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The new economic and political gears

A nova engrenagem econômica e política

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Abstract

Too many things have changed for us to continue to study only the fragments, adding qualifiers such as "extractive capitalism", "parasitic capitalism", "financial capitalism" and so forth. The present paper takes a comprehensive approach, considering that the digital revolution goes as deep, or deeper, than the industrial revolution two and a half centuries ago. This means that we are facing a different mode of production, involving the centrality of knowledge, the overall power of immaterial inputs, the dominance of virtual money, and unproductive rent extraction as the main form of appropriation of the social surplus. These are not new facets in the system, but a new system. The resulting challenges, particularly the inequality and environmental dramas, are deepening. But the real drama is our impotence to face them, a question of overall governance. The image of "gears" we use here is linked to the fact that the different changes we face are interdependent.

Key-Words: Capitalism; Rentierism; Financialization; Global governance

Resumo

Demasiadas coisas mudaram nas formas de organização econômica e social para continuarmos a estudar apenas os fragmentos, adicionando qualificativos como "capitalismo extrativista", "capitalismo parasita", "capitalismo financeiro" e assim por diante. O presente artigo adota uma abordagem abrangente, considerando que a revolução digital é tão profunda, ou mais profunda, do que a revolução industrial de dois séculos e meio atrás. Isso significa que estamos diante de um modo de produção diferente, envolvendo a centralidade do conhecimento, o poder geral dos insumos imateriais, o domínio do dinheiro virtual e o rentismo improdutivo como principal forma de apropriação do excedente social. Essas não são novas facetas no sistema, mas um novo sistema. Os desafios resultantes, particularmente a desigualdade e os dramas ambientais, estão se aprofundando. Mas o verdadeiro drama é nossa impotência para enfrentá-los, uma questão de governança geral. A imagem de "engrenagens" que aqui utilizamos está ligada ao fato que as diferentes mudanças que enfrentamos são interligadas.

Palavras-chave: Capitalismo; Rentismo; Financeirização; Governança global

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We have all we need

"We handed our government over to markets and handed our markets over to corporations."
(Roosevelt Institute, 2019)

Let us get things straight from the beginning. We are destroying the world for the benefit of the very few. UBS (Union des Banques Suisses) gives us the basic figures on inequality. The top 1% wealth owns around $230 tn, while the bottom half of humanity has only $5 tn. The top 1% has lots of fat, after living expenditures, to invest in more financial rentierism, so their fortunes expand, while the bottom 50% barely reaches the end of the month, and even gets indebted. So we are caught in an accelerating inequality mechanism, already at an absurd level. If we look up at to who should fix it, at the political top we find the same 1%. It is self-perpetuating. This is the first of our double key challenges.

We are all tired of pointing to the second, sustainability: climate change, loss of biodiversity, water contamination throughout the world, loss of agricultural soil, overfishing, plastic particles even in our brains. And we manage to react very consciously: tobacco is killing over 8 million a year, yet it is legal and we promote it. The Amazon, Congo and Indonesia original forests are melting, and the soy and beef giants like JBS fill our TVs with messages that they are feeding the world and protecting the environment. You can turn to whatever superior being you like best, but the solutions must be found down here. Which means we will have to do things, not just comment on what should be done.

There are no mysteries at to what should be done about inequality and the environment collapse. The SDG are glaring, 17 clear goals, detailed into 169 practical measures. So we know what is to be done. And we have all the necessary information for the procedures. So many hightech studies show us every detail of every drama in all corners of the world, published and updated by the UN reports, by top universities, by so many research centers. The necessary measures can be taken in a decentralized network management system, we have all the technologies we need, the algorithms allow us to follow up every detail. And most importantly, we have the necessary money.

These notations on computers we call virtual money can be used for what we need, instead of serving the financial rentierism mentioned above. The financial derivatives, as informed by the BIS, manage over $600tn, almost 6 times the world GDP, in speculative activities. If we take world GDP as a reference, $115tn in 2024, it means that the goods and services we produce annually are equivalent to roughly $5 thousand a month per four-member family. What we presently produce is far enough to ensure a good and flourishing life, like Tom Malleson calls it, for everybody. A ridiculously small tax at the top would change the world (Malleson, 2023 and Bou Mansour, 2025).

So we have the challenges – catastrophic environmental and inequality aggravating trends – we know what is to be done, we have the necessary information, the corresponding technologies, and an impressive amount of underutilized financial resources. Our main challenge is not in the problems, but in our stubbornness in deepening them, and our impotence in reversing the trend. And while going down the drain, we hear that an invisible hand will save us, through the natural gift of profit-maximizing logic in what we call "markets". Michael Hudson rightly calls it *Junk Economics.* How far will we go down the drain, reaching what irreversible depth, until we manage to react?

The present notes are not to describe more dramas, but rather aiming at making clear the power-structure that is preventing us from taking the necessary measures. At the top, there are such huge fortunes, and growing so fast, that these billionaires, with their partners, and their lawyers, and their hightech magicians, manage to keep the rest of the world as helpless spectators. Powerless citizenship is not citizenship. We are an audience, not peoples. Looking at the smiling billionaires behind the back of Donald Trump at his inauguration, in 2025, and then seeing him comment in burning Los Angeles that Californians should not have voted for a democratic governor, while his *drill, baby, drill* motto is his political north, gives us a global picture of how far we can get into human stupidity while reaching technological heights. Forgive my unscientific inelegance: I see them as hightech assholes. I thought we were in the 21st century. Yes, I know: "Where ignorance is bliss, 'tis folly to be wise."

A broken system

They have not gone stupid all of a sudden. They are normal people caught in the same whirling pool, good or bad guys alike. Blaming Trump is one thing, another is understanding how such a moron gained such power. Hitler was elected in 1933, but only after given the OK by the big *konzerns* of the Ruhr valley, from Krupp, Siemens, Farben and the like. Kindly remember that IBM ensured the technical support with the perforated cards system for the selection and management of prisoners for concentration camps (Bakan, Abbott e Achbar, 2003). There are 13 billionaires in Trump's team. Well, one less, Musk got sore, in a schoolboy brawl. Just business. *The Godfather* comes to mind. Is this a bad comparison? Well, Trump says many countries are lining up to kiss his arse. This is not a vulgar paper I am writing, I am describing a vulgar reality. And we are all paying for it.

There are 6 million children dying of hunger every year, with their parents helplessly looking on, while we have hugely more food than necessary to feed everybody. The UN figures for hunger are 735 million in 2024, reaching 2.3 billion if you add populations in food insecurity. We produce enough food for 12 billion, in the face of the present 8.2 billion overall population. This leads us to our key question here: we are the same humans that ensured the New Deal was approved, that managed the well-fare system in the Golden Thirties, the post-WWII decades. We can criticize the personalities, or chose sides, but overall it means that the systemic decision process, the institutions we have, did not accompany the dramatic technological change we are facing.

Our political culture, our institutions, change at a very slow pace in comparison with the dramatic acceleration of the technological change. This is not "Industry-4.0" as the Davos people like to call it, it is the Digital Revolution, as deep or deeper than the Industrial Revolution two and a half centuries ago. We live in a new world, in the 21st century, within the digital revolution, but institutions and the legal framework creep on at the rhythm of the coagulated analogical political interests. It is not that all of a sudden bad guys have got to the political top, it is that the whole decision process has got out of touch with the new challenges, opening the way for the different opportunisms. Our challenge is not to just about electing the good guys, it is about updating the very institutions that govern us.

