."[xv] Virgo Solosa, an official from the union, told the *Jakarta Globe* that they considered the demands, up from the (then) minimum wage of $1.50 an hour, to be "the best solution for all."

Workers at Freeport's Cerro Verde copper mine in Peru also went on strike around the same time, highlighting the global dimension of the Freeport confrontation. The Cerro Verde workers demanded pay raises of 11 percent, while the company offered just 3 percent.

The Peruvian strike ended on November 28, 2011.[xvi] And on December 14, 2011, Freeport-McMoRan announced a settlement at the Indonesian mine, extending the union's contract by two years. Workers at the Indonesia operation are to see base wages, which currently start at as little as $2.00 an hour, rise 24 percent in the first year of the pact and 13 percent in the second year. The accord also includes improvements in benefits and a one-time signing bonus equivalent to three months of wages.[xvii]

In both Freeport strikes, the governments pressured strikers to settle. Not only was domestic militrary and police force evident, but also higher levels of international involvement. Throughout the Freeport-McMoRan strike, the Obama administration ignored the egregious violation of human rights and instead advanced US–Indonesian military ties. US Secretary of Defense Leon Panetta, who arrived in Indonesia in the immediate wake of the Jayapura attack, offered no criticism of the assault and reaffirmed US support for Indonesia's territorial integrity. Panetta also reportedly commended Indonesia's handling of a weeks-long strike at Freeport-McMoRan.[xviii]

US President Barack Obama visited Indonesia in November 2011 to strengthen relations with Jakarta as part of Washington's escalating efforts to combat Chinese influence in the Asia–Pacific region. Obama had just announced that the US and Australia would begin a rotating deployment of 2,500 US Marines to a base in Darwin, a move ostensibly to modernize the US posture in the region, and to allow participation in "joint training" with Australian military counterparts. But some speculate that the US has a hidden agenda in deploying marines to Australia. The Thai newspaper *The Nation* has suggested that one of the reasons why US Marines might be stationed in Darwin could be that they would provide remote security assurance to US-owned Freeport-McMoRan's gold and copper mine in West Papua, less than a two-hour flight away.[xix]

The fact that workers at Freeport's Sociedad Minera Cerro Verde copper mine in Peru were also striking at the same time highlights the global dimension of the Freeport confrontation. The Peruvian workers are demanding pay rises of eleven percent, while the company has offered just three percent. The strike was lifted on November 28, 2011.[xx]

In both Freeport strikes, the governments pressured strikers to settle. Not only was domestic militrary and police force evident, but also higher levels of international involvement. The fact that the US Secretary of Defense mentioned a domestic strike in Indonesa shows that the highest level of power are in play on issues affecting the international corporate 1 percent and their profits.

Public opinion is strongly against Freeport in Indonesia. On August 8, 2011, Karishma Vaswani of the BBC reported that “the US mining firm Freeport-McMoRan has been accused of everything from polluting the environment to funding repression in its four decades working in the Indonesian province of Papau. . . . Ask any Papuan on the street what they think of Freeport and they will tell you that the firm is a thief, said Nelels Tebay, a Papuan pastor and coordinator of the Papua Peace Network.”[xxi]

Freeport strikers won support from the US Occupy movement. Occupy Phoenix and East Timor Action Network activists marched to Freeport headquarters in Phoenix on October 28, 2011, to demonstrate against the Indonesian police killings at Freeport-McMoRan’s Grasberg mine.[xxii]

Freeport-McMoRan (FCX) chairman of the board James R. Moffett owns over four million shares with a value of close to $42.00 each. According to the FCX annual meeting report released in June 2011, Moffett’s annual compensation from FCX in 2010 was $30.57 million. Richard C. Adkerson, president of the board of FCX, owns over 5.3 million shares. His total compensation in was also $30.57 million in 2010 Moffett’s and Adkerson’s incomes put them in the upper levels of the world’s top 1 percent. Their interconnectness with the highest levels of power in the White House and the Pentagon, as indicated by the specific attention given to them by the US secretary of defense, and as suggested by the US president’s awareness of their circumstances, leaves no doubt that Freeport-MacMoRan executives and board are firmly positioned at the highest levels of the transnational corporate class.

