Close-Knit Financial Oligarchy Controls All Major Corporations

Here are the real drivers and financial benefactors of Global Technocracy. This report is reminiscent of similar research compiled by the late Professor Antony C. Sutton and myself for our book, *Trilaterals Over Washington*, Vols. I and II. We reached a similar conclusion in 1978. ☏ TN Editor

Starting with Ronald Reagan’s presidency, the US government willingly decided to ignore the anti-trust laws so that corporations would have free rein to set up monopolies. With each successive president the monopolistic concentration of business and shareholding in America has grown precipitously eventually to reach the monstrous levels of the present day.

Today’s level of monopolistic concentration is of such unprecedented levels that we may without hesitation designate the US economy as a
giant oligopoly. From economic power follows political power, therefore the economic oligopoly translates into a political oligarchy. (It seems, though, that the transformation has rather gone the other way around, a ferocious set of oligarchs have consolidated their economic and political power beginning from the turn of the twentieth century). The conclusion that the US is an oligarchy finds support in a 2014 by a Princeton University study.

Since the collapse of the Soviet Union, the world has not seen these levels of concentration of ownership. The Soviet Union did not die because of apparent ideological reasons but due to economic bankruptcy caused by its uncompetitive monopolistic economy. Our verdict is that the US is heading in the same direction.

In a later report, we will demonstrate how all sectors of the US economy have fallen prey to monopolization and how the corporate oligopoly has been set up across the country. This post essentially serves as an appendix to that future report by providing the shocking details of the concentration of corporate ownership.

Apart from illustrating the monopolization at the level of shareholding of the major investors and corporations, we will in a follow-up post take a somewhat closer look at one particularly fatal aspect of this phenomenon, namely the consolidation of media (posted simultaneously with the present one) in the hands of absurdly few oligarch corporations. In there, we will discuss the monopolies of the tech giants and their ownership concentration together with the traditional media because they rightfully belong to the same category directly restricting speech and the distribution of opinions in society.

In a future instalment of this report, we will show that the oligarchization of America – the placing it under the rule of the One Percent (or perhaps more accurately the 0.1%, if not 0.01%) – has been a deliberate ideologically driven long-term project to establish absolute economic power over the US and its political system and further extend that to involve an absolute global hegemony (the latter project thankfully thwarted by China and Russia). To achieve these goals, it has been crucial for the oligarchs to control and direct the narrative on economy
and war, on all public discourse on social affairs. By seizing the media, the oligarchs have created a monstrous propaganda machine, which controls the opinions of the majority of the US population.

We use the words ‘monopoly,’ ‘monopolies,’ and ‘monopolization’ in a broad sense and subsume under these concepts all kinds of market dominance be it by one company or two or a small number of companies, that is, oligopolies. At the end of the analysis, it is not of great importance how many corporations share in the market dominance, rather what counts is the death of competition and the position enabling market abuse, either through absolute dominance, collusion, or by a de facto extinction of normal market competition. Therefore we use the term ‘monopolization’ to describe the process of reaching a critical level of non-competition on a market. Correspondingly, we may denote ‘monopoly companies’ two corporations of a duopoly or several of an oligopoly.

**Horizontal shareholding - the cementation of the oligarchy**

One especially perfidious aspect of this concentration of ownership is that the same few institutional investors have acquired undisputable control of the leading corporations in practically all the most important sectors of industry. The situation when one or several investors own controlling or significant shares of the top corporations in a given industry (business sector) is referred to as horizontal shareholding. (*1). In present-day United States a few major investors - equity funds or private capital - are as a rule cross-owned by each other, forming investor oligopolies, which in turn own the business oligopolies.

A study has shown that among a sample of the 1,500 largest US firms (S&P 1500), the probability of one major shareholder holding significant shares in two competing firms had jumped to 90% in 2014, while having been just 16% in 1999. (*2).

Institutional investors like BlackRock, Vanguard, State Street, Fidelity, and JP Morgan, now own 80% of all stock in S&P 500 listed companies. The Big Three investors – BlackRock, Vanguard and State Street – alone
constitute the largest shareholder in 88% of S&P 500 firms, which roughly correspond to America’s 500 largest corporations. (*3). Both BlackRock and Vanguard are among the top five shareholders of almost 70% of America’s largest 2,000 publicly traded corporations. (*4).

Blackrock had as of 2016 $6.2 trillion worth of assets under management, Vanguard $5.1 trillion, whereas State Street has dropped to a distant third with only $1 trillion in assets. This compares with a total market capitalization of US stocks according to Russell 3000 of $30 trillion at end of 2017 (From 2016 to 2017, the Big Three has of course also put on assets). Blackrock and Vanguard would then alone own more than one-third of all US publicly listed shares.