Just to make the systemic lack of governance issue clear, let me bring an example of David Boyd's UN report: he denounces "a system that is absolutely based on the exploitation of people and nature. And unless we change that fundamental system, then we're just re-shuffling deck chairs on the Titanic.[…] It has driven me crazy in the past six years that governments are just oblivious to history. We know that the tobacco industry lied through their teeth for decades. The lead industry did the same. The asbestos industry did the same. The plastics industry has done the same. The pesticide industry has done the same." In his final interview before handing over the special rapporteur mandate, Boyd said he struggles to makes sense of the world's collective indifference to the suffering being caused by preventable environmental harms. "I can't get people to bat an eyelash. It's like there's something wrong with our brains that we can't understand just how grave this situation is" (Lakhani, 2024).

It is not something wrong with our brains, it is something radically wrong with the system. Not something wrong in the system, a problem to fix, it is the system itself that is wrong, out of touch with the new technological world we live in. In the absence of adequate institutions, short-term interests have taken over, without any control. ESG, anyone?

There is an interesting global shift in economic theories, and the proposed alternatives. Thomas Piketty opened the way with the powerful *Capital in the XXI Century*, and suggests "participatory socialism", Joseph Stiglitz suggests "progressive capitalism", Wolfgang Streeck "democratic capitalism", while Robert Reich denounces "corporate capitalism", Mariana Mazzucato "extractive capitalism", Joel Kotkin "neofeudalism", Zygmunt Bauman "parasite capitalism", Shoshana Zuboff "surveillance capitalism", Grzegorz Konat "realny kapitalizm", Yanis Varoufakis "technofeudalism", Raymond Baker "our broken system", Brett Christophers "rentier capitalism", Marjorie Kelly "wealth supremacy", Nicholas Shaxson "the finance curse". Bernie Sanders asks, "*Where do we go from here?*", Noam Chomsky "*who rules the world*?", the Oxfam report at Davos-2023 is titled "*Survival of the Richest*", a clear word-play on Darwin's "survival of the fittest". Martin Wolf, chief economist at the Financial Times, simply states that the system has "lost its legitimacy."

The very number of different stickers glued to this new system shows we are facing something radically new. Too many structural changes have occurred, too many dark clouds have gathered, for us to go on as usual hoping things will take care of themselves. A new systemic approach is gaining weight, an indirect result of the changes the authors mentioned above are bringing. But in the concrete decision process prevailing in the global corporate giants, it is about who hits first, whatever the consequences for others, and anyhow, we always have he classic "in the long run we shall all be dead". But the concrete issue is that this is not about "economics" and GDP, it is about the survival of our kids.

The digital revolution

What defined capitalism was the accumulation of capital process. We have had rich elites even in the Pharaohs' Egypt. The aristocrats in Versailles were rich, draining the product of peasants, but were not capitalists. Henry Ford, building factories, producing cars, purchasing machines and raw materials, was a rich man in the gears of a systemic production expansion process. He did exploit workers, but to get rich on their back had to give them jobs, and generate products. He was conscious that factories had to pay reasonable salaries, because they had to have demand for their products. And the taxes they paid would allow for overall governance, social policies and infrastructure. Cars need roads, traffic needs lights and police. And you had to have social agreements: driving on the right side of the street, for example, is not a reduction of your freedom. We called it capitalism, the capitalist mode of production, systemically different from feudalism.

The difference of the system we are presently facing is that factories and farms continue to exist, but are subjected to a different form of benefiting the rich, through rent extraction, rather than profit on production. Michael Hudson makes it clear: "From Adam Smith through David Ricardo, John Stuart Mill, to Marx and other socialists, classical value theory defined such economic rent as unearned income, extracted without contributing to production and hence an unnecessary levy on the economy's cost and price structure" (Hudson, 2018). The existence of the production sphere and the circulation sphere is not new, it always existed, but what happens when the circulation sphere becomes dominant?

The rentiers who dominate the world economy love calling themselves capitalists, refer to their activities as "markets", call their work on computers "investment" even if is only about moving money around, and call the speculation subsystems "financial products", even if they are just virtual signs. It took Piketty 800 pages to hammer in that in the new system, you earn much more money in finance than in production. When you extract riches at a much higher rhythm than the expansion of the productive basis, you are draining, not "investing". This is the "extractive capitalism" mentioned above. But when extraction becomes the dominant characteristic of the system, it is extractive rentierism, not capitalism. It generates more fortunes, not more capital. Calling this system capitalism is basically borrowed legitimacy. It is rentierism, managed by rentiers. In capitalism you did have profits, but to get rich by paying low salaries you had to generate jobs, and products.

Rent extraction has become the main form of appropriation of the social surplus. And the way social surplus is appropriated by elites, the ruling group, defines a mode of production. Slavery was a form of appropriation of social surplus, and defined long-lasting structures that were both economic and political, with rules, political and military power, and ideological justifications. In slavery you owned humans, just as in feudalism you owned land, and through the ownership of land had control over the peasantry, named serfs. Witold Kula wrote for feudalism what Marx and so many others wrote for capitalism: land as the main factor of production, land control as the main access to social surplus, together with effective control of peasantry, tied to the land, and the overall justification of divine right of aristocracy, sanctified by the clergy. It lasted so many centuries, with emperors, kings and tsars. And religions have been so powerful in providing the justification narrative. You always need a narrative, a moral justification for the rich being rich at the expense of the many.

It is not complicated: you have a way of getting to what others produce – the basic economic surplus appropriation mechanism – you have a justification narrative (economics produced volumes of justifications), and for those who are not convinced by narratives, you have violent repression. Extraction mechanisms, narratives, and the truncheon, in different versions according to the mode of production. Humanity has not changed so much after all. When I studied political economy at the University of Lausanne, in Switzerland, in the 1960s, the professor gave me the key to understanding the capitalist world: the workers get the salaries for their work, the capitalists get the profits for their capital, and everyone should be satisfied, getting his part. For the Swiss, at the times of Welfare-State capitalism, and in the rich part of the world, what we presently call the Global North, it made sense, even if the workers got much less.

At that time, for the young Brazilian freshly arrived from the Nordeste, where I had documented the dramatic conditions of the peasantry working on the sugarcane plantations and in the *usinas*, exporting sugar to rich countries in what was called unequal exchange at the time, it did not make sense. My doctoral thesis, a few years later, in Warsaw, was on how dominant capitalist countries could perfectly use precapitalistic relations of production as a complementary form of surplus extraction. Slavery formally ended in Brazil in 1888, practically the time my father was born. It is not something prehistorical. And part of the structural legacy of these periods can be found today, in Brazil, as presented in Mario Theodoro's *A Sociedade Desigual,* but also in the United States, and obviously throughout the Global South.

Looking back helps us in looking forward. The key reason for bringing these historical transformations here, is that it makes it easier to grasp that we are facing structural change, a different system, based, precisely, on the digital revolution. A key world-scale transformation it that the basic factor of production is not land, or the factory, but information. This involves science, technology and virtual money. André Gorz called it *L'immatériel,* and it is changing the world. Manuel Castells drew the main lines in *The Rise of the Network Society.* The land and the factories are here, but the restructuring power is in this new virtual universe. Similarly, with the industrial revolution, agriculture did not disappear, but the restructuring power was industry, and it changed the world, including agriculture. The global structural change we are facing is led by information, understood in its diverse dimensions.