Freeport-McMoRan’s Board of Directors

James R. Moffett—Corporate and policy affiliations: cochairman, president, and CEO of McMoRan Exploration Co.; PT Freeport Indonesia; Madison Minerals Inc.; Horatio Alger Association of Distinguished Americans; Agrico, Inc.; Petro-Lewis Funds, Inc.; Bright Real Estate Services, LLC; PLC–ALPC, Inc.; FM Services Co.

Richard C. Adkerson—Corporate and policy affiliations: Arthur Anderson Company; chairman of International Council on Mining and Metals; executive board of the International Copper Association, Business Council, Business Roundtable, Advisory Board of the Kissinger Institute, Madison Minerals Inc.

Robert Allison Jr.—Corporate affiliations: Anadarko Petroleum (2010 revenue: $11 billion); Amoco Projection Company.

Robert A. Day—Corporate affiliations: CEO of W. M. Keck Foundation (2010 assets: more than $1 billion); attorney in Costa Mesa, California.

Gerald J. Ford—Corporate affiliations: Hilltop Holdings Inc, First Acceptance Corporation, Pacific Capital Bancorp (Annual Sales $13 billion), Golden State Bancorp, FSB (federal savings bank that merged with Citigroup in 2002) Rio Hondo Land & Cattle Company (annual sales $1.6 million), Diamond Ford, Dallas (sales: $200 million), Scientific Games Corp., SWS Group (annual sales: $422 million); American Residential Cmnts LLC.

H. Devon Graham Jr.—Corporate affiliations: R. E. Smith Interests (an asset management company; income: $670,000).

Charles C. Krulak—Corporate and governmental affiliations: president of Birmingham-South College; commandant of the Marine Corp, 1995–1999; MBNA Corp.; Union Pacific Corporation (annual sales: $17 billion); Phelps Dodge (acquired by FCX in 2007).

Bobby Lee Lackey—Corporate affiliations: CEO of McManusWyatt-Hidalgo Produce Marketing Co.

Jon C. Madonna—Corporate affiliations: CEO of KPMG, (professional services auditors; annual sales: $22.7 billion); AT&T (2011 revenue: $122 billion); Tidewater Inc. (2011 revenue: $1.4 billion).

Dustan E. McCoy—Corporate affiliations: CEO of Brunswick Corp. (revenue: $4.6 billion); Louisiana-Pacific Corp. (2011 revenue: $1.7 billion).

B. M. Rankin Jr.—Corporate affiliations: board vice chairman of FCX; cofounder of McMoRan Oil and Gas in 1969.

Stephen Siegele—Corporate affiliations: founder/CEO of Advanced Delivery and Chemical Systems Inc.; Advanced Technology Solutions; Flourine on Call Ltd.

The board of directors of Freeport-McMoRan represents a portion of the global 1 percent who not only control the largest gold and copper mining company in the world, but who are also interconnected by board membership with over two dozen major multinational corporations, banks, foundations, military, and policy groups. This twelve-member board is a tight network of individuals who are interlocked with—and influence the policies of—other major companies controlling approximately $200 billion in annual revenues.

Freeport-McMoRan exemplifies how the extractor sector acquires wealth from the common heritage of natural materials—which rightfully belongs to us all—by appropriating the surplus value of working people’s labor in the theft of our commons. This process is protected by governments in various countries where Freeport maintains mining operations, with the ultimate protector being the military empire of the US and the North Atlantic Treaty Organization (NATO).

Further, Freeport-McMoRan is connected to one of the most elite transnational capitalist groups in the world: over 7 percent of Freeport’s stock is held by BlackRock, Inc., a major investment management firm based in New York City.

The Investment Sector: The Case of BlackRock, Inc.

Internationally, many firms operate primarily as investment organizations, managing capital and investing in other companies. These firms often do not actually make anything except money, and are keen to prevent interference with return on capital by taxation, regulations, and governmental interventions anywhere in the world.