From an expanded sample that includes the 3,000 largest publicly listed corporations (Russell 3000 index), institutions owned (2016) about 78% of the equity.

The speed of concentration the US economy in the hands of institutions has been incredible. Still back in 1950s, their share of the equity was 10%, by 1980 it was 30% after which the concentration has rapidly grown to the present day approximately 80%. (*5). Another study puts the present (2016) stock market capitalization held by institutional investors at 70%. (*6). (The slight difference can possibly be explained by variations in the samples of companies included).

As a result of taking into account the common ownership at investor level, it emerges that the US economy is yet much more monopolized than it was previously thought when the focus had been on the operational business corporation alone detached from their owners. (*7).

**The Oligarch owners assert their control**

Apologists for monopolies have argued that the institutional investors who manage passive capital are passive in their own conduct as shareholders as well. (*8). Even if that would be true it would come with vastly detrimental consequences for the economy as that would mean that in effect there would be no shareholder control at all and the corporate executives would manage the companies exclusively with their
own short-term benefits in mind, inevitably leading to corruption and the loss of the common benefits businesses on a normally functioning competitive market would bring.

In fact, there seems to have been a period in the US economy – before the rapid monopolization of the last decade - when such passive investors had relinquished control to the executives. (*9). But with the emergence of the Big Three investors and the astonishing concentration of ownership that does not seem to hold water any longer. (*10). In fact, there need not be any speculation about the matter as the monopolist owners are quite candid about their ways. For example, BlackRock’s CEO Larry Fink sends out an annual guiding letter to his subject, practically to all the largest firms of the US and increasingly also Europe and the rest of the West. In his pastoral, the CEO shares his view of the global conditions affecting business prospects and calls for companies to adjust their strategies accordingly.

The investor will eventually review the management’s strategic plans for compliance with the guidelines. Effectively, the BlackRock CEO has in this way assumed the role of a giant central planner, rather like the Gosplan, the central planning agency of the Soviet command economy.

The 2019 letter (referenced above) contains this striking passage, which should quell all doubts about the extent to which BlackRock exercises its powers:

“As we seek to build long-term value for our clients through engagement, our aim is not to micromanage a company’s operations. Instead, our primary focus is to ensure board accountability for creating long-term value. However, a long-term approach should not be confused with an infinitely patient one. When BlackRock does not see progress despite ongoing engagement, or companies are insufficiently responsive to our efforts to protect our clients’ long-term economic interests, we do not hesitate to exercise our right to vote against incumbent directors or misaligned executive compensation.”

Considering the striking facts rendered above, we should bear in mind that the establishment of this virtually absolute oligarch ownership over
all the largest corporations of the United States is a relatively new phenomenon. We should therefore expect that the centralized control and centralized planning will rapidly grow in extent as the power is asserted and methods are refined.

Most of the capital of those institutional investors consists of so-called passive capital, that is, such cases of investments where the investor has no intention of trying to achieve any kind of control of the companies it invests in, the only motivation being to achieve as high as possible a yield. In the overwhelming majority of the cases the funds flow into the major institutional investors, which invest the money at their will in any corporations. The original investors do not retain any control of the institutional investors, and do not expect it either. Technically the institutional investors like BlackRock and Vanguard act as fiduciary asset managers. But here’s the rub, while the people who commit their assets to the funds may be considered as passive investors, the institutional investors who employ those funds are most certainly not.

Cross-ownership of oligarch corporations

To make matters yet worse, it must be kept in mind that the oligopolistic investors in turn are frequently cross-owned by each other. (*11). In fact, there is no transparent way of discovering who in fact controls the major institutional investors.

One of the major institutional investors, Vanguard is ghost owned insofar as it does not have any owners at all in the traditional sense of the concept. The company claims that it is owned by the multiple funds that it has itself set up and which it manages. This is how the company puts it on their home page: “At Vanguard, there are no outside owners, and therefore, no conflicting loyalties. The company is owned by its funds, which in turn are owned by their shareholders—including you, if you’re a Vanguard fund investor.” At the end of the analysis, it would then seem that Vanguard is owned by Vanguard itself, certainly nobody should swallow the charade that those funds stuffed with passive investor money would exercise any ownership control over the superstructure Vanguard. We therefore assume that there is some group of people (other than the company directors) that have retained the actual control
of Vanguard behind the scenes (perhaps through one or a few of the funds). In fact, we believe that all three (BlackRock, State Street and Vanguard) are tightly controlled by a group of US oligarchs (or more widely transatlantic oligarchs), who prefer not to brandish their power. It is beyond the scope of this study and our means to investigate this hypothesis, but whatever, it is bad enough that as a proven fact these three investor corporations wield this control over most of the American economy. We also know that the three act in concert wherever they hold shares. (*12).

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