It is not only immaterial, it moves. The *bits* and *bytes* of this new universe, based on electro-magnetic waves, or photons, bring the information world to a fluid level of practically instantaneous flows: information bathes the planet, and I can get a paper of a colleague in Kyoto in seconds, with what has been characterized as "the whole universe of world information at the reach of our finger tip". Seeing this as "industry 4.0", a little step forward in the same system, is misleading, or simply wrong. This is systemic change. And it is chaotic, as we all presently see: technology and the information world as a whole are changing at a dramatic pace, while politics, institutions, the legal framework we live in, and particularly our cultures, change at an equally dramatic slow pace. In international flights in Brazil, they still check my luggage at the airport to see if I am not travelling with more than 5 thousand dollars, those green paper bills, while banks send out millions to tax havens with just pressing "enter". We live in a digital eruption within an analogical framework, and the result is, precisely, chaotic.

Global connectivity has obviously changed the world. Transferring money, information, gossip, pornography, military information, hate speech, love messages - is a new battlefield deeply different from serving a pizza at the restaurant. Even here we have ifood delivery, and drones deliver bombs we did not ask for. The power of the smartphone in my pocket is amazing, as well as the tragical impact of its misuse, as documented in Jonathan Haidt's *The Anxious Generation,* Max Fisher's *The Chaos Machine,* or Mustafa Suleyman's *The Coming Wave* on artificial intelligence. Imagine the mobility revolution generated by cars, if we did not have driving regulations, and driving instruction, and permits. Meta's boss decides that there should be no regulations of what we use communications for. Regulations would be equivalent to violating your freedom. The informational mode of production driven by the digital revolution is violently erupting in this bourgeois universe, in what were industrial districts and local banks, radios and TVs, as well as reasonably performing governments we used to call democracies. Elon Musk buys himself Twitter for $44 billion, and feels free to move around hundreds of millions of minds, while the UN budget, trying to bring some sense to a world of 193 nations, is $40 billion. Something between Huxley's *The Brave New World* and Orwell's *1984*. It is not just about technology, it is about power. Who's behind this?

The emerging corporate power structure

It is amazing that the first global study of corporate power dates from 2011. The Swiss Federal Institute of Technology (ETH) based in Zurich made a list of the world key corporations, and in the selection proceeded to present not just their market value, which is what is daily fed to us in the media, but the network control system they represent, since all the cross-investments (mutual cross-shareholding) and sharing of executives created an interdependent global power structure.

"We present the first investigation of the architecture of the international ownership network, along with the computation of the control held by each global player. We find that transnational corporations form a giant bow-tie structure and that a large portion of control flows to a small tightly-knit core of financial institutions. This core can be seen as an economic "super-entity" that raises new important issues both for researchers and policy makers…This kind of structures, so far observed only in small samples, has explanations such as anti-takeover strategies, reduction of transaction costs, risk sharing, increasing trust and groups of interest. No matter its origin, however, it weakens market competition" (Vtali, S.; Glattfelder, J. e Battistoni, S.; 2011). The authors do not hesitate in calling this super-entity a "rich-club".

Basically, just 147 groups control 40% of the world corporate system, and ¾ of them are financial institutions. This is not about "markets": "This is a tightly-knit group of corporations that cumulatively hold the majority share of each other." On the other hand, "we find that only 737 top holders accumulate 80% of the control over the value of all TNCs...This means that network control is much more unequally distributed than wealth. In particular, the top ranked actors hold a control ten times bigger than what could be expected based on their wealth." This is a huge difference on how we view the system. The basic mechanism where competition led companies to produce better goods at lower prices is taken over by an organized network of control that exerts huge overall power. Most importantly, at the top they are not producers, but financial-control corporations, the top rentier system.

This means that the corporate power at the top is a structured oligopoly, enabling it to define prices and strategic world-scale moves. On the other hand, instead of financing production, a complementary role in the industrial capitalism system, which allowed banks to earn a part of the surplus value generated by the productive companies, the new power of the financial system allows them to dictate the terms of the relations, becoming the rent-seeking power we presently see. In Marx's basic distinction between the production and the circulation spheres, it simply means that the circulation sphere has become dominant, and this defines the new rules of the game. Marx was fully aware of the existence of "fictitious capital", but with its dominant role, the playbook is changed. In Wall-Street, they comment that "the tail is wagging the dog."

Building on this understanding of the new power structures dominated by financial intermediaries, Peter Phillips presents a particularly well structured and updated map of the new rules of the game, in his *Titans of Capital* (Phillips, 2024). Basically, ten asset management financial platforms, not productive businesses, manage in 2022 the equivalent of half the world GDP, $50tn. BlackRock alone manages almost $12tn, while Donald Trump manages $6tn, the American federal budget. Donald Trump yells his importance every day on the media, while Larry Fink writes every year a gentle letter to businesses, widely read by those who want to be in the real game.

This is, of course, much more than managing money. Through money, you manage people's minds, simply by investing in the communication system, presently studied as the attention industry. Be it with Facebook, reaching almost 4 billion persons, or the overall GAFAM system, this is where our attention is. Kids are glued to their screens roughly the equivalent of the attention time they pay in the education system. And the algorithmic management of the individuals' private information allows for personalized messaging that maximizes attention. The top ten asset management corporations are partly owners of every one of these communication giants.

The overall production system is in turn participating in the game: making their best to make us buy their products, they buy our attention time in everyone of these mass communication systems, using their behavioral marketing capacity. What once was information on products has become a huge nuisance, invading every activity we try to concentrate on, since we are so often working on the same screens. This is huge money the economic system transfers to the attention industry. This money represents costs, alongside the effective production costs of what they sell.

As an example, 27% of the price you pay for a Johnson & Johnson product in the supermarket is for marketing costs. So in fact we are at the bottom of the process: we pay more for what we buy, in order to finance the messages that interrupt our work or amusement. And this money goes to the marketing giants, then to the communication platforms, and then to the asset management giants through dividends on the share they own. Money does make the world go around, and our heads on the midst of it. And our paycheck, of course. This is not about making money by producing better shoes.

Understanding the capillarity of the whole system, from the virtual money, to the global connectivity, to the high frequency overall trading system, the algorithms' capacity to manipulate information according to the value and social bubbles we live in, linking it all to what we buy and how we vote, and making us pay for it included in the prices we pay, is essential to understand the depth of the structural transformation of the system we are forced to live in. The messages they fill our kids' heads with are also included in the prices we pay for everything. The circle is thus closed, and the wheels turn at growing speed. Financialization is a system, and it explains the huge sums managed at the top.

Just an example to make the capillarity clear. A lady cleans my house once a week. I put 350 reais on her account – we all have to have an account in a bank – and it is just "enter" on my computer. As she has health problems, she joined a health-insurance group, called Notre Dame. Out of curiosity, I checked the control structure of Notre Dame, and I found that BlackRock is a major investor. So in fractions of a second, part of the money I pay to a modest person living in the periphery of São Paulo is transferred to a large health-insurance group account, from which it is retransferred to BlackRock accounts in the global asset management system. This is very small money, but it reaches practically everyone in the world, we all have to have an account, and a credit card in our pockets, and we all pay into this game, like it or not.

Uber, anyone? The driver of the Uber I take in São Paulo gets around 70% of what I pay. How come some absentee owners get so much money when they didn't pay for the car, and didn't drive it. It's all algorithms. A town in the São Paulo state developed a local collaborative platform, it costs peanuts to run, the drivers there get 95% of what the client pays, and the money stays in the community. The interesting thing in this whole power pyramid is that we can get control back at the bottom, creating collaborative platforms, and make the system work for us, not the other way around. Is this too complicated? We got so used to wait for the solutions to come from above that we forgot that the whole electro-magnetic or photon basis of immaterial communication belongs to nature, not to corporations. So does the virtual money, in fact. We can make it all work for us, not the other way around. The digital world is based on nature, photons and atoms, the main factor of production, knowledge, belongs to humanity, as a commons (Ostrom, E. e HESS C., 2007).