BlackRock, based in Manhattan, is the largest assets management firm in the world, with over 10,000 employees and investment teams in twenty-seven countries. Their client base includes corporate, public, union, and industry pension plans; governments; insurance companies; third-party mutual funds; endowments; foundations; charities; corporations; official institutions; sovereign wealth funds; banks; financial professionals; and individuals worldwide. BlackRock acquired Barclay Global Investors in December of 2009. As of March 2012, BlackRock manages assets worth $3.68 trillion in equity, fixed income, cash management, alternative investment, real estate, and advisory strategies.[xxiii]

In addition to Freeport-McMoRan, BlackRock has major holdings in Chevron (49 million shares, 2.5 percent), Goldman Sachs Group (13 million shares, 2.7 percent), Exxon Mobil (121 million shares, 2.5 percent), Bank of America (251 million shares, 2.4 percent), Monsanto Company (12 million shares, 2.4 percent), Microsoft Corp. (185 million shares, 2.2 percent), and many more.[xxiv]

BlackRock manages investments of both public and private funds, including California Public Employee's Retirement System, California State Teacher's Retirement System, Freddie Mac, Boy Scouts of America, Boeing, Sears, Verizon, Raytheon, PG&E, NY City Retirement Systems, LA County Employees Retirement Association, GE, Cisco, and numerous others.

According to BlackRock's April 2011 annual report to stockholders, the board of directors consists of eighteen members. The board is classified into three equal groups—Class I, Class II, and Class III—with terms of office of the members of one class expiring each year in rotation. Members of one class are generally elected at each annual meeting and serve for full three-year terms, or until successors are elected and qualified. Each class consists of approximately one-third of the total number of directors constituting the entire board of directors.

BlackRock has stockholder agreements with Merrill Lynch & Co., Inc., a wholly owned subsidiary of Bank of America Corporation; and Barclays Bank PLC and its subsidiaries. Two to four members of the board are from BlackRock management; one director is designated by Merrill Lynch; two directors, each in a different class, are designated by PNC Bank; two directors, each in a different class, are designated by Barclays; and the remaining directors are independent.

BlackRock's Board of Directors

Class I Directors (terms expire in 2012):

William S. Demchak—Corporate affiliations: senior vice chairman of PNC (assets: $271 billion); J. P. Morgan Chase & Co. (2011 assets: $2.2 trillion).

Kenneth B. Dunn, PhD—Corporate and institutional affiliations: professor of financial economics at the David A. Tepper School of Business at Carnegie Mellon University; former managing director of Morgan Stanley Investment (assets: $807 billion).

Laurence D. Fink—Corporate and institutional affiliations: chairman/CEO of BlackRock; trustee of New York University; trustee of Boys Club of NY.

Robert S. Kapito—Corporate and institutional affiliations: president of BlackRock; trustee of Wharton School University of Pennsylvania.

Thomas H. O'Brien—Corporate affiliations: former CEO of PNC; Verizon Communications, Inc. (2011 revenue: $110 billion).

Ivan G. Seidenberg—Corporate and policy affiliations: board chairman of Verizon Communications; former CEO of Bell Atlantic; Honeywell International Inc. (2010 revenue: $33.3 billion); Pfizer Inc. (2011 revenue: $64 billion); chairman of the Business Roundtable; National Security Telecommunications Advisory Committee; President's Council of the New York Academy of Sciences.[xxv]

Class II Directors (terms expire in 2013):

Abdlatif Yousef Al-Hamad—Corporate and institutional affiliations: board chairman of Arab Fund for Economic and Social Development (assets: $2.7 trillion); former Minister of Finance and Minister of Planning of Kuwait, Kuwait Investment Authority. Multilateral Development Banks, International Advisory Boards of Morgan Stanley, Marsh & McLennan Companies, Inc., American International Group, Inc. and the National Bank of Kuwait.

Mathis Cabiallavetta—Corporate affiliations: Swiss Reinsurance Company (2010 revenue: $28 billion); CEO of Marsh & McLennan Companies Inc. (2011 revenue: $11.5 billion); Union Bank of Switzerland-UBS A.G. (2012 assets: $620 billion); Philip Morris International Inc. (2010 revenue: $27 billion).

Dennis D. Dammerman—Corporate affiliations: General Electric Company (2012 revenue: $147 billion); Capmark Financial Group Inc. (formally GMAC); American International Group (AIG) (2010 revenue: $77 billion); Genworth Financial (2010 assets: $100 billion); Swiss Reinsurance Company (2012 assets: $620 billion); Discover Financial Services (2011 revenue: $3.4 billion).

Robert E. Diamond Jr.—Corporate and policy affiliations: CEO of Barclays (2011 revenue: $32 billion); International Advisory Board of the British-American Business Council.

David H. Komansky—Corporate affiliations: CEO of Merrill Lynch (division of Bank of America 2009) (2011 assets management: $2.3 trillion); Burt's Bees, Inc. (owned by Clorox); WPP Group plc (2011 revenue: $15 billion).