Computer-based power runs the world, including the immaterial money extraction system, just information, not factories. We once were struggling to democratize the ownership of the means of production, the factories. We now have to democratize the ownership and control of the control system itself. This control is sterilizing the global production and investment capacity, and pushing us down the drain (Aragon, R. J., 2025).

The corporate decision process

The key issue is that the profit maximization logic has taken over. This could be positive in other times, when a company was subject to competition – winning meant that better and cheaper goods would win out – and when the owners of a company were known, and bore responsibility for what they did. In an environment controlled by oligopolies, profit maximization means the invisible hand does not exist anymore, to raise profits you simply raise prices, or avoid costly environmental protection initiatives. And even if the exorbitant prices and ecological impacts are obvious, the *absentee owners,* distant "investors", are not visible. They are distant shareholders, manipulating algorithms to maximize short term profit.

While Adam Smith in 1776 could be right about the baker who would produce good bread and sell it at reasonable prices, or another baker would take over, which meant that simple profit seeking would make the system work, in the world of huge corporations there is a fracture between private interest maximization and social well-being. This is a key transformation, for it brings down the basic justification that those who are making big money are also socially useful, or at least not harmful. As the scandalous inequality and the environmental crises reach dramatic levels, the corporate world resorts to the argument that some of these riches will "trickle down", however ridiculous it is in the face of our challenges, and that they are interested in ESG, not just profits. Klaus Schwab promotes the stakeholder approach, beyond the shareholder maximization reality. Anything new happening?

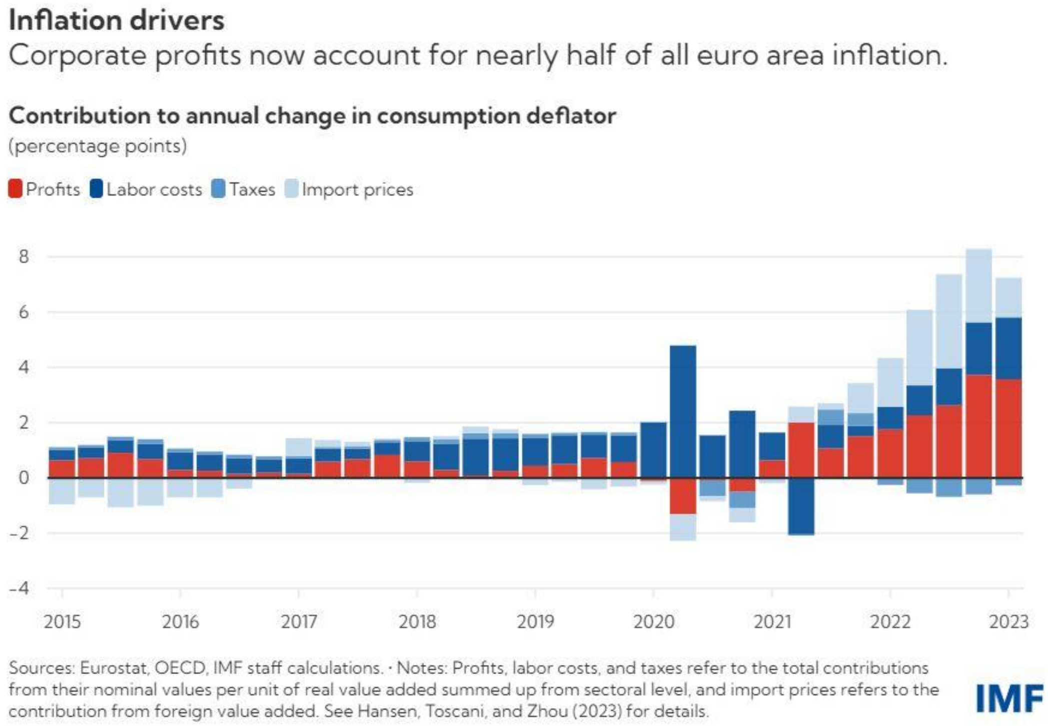
The impressive thing is that nothing is happening. Or worse, we are going backward, with the "*drill, baby, drill*" motto. I actively participated in the 1992 World Summit in Rio de Janeiro, and later we had the Global Compact, and the Millennium Goals, and presently the SDGs in the 2030 Agenda. In fact the drama was already clear in the Stockholm 1972 meeting. In 2025 we are reaching the 30th year of the COP meetings, thirty years discussing what should be done. Equally impressive, while the Paris Conference in 2015 bravely suggested $100 billion would be raised to fund the climate initiatives – an amount that was not reached – in tax havens we have $20tn, 200 times as much, serving tax evasion and enriching the very rich through financial speculation. You must be blind not to see that it is a flawed system, not just a flaw in the system (Dowbor, 2018).

The executives in the corporate power structure we saw above are not blind. But they are caught in the decision process. Their common denominator is profit maximization, whatever the social and environmental costs. We had a clear view of the decision process in the Mariana disaster in 2015. Samarco, a mining corporation, linked to Vale, one of the top world mining groups, knew that a large dam containing toxic residues was leaking. Caught between the necessity to fix the dam, and the maximization of dividends to the shareholders, among which powerful groups like Billiton, banks and asset management corporations, the managers privileged dividends, which would also mean also protecting their own bonuses. When the dam broke down, it became a huge environmental and human disaster, and in the last ten years lawyers are negotiating the minimization of compensations: this is another group of organized interests to defend maximization of profits, in this case minimization of compensations. Similar disasters are happening in Congo, in Angola and so many other regions. There is no space for a conscious executive to go against the tide.

The issue that interests us here, is that decision process of a corporation is damaging the very production capacity of the corporation. It is being decapitalized. This is because short-term profit maximization for shareholders is radically different from the traditional capitalist company seeking long-term capital accumulation. The Petrobrás example makes this issue clear. Partly privatized, the company decided to raise internal prices for its products, with the justification that Brazil should charge the equivalent of international prices. The population paid more for energy, and the expanded profits in the hands of the managers could be used to improve the conditions of employees, reinvest in the production capacity of the company, pay more taxes to improve public policies, or raise dividends for national and international investors, meaning also the executive salaries and bonuses. With partial privatization, the dividends took the bulk of it. Extractive capitalism it has been called. We all pay for it.

In the diversity of economic areas of activity, the extraction gears can be organized in different ways, but not the extraction priority itself. In the Petrobrás example above, they could raise prices because of their monopoly power. Robert Reich makes it clear: “Big corporations are raising prices because they *can* — because they have enough monopoly power to do so. With just a handful of companies dominating each market, it’s easy to implicitly agree they’ll all raise their prices...But businesses have been using the *cover* of inflation to justify price increases, so consumers accept them. According to Paul Donovan, chief economist at UBS Global Wealth Management, businesses “are confident that they can convince consumers that it isn’t their fault, and it won’t damage their brand.” Inflation is *not* being propelled by an overheated economy. It’s being propelled by overheated profits. So it makes no sense to fight inflation by trying to slow the economy with high interest rates (REICH, personal communication, June 1, 2023, see Hannon, 2023).”

It is not only that inflation based on monopoly power deepens inequality, it also shows how far this system is from “free market competition”. It makes elites richer without the corresponding productive contribution. It corresponds to monopoly rent, not profits based on production. The IMF figures below show that roughly 50% of inflation in Europe is the result of profit-inflation, expanding strongly in recent years



Source: https://www.imf.org/en/Blogs/Articles/2023/06/26/europes-inflation-outlook-depends-on-how-corporate-profits-absorb-wage-gains?utm_source=substack&utm_medium=email

In Brazil, this profit inflation falsely justified basic interest of 8% (net of inflation) on the public debt, leading to further transfers of the taxes the population pays to these same groups. In 2025, the drain of public resources in this last point represents around 8% of GDP, reducing access to public education health and other basic social policies.

The way inflation is presented, it seems that prices are rising as a result of excessive demand, or insufficient supply, representing a systemic impact with no specific responsibility. But at the top of the key production-chains, we presently have massive commodity intermediation platforms, such as the ABCD (ADM, Bunge, Cargill, Dreyfus), which control over 80% of the grain trade, and dictate the prices. There will always be justifications, a war, a drought crisis, but it is precisely profit-inflation. The fact that this mechanism – raising profits not through more investment and production, but just a corporate decision to earn more money – and on such a scale, shows how far we have drifted from "free-markets", or simply from a market economy. Profit maximizing policies with no corresponding competition is part of the rent-earning economy, not free-market capitalism.

It is essential to understand how tightly knit the top corporate world has become. We have seen that the 10 top asset management firms manage the equivalent of half the world GDP, $50tn. They are managed by 117 directors sitting on their boards. These directors, called *Titans* by Peter Phillips, are linked by cross-board memberships, making the 10 financial giants an interdependent power structure, where individual opinions carry little weight. But these directors are not just exerting influence in the different top 10: they also sit on boards of 133 other corporations, from General Motors to Freddie Mac, IBM, Mercedes Benz, Mitsubishi, United Health, Shell, Société Générale, Volkswagen, Apple and so forth.

Phillips lists 133 corporate boards: "These companies are all directly linked by cross-board memberships, allowing for potential investment access to the $50 trillion managed by the top ten capital investment management companies. Networked to each other through board directorships of the 117 Titans, these 133 companies have a higher collective revenue than the gross domestic products for all nations in the world except the United States, China and Japan."(96) These Titans also "take an active part in numerous local, national, and international policy groups, government councils, business-policy organizations, major nonprofit foundations, and university trusteeships…Titans serve on a total of 234 boards and councils, mostly in the United States and Europe, with a few in Asia and other locations. Titans are widely involved in the mechanisms and policies of government, business, nonprofit organizations, and education in the United States, Europe and around the world, with many double and triple overlaps."(98)

None of these Titans are people we voted for, yet they serve international policy groups, such as NATO, UN Foundation, Institute of International Finance, International Monetary Fund; national and regional policy organizations such as the National Committee on US-China Relations, European Business Leaders' Convention, European Central Bank, African Financial Institutions Investment Platform; Nonprofits and nongovernmental advisers such as Tiger Woods Foundation, J. Paul Getty Trust, Save the Children, INSEAD World Foundation; University Trustees, such as Massachusetts Institute of Technology, University of Chicago, Chinese International School in Hong Kong, Ecole Normale Supérieure (Paris) Foundation.

I am mentioning here just a few examples of the list Peter Phillips provides. The political power managed by these directors has been radically expanded with the Supreme Court ruling on the *Citizens United v. Federal Election Commission case,* in 2010, which allowed wealthy individuals and corporations to make unrestricted donations to political campaigns. "Billionaires can use their money for political activities that allow them to dominate the democratic process in the United States."(103) They also participate in the three leading business and international policy councils in the US, the Council on Foreign Relations, Business Roundtable and the Business council: "These policy groups in turn have significant say in actions by the US government, military, and intelligence agencies – from foreign policy outcomes for the Titans of Capital and the $50 trillion of investment capital they control."(104) And the Titans are present in the CIA as well as defense contractors like General Dynamics, the fifth in the world for arms sales.

These examples – the list is obviously much longer – are essential to understand that this is not about "markets": although they are managers of private corporations, they exert overall power on key issues of how we organize as a society, much beyond the economy. "They were born in the United States or Europe, raised in a wealth, professional family, and attended an elite private university…They take seriously their fiduciary responsibility to maximize returns on the capital investments under their control. Those who vote in the United States are likely members of the Republican Party or Democrats who are strongly probusiness. They believe in a capitalist system of free enterprise and view socialism and communism as abhorrent global threats. They are generally aware of the socio-environmental threats posed by climate change but believe that effective mitigations can be developed without limiting investment returns on global capital."(109)

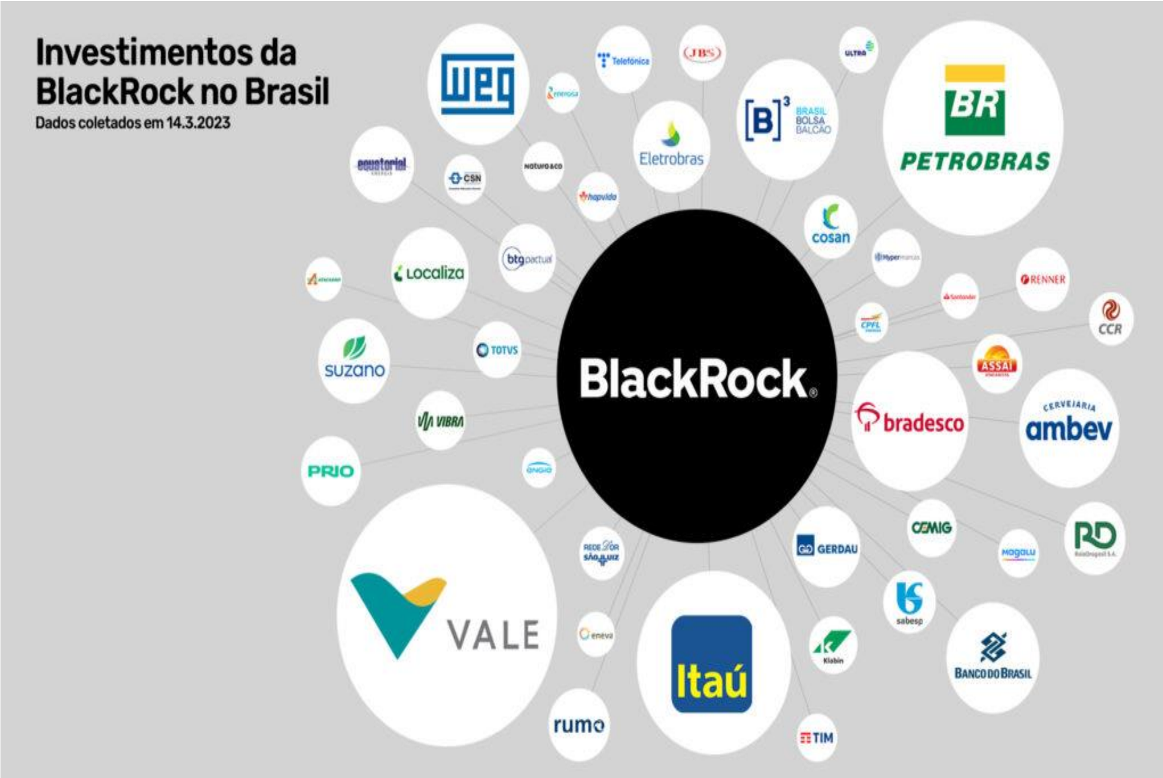
The *Drill, baby, drill* motto is solidly established, not a Trump originality. We are stuck in a power structure where the two structural challenges, inequality and environment, are just not on the decision horizon. And the impressive financial and technological powers we have are used to deepen the dramas. It's not about bad guys, it is about a bad system, a system of negative rewards. In the industrial capitalism age, making a fortune was linked to production, jobs and taxes. And taxes meant funding infrastructure and social policies. This was in the last century, but they continue to call themselves "investors" in a world of "free markets" and in "democratic states." They are rentiers, they have the markets in their pockets, and democracy in their political funding policies. And yes, they have the opinion building machinery stuck in our heads. "Industry 4.0"?