James E. Rohr—Corporate affiliations: CEO of PNC (2011 revenue: $14 billion).

James Grosfeld—Corporate affiliations: CEO of Pulte Homes, Inc. (2010 revenue: $4.5 billion); Lexington Realty Trust (2011 assets: $1.2 billion).

Sir Deryck Maughan—Corporate and policy affiliations: Kohlberg Kravis Roberts (2011 assets: $8.6 billion); former CEO of Salomon Brothers from 1992 to 1997 a Chairman of the US-Japan Business Council; GlaxoSmithKline plc (2011 revenue: $41 billion); Thomson Reuters Corporation (2011 revenue: $13.8 billion).

Thomas K. Montag—Corporate affiliations: president of Global Banking & Markets for Bank of America (2011 revenue: $94 billion); Merrill Lynch (division of Bank of America, 2009; 2011 assets management: $2.3 trillion); Goldman Sachs (2011 revenue: $28.8 billion).

Class III Directors (terms expire in 2014):

Murry S. Gerber—Corporate affiliations: executive chairman of EQT (2010 revenue: $1.3 billion); Halliburton Company.

Linda Gosden Robinson—Corporate affiliations: former CEO of Robinson Lerer &

Montgomery; Young & Rubicam Inc.; WPP Group plc. (2011 revenue: $15 billion); Revlon, Inc. (2011 revenue: $1.3 billion).

John S. Varley—Corporate affiliations: CEO of Barclays (2011 revenue: $32 billion); AstraZeneca PLC (2011 revenue: $33.5 billion).

BlackRock is one of the most concentrated power networks among the global 1 percent. The eighteen members of the board of directors are connected to a significant part of the world's core financial assests. Their decisions can change empires, destroy currencies, and impoverish millions. Some of the top financial giants of the capitalist world are connected by interlocking boards of directors at BlackRock, including Bank of America, Merrill Lynch, Goldman Sachs, PNC Bank, Barclays, Swiss Reinsurance Company, American International Group (AIG), UBS A.G., Arab Fund for Economic and Social Development, J. P. Morgan Chase & Co., and Morgan Stanley.

A 2011 University of Zurich study, research completed by Stefania Vitali, James B. Glattfelder, Stefano Battiston at the Swiss Federal Institute, reports that a small group of companies—mainly banks—wields huge power over the global economy.[xxvi] Using data from Orbis 2007, a database listing thirty-seven million companies and investors, the Swiss researchers applied mathematical models—usually used to model natural systems—to the world economy. The study is the first to look at all 43,060 transnational corporations and the web of ownership between them. The research created a "map" of 1,318 companies at the heart of the global economy. The study found that 147 companies formed a "super entity" within this map, controlling some 40 percent of its wealth. The top twenty-five of the 147 super-connected companies includes:

1. Barclays PLC*

2. Capital Group Companies Inc.

3. FMR Corporation

4. AXA

5. State Street Corporation

6. J. P. Morgan Chase & Co.*

7. Legal & General Group PLC

8. Vanguard Group Inc.

9. UBS AG

10. Merrill Lynch & Co. Inc.*

11. Wellington Management Co. LLP

12. Deutsche Bank AG

13. Franklin Resources Inc.

14. Credit Suisse Group*

15. Walton Enterprises LLC

16. Bank of New York Mellon Corp

17. Natixis

18. Goldman Sachs Group Inc.*

19. T Rowe Price Group Inc.

20. Legg Mason Inc.

21. Morgan Stanley*

22. Mitsubishi UFJ Financial Group Inc.

23. Northern Trust Corporation

24. Société Générale

25. Bank of America Corporation*

* BlackRock Directors

Notably, for our purposes, BlackRock board members have direct connections to at least seven of the top twenty-five corporations that Vitali et al. identify as an international "super entity." BlackRock's board has direct links to seven of the twenty-five most interconnected corporations in the world. BlackRock's eighteen board members control and influence tens of trillions of dollars of wealth in the world and represent a core of the super-connected financial sector corporations.

Below is a sample cross section of key figures and corporate assets among the global economic "super entity" identified by Vitali et al.

Other Key Figures and Corporate Connections within the Highest Levels of the Global Economic "Super Entity"

Capital Group Companies—Privately held, based in Los Angeles, manages $1 trillion in assets.

FMR—One of the world's largest mutual fund firms, managing $1.5 trillion in assets and serving more than twenty million individual and institutional clients; Edward C. (Ned) Johnson III, Chairman and CEO.