Brazilian dimension: the financial drain

This global power structure and the decision process work in a different dimension of space. Money management, communication, information flows, private information control, dividend and interest extraction, legal procedures, AI consultations, all of this is based on immaterial activities, and management can be in an office in Geneva, with legal location in the state of Delaware or Luxemburg, draining dividends from a small business in Cape Town or Curitiba. Space is dead, some have called it. This change in the territorial dimension of our activities is crucial.

One key impact is that the immaterial flows of the information society are global, represented by the *high-frequency trade,* and instantaneous, while institutions and governance systems are essentially based on nations, the 193-member states of he UN. What little global governance we have dates from the Bretton Woods negotiations in 1944, 80 years ago, in completely different situations, and in another economic age, industrial capitalism, with one nation having exceptional capacity of control, the United States. Powerful global private platforms are presently regulated neither by national governments, nor by the outdated international institutions. As an oligopoly, they also escape the market restrictions. We are facing a global and structural governance collapse. We certainly do need a new Bretton Woods, or a Global Green New Deal, far beyond ESG and "stakeholder" Davos cosmetics.

But looking at this challenge from the bottom up perspective is equally instructive, and I have studied how this immaterial globalization generated the recent transformations of Brazil, in the economic, political, social and cultural dimensions. This is not about a 'nation', facing foreign challenges, essentially external. The global dimension we saw above is solidly settled inside our borders, with a surprising capillarity that precisely results from the immaterial global flows that reach any local company, and even any pocket where there is a cell phone.



The image shows that BlackRock, the giant asset management platform, has strong presence in all major Brazilian businesses, the key mining and energy groups like Petrobrás, Vale and Eletrobrás, major banks like Itaú and Bradesco, tobacco companies like Suzano, the Sabesp water company in São Paulo and so forth (Peres, 2024). This helps us understand that a global asset management platform can reach into the decision process of innumerous companies in different countries, simply buying shares, draining dividends, but also forcing shareholder maximization policies in everyone of them.

In 1995, in Brazil, they managed to exempt distributed profits and dividends from taxes: the presence in so many companies generates political power. Global financial governance is solidly settled in the internal economic and political decision process of so many countries. Globalization is much more than having a plane built in the US import parts from different countries. Just as a reminder: industry represents only about 8% of GDP in the US, while health services alone are reaching 20%. Health insurance corporations have also generated a major financial drain in Brazil, with BlackRock and other asset management corporations participating. The platform territory knows no borders, the very concept of territory has changed, an important factor to take into consideration for the necessary institutional change. The need for updated international regulation institutions is glaring. The integral financial flow analysis, an overall look at the financial drain, helps us understand how this system works, because we are speaking of a set of gears that contribute to the same rich groups.

In Brazil, as of writing, the basic interest rate on public debt has been raised to 14.75%. With an inflation of 6%, this means a real interest rate of over 8%. The estimated drain of public resources by the private financial system will reach 10% of GDP in 2025. This is money from our taxes, generating financial rent instead of funding schools and other necessary public investment. The French correctly call it *placements financiers,* not *investissements.* In Brazil we call it *aplicações financeiras,* but the financial groups prefer to call themselves *investidores,* it sounds productive. It generates private wealth, fortunes, not capital accumulation. Are people who get rich without the productive corresponding contribution capitalists? Speculators, to be precise, presently called rentiers. It is important to mention that the Brazilian public debt is essentially internal, but it did not result from the state investing in public services or infrastructure: 82% of the debt results from profit on the debt being reinvested into more public debt.

Just as the exorbitant interest rates on the public debt drain the public investment capacity, usury applied to private persons' debt drains their purchasing power, reducing demand, and hampering growth of the economy. The average interest rates charged on families, as presented by the Brazilian Central Bank, reached 56,4% in 2025 (Banco Central do BrasiL, 2025).It is not a large volume of family debt that we face, but the usury applied to it creates a critical situation for 70 million adults, roughly half the adult population, in default on their debts. Family credit in Europe, for example, seldom exceeds 5%. Outstanding credit card interest rates in China are between 12% and 18%, 16-25% in the US, 15-22% in Europe. In Brazil it reached 444% (ANEFAC, 2025). This is scandalous usury, also practiced by international banks in Brazil, such as Santander. The overall drain on families can also be estimated at 10% of GDP.

The average interest rate for businesses is 24.6%, which considering the volume of credit, results in a drain of almost 4% of GDP. This kind of credit seldom reaches 5% in the OECD countries. In Brazil, it creates a particularly strong trend of productive investment reduction. As families are deep in debt, and are not buying, and public expenditure is also limited by the financial drain and the "austerity" orientation, companies are limiting their investment, because of weak demand. On the other hand, with usurious interest rates, it does not pay to take a loan to fund productive investment. Third argument, a wealthy person will prefer to simply purchase government bonds, high interest, low risk, and no effort: the asset management companies or local banks manage the financial investment for you. Industrial activities, which represented 22% of GDP a few decades ago, presently represent 11%.

So far, we have a 10% drain on government capacity to fund public policies, another 10% drain on families' consumption capacity, and 4% of GDP drain on the productive sector capacity to invest. Does some of this return to the productive sector? In Brazil, 'investing' in finance is simply more profitable, as seen above. The Roosevelt Institute estimates for the US is that it would be around 10%. Jacques de Larosière, former finance minister of France and IMF managing director, laments that only 3% of GDP worth of financial assets goes to productive investment. Mariana Mazzucato estimates for the US and UK are that "the financial sector now accounts for a significant and growing share of the economy's value added and profits. But only 15 per cent of the funds generated go to businesses in non-financial industries (Mazzucato, 2018)." It is an intensifying trend.

"Before the 1970s, American corporations paid 50 percent of profits to shareholders and the rest was invested back into the business. Today, shareholder payments sit at 90 percent of reported profits (Abernathy, Hamilton and Morgan, 2019) (Mason 2015a)." Thomas Piketty brought impressive evidence on this key structural transformation: it pays more to put money in finance than expanding production. Michael Hudson sums it up: "The postmodern form of class war is that of finance capital against both labor and industry. Employers still exploit labor by seeking profits by paying labor less than what they sell its products for. But labor has been increasingly exploited by debt – mortgage debt (with "easier" credit fueling the debt-driven inflation of housing costs), student debt, automobile debt and credit-card debt just to meet its break-even costs of living (Hudson, 2018)." (p.6)

The overall reduction of growth capacity through the debt system – public investment capacity drained by the public debt, family consumption strained by the different forms of family indebtedness, and business investment capacity drained by legal persons debt system – must be completed by other drains. Debt evasion in Brazil is estimated at 6% of GDP, it is not a drain on public resources, but it is money not entering the public investment capacity. For a point of reference, this is four times as much as the Bolsa Família, the support por the poorest families that reaches 50 million. Debt evasion is significative only for the big corporations and fortunes, the poor pay taxes included in the prices they pay.

Another chapter of money that does not come into the public investment capacity is debt exemption (*renuncias fiscais*). This can be part of public policies in the sense that weaker areas of the economy or strategic industries can be exempt of taxes to stimulate their growth. But it has essentially become a favor made to corporations with enough muscle to push politicians to approve it. This is another drain, estimated at 4% of GDP. Here also it is worth comparing with the Bolsa Familia, 1.5% of GDP. But the Bolsa Família stimulates the economy through demand for basic goods at the bottom of the social pyramid.

So far in the integral financial flow analysis we have seen, with the interest extracted through the public debt, families and businesses, as well as the tax evasion and tax exemptions, financial drains that reach over 30% of GDP. Financialization has become a key factor in the modern virtual money system. A third group of financial drain concerns the structure of the tax system. In 1995, the Cardoso government suppressed taxation of distributed profits and dividends, which means that the top of the social pyramid is virtually tax exempt. This is the basis for the present structural characteristic of the Brazilian tax system: it is a regressive system, meaning that the poor pay proportionately more than the rich. This for a deeply unequal country is economic suicide.

Also in the tax structural organization is the Lei Kandir, a law exempting from taxes production of primary or semi-primary goods for export, which means that the areas of the economy typical of neo-colonial relations, particularly mining, agribusiness, Amazon forest timber and the like are privileged. It also means that it is more profitable for Brazil to export grain and other food commodities than to sell them on the local market. This is behind the absurdity of widespread hunger in a country that produces over 4 kilos of grain per person per day. As seen in the figure above, concerning BlackRock participation in major Brazilian corporations, but also in the strategic weight of key commodity trade platforms such as ADM, Bunge, Cargill and Dreyfus (ABCD), or the Palantir corporation, this is directly linked to international interests. It is particularly absurd because the export of primary goods and the corresponding specialization in primary activities is positive for the country if it taxes them to fund more advanced industrial and service activities. As it presently works, it is an unproductive drain.

Another example is the ITR (Imposto Territorial Rural), a tax on territorial holdings. It simply is not paid, and the 1% of land-owners who control roughly half the rural land property can earn rent by simply buying land and waiting for the prices to rise. Brazilian rural establishments cover 351 million hectares, but effectively productive use, through farming, covers only 63 million hectares. If they had to pay taxes on fallow land, the rent would be reduced, and they would be more interested in using it productively, or sell it to who would. A paper in The Economist stressed that cattle raising in Brazil, with an average one head per hectare, is a waste: a hectare can produce 5 ton of grain or 28 tons of potatoes.

There are other important items in the tax structure deformation, in particular the weight of consumption taxes, and the absence of taxes on fortunes. But the essential elements are its overall regressive character, the fact that it the rich are simply taken off the hook, that primary activities are privileged, that rentierism ends up being more profitable than production and the corresponding profits.

Overall, it we take the drain through abusive interest rates, the tax evasion and exemptions, and the structural deformation of the present tax system, and even if we take into consideration that some of this money does go back to the productive area of the economy, the fact is that a conservative approach would be that 25% of GDP in Brazil is drained by unproductive activities, and a more realistic one would be that it reaches over 30%. I must stress that I present these figures as approximations, for realism's sake. But these approximations show a huge and dramatic challenge: we have put our economic destinies in the wrong hands, and face so many dramas.

In an overflowing river we cannot measure precisely the cubic meters per second, but the destruction is real. And the method I here suggest, the integral financial flow analysis, or "financial drain", by adding the convergent impacts, allows us to be perfectly conscious of the overall impact. And it allows us to see that each of these drains can be faced, with the reduction of the different interest rates, control of tax evasion, suppression of the tax havens, adjustments to the tax structure, leading to a common goal: making money productive again. And money earned without the corresponding productive input is not capital, it is rent. Unjust deserts, Gar Alperovitz called it. Brett Christophers called it *Rentier Capitalism.*

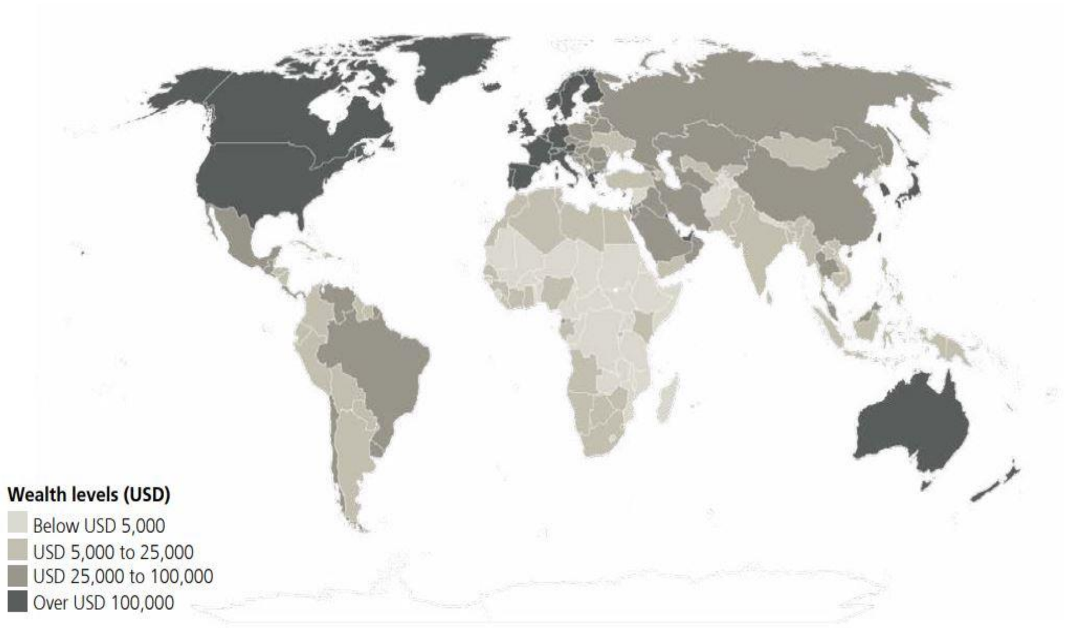
But financialization has gone global, even if it reaches grotesque dimensions in some areas in Brazil, like the 14.75% on public debt or the 444% interest rate on credit card revolving credit. Actually it is part of the deepening North-South global divide.

The global challenge

The Debt Relief International Report says “more than 100 countries are struggling to service their debts, resulting in them cutting back on investment in health, education, social protection and climate change measures. Debt service is absorbing 41.5% of budget revenues, 41.6% of spending, and 8.4% of GDP on average across 144 developing countries, according to the study (Elliott, 2024)”. We are speaking of the Global South, which should be investing more in development, but is being drained precisely by the Global North.

The global divide is clearly shown in the figure below, taken from the UBS Global Wealth Report: the world wealth is extremely concentrated. And this wealth, in the form of immaterial assets, virtual money, instead of being used as investment capital, is dominantly used as financial drain. To repeat, financial investment pays more than productive investment, and money goes to where it pays more. And with the asset management using algorithms instructed to maximize return to shareholders, the divide can only deepen (UBS, 2023).

Figure 5: World Wealth Map 2022



Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Global Wealth Databook 2023

We have built a gated community, and presently we even have organized initiatives to expel those who managed to enter. If the North organized a global Marshall Plan to stimulate development, it would both stimulate its own growth and also ease the pressure of migrations. But it seems more important for those at the top to keep the poorer populations “down there,” in “shit-hole countries”, as Trump has called them. The president of the United States.