AXA—Manages $1.5 trillion in assets, serving 101 million clients; Henri de Castries, CEO AXA, and Director, Nestlé (Switzerland).

State Street Corporation—Operates from Boston with assest management at $1.9 trillion; directors include Joseph L. Hooley, CEO of State Street Corporation; Kennett F. Burnes, retired chairman and CEO of Cabot Corporation(2011 revenue: $3.1 billion).

JP Morgan/Chase (2011 assets: $2.3 trillion)—Board of directors: James A. Bell, retired executive VP of The Boeing Company; Stephen B. Burke, CEO of NBC Universal, and executive VP of Comcast Corporation; David M. Cote, CEO of Honeywell International, Inc.; Timothy P. Flynn, retired chairman of KPMG International; and Lee R. Raymond, retired CEO of Exxon Mobil Corporation.

Vanguard (2011 assets under management: $1.6 trillion)—Directors: Emerson U. Fullwood, VP of Xerox Corporation; JoAnn Heffernan Heisen, VP of Johnson & Johnson, Robert Wood Johnson Foundation; Mark Loughridge, CFO of IBM, Global Financing; Alfred M. Rankin Jr., CEO of NACCO Industries, Inc., National Association of Manufacturers, Goodrich Corp, and chairman of Federal Reserve Bank of Cleveland.

UBS AG (2012 assets: $620 billion)—Directors include: Michel Demaré, board member of Syngenta and the IMD Foundation (Lausanne); David Sidwell, former CFO of Morgan Stanley.

Merrill Lynch (Bank of America) (2011 assets management: $2.3 trillion)—Directors include: Brian T. Moynihan, CEO of Bank of America; Rosemary T. Berkery, general counsel for Bank of America/Merrill Lynch (formerly Merrill Lynch & Co., Inc), member of New York Stock Exchange's Legal Advisory Committee, director at Securities Industry and Financial Markets Association; Mark A. Ellman, managing director of Credit Suisse, First Boston; Dick J. Barrett, cofounder of Ellman Stoddard Capital Partners, MetLife, Citi Group, UBS, Carlyle Group, ImpreMedia, Verizon Communications, Commonewealth Scientific and Industrial Research Org, Fluor Corp, Wells Fargo, Goldman Sachs Group.

The directors of these super-connected companies represent a small portion of the global 1 percent. Most people with assets in excess of $588,000 are not major players in international finance. At best, they hire asset management firms to produce a return on their capital. Often their net worth is tied up in nonfinancial assets such a real estate and businesses.

Analysis: TCC and Global Power

So how does the transnational corporate class (TCC) maintain wealth concentration and power in the world? The wealthiest 1 percent of the world's population represents approximately forty million adults. These forty million people are the richest segment of the first tier populations in the core countries and intermittently in other regions. Most of this 1 percent have professional jobs with security and tenure working for or associated with established institutions. Approximately ten million of these individuals have assets in excess of one million dollars, and approximately 100,000 have financials assets worth over thirty million dollars. Immediately below the 1 percent in the first tier are working people with regular employment in major corporations, government, self-owned businesses, and various institutions of the world. This first tier constitutes about 30–40 percent of the employed in the core developed countries, and some 30 percent in the second tier economies and down to 20 percent in the periphery economies (sometimes referred to as the 3rd world). The second tier of global workers represents growing armies of casual labor: the global factory workers, street workers, and day laborers intermittently employed with increasingly less support from government and social welfare organizations. These workers, mostly concentrated in the megacities, constitute some 30–40 percent of the workers in the core industrialized economies and some 20 percent in the second tier and peripheral economies. This leaves a third tier of destitute people worldwide ranging from 30 percent of adults in the core and secondary economies to fully 50 percent of the people in peripherial countries who have extremely limited income opportunities and struggle to survive on a few dollars a day. These are the 2.5 billion people who live on less than two dollars a day, die by the tens of thousands every day from malnutrition and easily curible illnesses, and who have probably never even heard a dial tone.[xxvii]

As seen in our extractor sector and investment sector samples, corporate elites are interconnected through direct board connections with some seventy major multinational corporations, policy groups, media organizations, and other academic or nonprofit institutions. The investment sector sample shows much more powerful financial links than the extractor sample; nonetheless, both represent vast networks of resources concentrated within each company's board of directors. The short sample of directors and resources from eight other of the superconnected companies replicates this pattern of multiple board corporate connections, policy groups, media and government, controlling vast global resources. These interlock relationships recur across the top interconnected companies among the transnational corporate class, resulting in a highly concentrated and powerful network of individuals who share a common interest in preserving their elite domination.

Sociological research shows that interlocking directorates have the potential to faciliate political cohesion. A sense of a collective "we" emerges within such power networks, whereby members think and act in unison, not just for themselves and their individual firms, but for a larger sense of purpose—the good of the order, so to speak.[xxviii]

Transnational corporate boards meet on a regular basis to encourage the maximunization of profit and the long-term viability of their firm's business plans. If they arrange for payments to government officials, conduct activities that undermine labor organizations, seek to manipulate the price of commodies (e.g. gold), or engage in insider trading in some capacity, they are in fact forming conspiratorial alliances inside those boards of directors. Our sample of thirty directors inside two connected companies have influence with some of the most powerful policy groups in the world, including British–American Business Council, US–Japan Business Council, Business Roundtable, Business Council, and the Kissinger Institute. They influence some ten trillion dollars in monetery resouces and control the working lives of many hundreds of thousands of people. All in all, they are a power elite unto themselves, operating in a world of power elite networks as the *de facto* ruling class of the capitalist world.

Moreover, this 1 percent global elite dominates and controls public relations firms and the corporate media. Global corporate media protect the interests of the 1 percent by serving as a propaganda machine for the superclass. The corporate media provide entertainment for the masses and distorts the realities of inequality. Corporate news is managed by the 1 percent to maintain illusions of hope and to divert blame from the powerful for hard times.[xxix]

Four of the thirty directors in our two-firm sample are directly connected with public relations and media. Thomas H. O'Brien and Ivan G. Seidenberg are both on the board of Verizon Communications, where Seidenberg serves as chairman. Verizon reported over $110 billion in operating revenues in 2011.[xxx] David H. Komansky and Linda Gosden Robinson are on the board of WPP Group, which describes itself as the world leader in marketing communications services, grossing over $65 billion in 2011. WPP is a conglomerate of many of the world's leading PR and marketing firms, in fields that include advertising, media investment management, consumer insight, branding and identity, health care communications, and direct digital promotion and relationship marketing.[xxxi]

Even deeper inside the 1 percent of wealthy elites is what David Rothkopf calls the superclass. David Rothkopf, former managing director of Kissinger Associates and deputy undersecretary of commerce for international trade policies, published his book *Superclass: the Global Power Elite and the World They Are Making*, in 2008.[xxxii] According to Rothkopf, the superclass constitutes approximately 0.0001 percent of the world's population, comprised of 6,000 to 7,000 people—some say 6,660. They are the Davos-attending, Gulfstream/private jet–flying, money-incrusted, megacorporation-interlocked, policy-building elites of the world, people at the absolute peak of the global power pyramid. They are 94 percent male, predominantly white, and mostly from North America and Europe. These are the people setting the agendas at the Trilateral Commission, Bilderberg Group, G-8, G-20, NATO, the World Bank, and the World Trade Organization. They are from the highest levels of finance capital, transnational corporations, the government, the military, the academy, nongovernmental organizations, spiritual leaders, and other shadow elites. Shadow elites include, for instance, the deep politics of national security organizations in connection with international drug cartels, who extract 8,000 tons of opium from US war zones annually, then launder $500 billion through transnational banks, half of which are US-based.[xxxiii]

Rothkoft's understanding of the superclass is one based on influence and power. Although there are over 1,000 billionaires in the world, not all are necessarily part of the superclass in terms of influencing global policies. Yet these 1,000 billionaires have twice as much wealth as the 2.5 billion least wealthy people, and they are fully aware of the vast inequalities in the world. The billionaires and the global 1 percent are similar to colonial plantation owners. They know they are a small minority with vast resources and power, yet they must continually worry about the unruly exploited masses rising in rebellion. As a result of these class insecurities, the superclass works hard to protect this structure of concentrated wealth. Protection of capital is the prime reason that NATO countries now account for 85 percent of the world's defense spending, with the US spending more on military than the rest of the world combined.[xxxiv] Fears of inequality rebellions and other forms of unrest motivate NATO's global agenda in the war on terror.[xxxv] The Chicago 2012 NATO Summit Declaration reads:

As Alliance leaders, we are determined to ensure that NATO retains and develops the capabilities necessary to perform its essential core tasks collective defence, crisis management and cooperative security—and thereby to play an essential role promoting security in the world. We must meet this responsibility while dealing with an acute financial crisis and responding to evolving geo-strategic challenges. NATO allows us to achieve greater security than any one Ally could attain acting alone.

We confirm the continued importance of a strong transatlantic link and Alliance solidarity as well as the significance of sharing responsibilities, roles, and risks to meet the challenges North-American and European Allies face together . . . we have confidently set ourselves the goal of NATO Forces 2020: modern, tightly connected forces equipped, trained, exercised and commanded so that they can operate together and with partners in *any* (emphaisis added) environment.[xxxvi]

NATO is quickly emerging as the police force for the transnational corporate class. As the TCC more fully emerged in the 1980s, coinciding with the collapse of the Union of Soviet Socialist Republics (USSR), NATO began broader operations. NATO first ventured into the Balkans, where it remains, and then moved into Afghanistan. NATO started a training mission in Iraq in 2005, has recently conducted operations in Libya, and, as of July 2012, is considering military action in Syria.

It has become clear that the superclass uses NATO for its global security. This is part of an expanding strategy of US military domination around the world, wherby the US/NATO military-industrial-media empire operates in service to the transnational corporate class for the protection of international capital anywhere in the world.[xxxvii]

Sociologists William Robinson and Jerry Harris anticipated this situation in 2000, when they described "a shift from the social welfare state to the social control (police) state replete with the dramatic expansion of public and private security forces, the mass incarceration of the excluded populations (disproportionately minorities), new forms of social apartheid . . . and anti-immigrant legislation."[xxxviii] Robinson and Harris's theory accurately predicts the agenda of today's global superclass, including

—President Obama's continuation of the police state agendas of his executive predecessors, George W. Bush, Bill Clinton, and George H. W. Bush;

—the long-range global dominance agenda of the superclass, which uses US/NATO military forces to discourage resisting states and maintain internal police repression, in service of the capitalist system's orderly maintenance;

—and the continued consolidation of capital around the world without interference from governments or egalitarian social movements.[xxxix]

Furthermore, this agenda leads to the further pauperization of the poorest half of the world's population, and an unrelenting downward spiral of wages for everyone in the second tier, and even some within the first tier.[xl] It is a world facing economic crisis, where the neoliberal solution is to spend less on human needs and more on security.[xli] It is a world of financial institutions run amok, where the answer to bankruptcy is to print more money through quantitative easing with trillions of new inflation-producing dollars. It is a world of permanent war, whereby spending for destruction requires even more spending to rebuild, a cycle that profits the TCC and its global networks of economic power. It is a world of drone killings, extrajudicial assassinations, and death and destruction, at home and abroad.

As Andrew Kollin states in *State Power and Democracy*, "There is an Orwellian dimension to the Administration's (Bush and later Obama) perspective, it chose to disregard the law, instead creating decrees to legitimate illegal actions, giving itself permision to act without any semblances of power sharing as required by the Constitution or international law."[xlii]

And in *Globalization and the Demolition of Society*, Dennis Loo writes, "The bottom line, the fundamential division of our society, is between, on the one hand, those whose interests rest on the dominance and the drive for monopolizing the society and planet's resources and, on the other hand, those whose interests lie in the husbanding of thoses resources for the good of the whole rather than the part."[xliii]

The Occupy movement uses the 1 percent vs. 99 percent mantra as a master concept in its demonstrations, disruptions, and challenges to the practices of the transnational corporate class, within which the global superclass is a key element in the implementation of a superelite agenda for permanent war and total social control. Occupy is exactly what the superclass fears the most—a global democratic movement that exposes the TCC agenda and the continuing theater of government elections, wherein the actors may change but the marquee remains the same. The more that Occupy refuses to cooperate with the TCC agenda and mobilizes activists, the more likely the whole TCC system of dominance will fall to its knees under the people power of democractic movements.

Peter Phillips is a professor of sociology at Sonoma State University and president of the Media Freedom Foundation/Project Censored.

Kimberly Soeiro is a sociology student at Sonoma State University, library researcher, and activist.

Special thanks to Mickey Huff, director of Project Censored, and Andy Roth, associate director of Project Censored, for editing and for important suggestons for this article.

Notes

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