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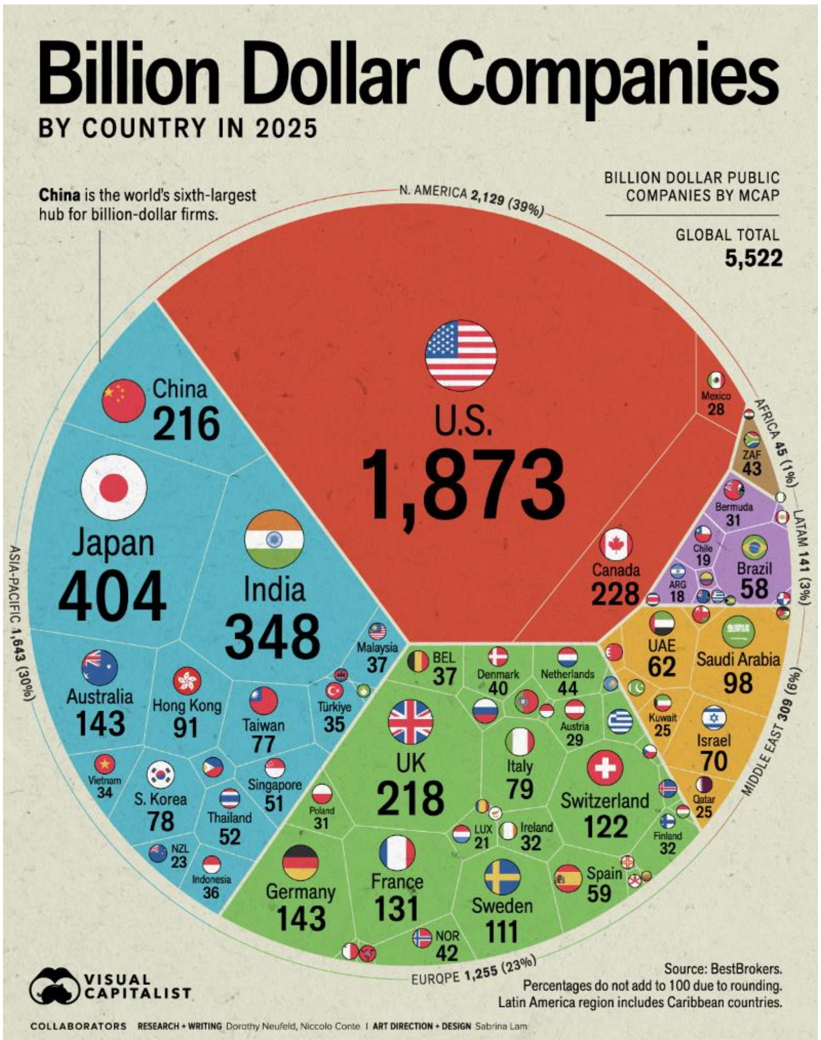
The Global North is draining overall development capacity. The Debt Service Watch mentioned above "shows that when measured by the burden of debt service on budgets, this is the worst global debt crisis ever…Most important, service exceeds all social spending, and is 2.7 times education spending, 4.2 times health, 11 times social protection, and 54 times climate adaptation. The crisis is also widespread – affecting 118 countries - and concentrated in those which have accessed capital markets (UBS, 2025)." The explosive social, economic and political chaos is threatening all of us. Unless you believe in a migration to Mars. Robert Reich suggested that Elon Musk should indeed travel to Mars, and stay there. With Peter Thiel, preferably, considering the chaos Palantir is generating worldwide[1].



Source: Visual Capitalist – May 20, 2025

[1] For Palantir and its huge impact, Wikipedia presents a very competent analysis. See also Time, July 10, 2023: "Alex Karp, Palantir's CEO, has argued that "the power of advanced algorithmic warfare systems is now so great that it equates to having tactical nuclear weapons against an adversary with only conventional ones". (MAÇÃES, B. How Palantir is shaping the future of warfare. *TIME*, 10 Jul. 2023. Available at: https://time.com/6293398/palantir-future-of-warfare-ukraine/.

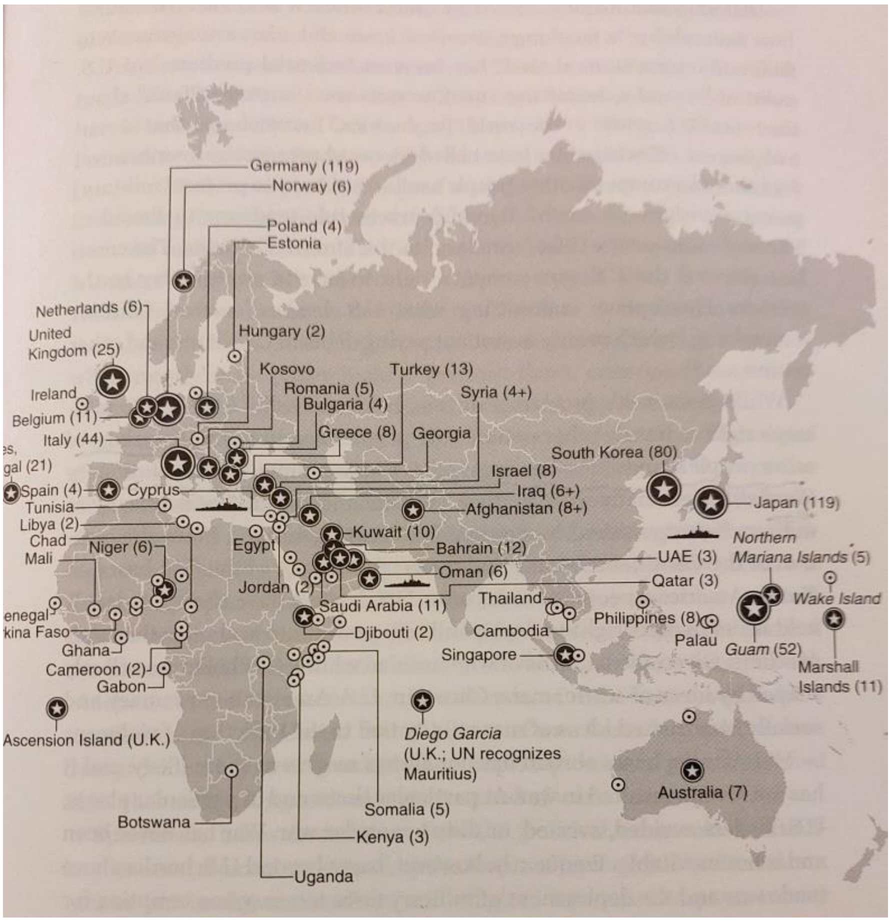
If we are to face the global challenge, we have to face the global corporations. The Visual Capitalist figure below presents a list of 5,552 billionaire corporations and the domination of the USA, with 1,873 corporations, 34% of total. It is important to notice that China, with 216, represents 4% of total. The giant corporation challenge is basically a Global North challenge, and we do not have political strength to regulate its power.

It is sobering to hear Bernard Arnault, with a fortune of $150 billion based on luxury goods, stating on TV that government should not meddle in private corporate activity, it "brings problems". (22 May, 2025) Problems for the corporations, naturally. Understanding the corporate dimension of political power is key to understanding the impotence of governments, and particularly the attitudes of the United States, reluctant to release the unique position they inherited from WWII, in spite of the global changes, and relying on the corporate power to maintain it. What new wars must we expect?
Another sweeping image of the global US power network results from the its network of military bases. The numbers attached to the country names indicate how many bases the US have in each country. "As of 2020, the United States controlled around eight hundred bases outside the fifty U.S. states and Washington, DC. The number of bases and the secrecy and lack of transparency of the base network make any graphic depiction challenging. This map reflects the relative number and positioning of bases given the best available data." This map is a global view, the book presents an impressive level of detail.

The corporations and the military bases do not constitute independent power structures. If we take the major western arms manufacturers, Lockheed Martin, Raytheon Technologies, Boeing, General Dynamics, Northrop Grumman, L3Harris Technologies, Leidos, they are all American, while BAE Systems belongs to the UK, Leonardo to Italy, and Thales Group to France, but all of them are heavily controlled by the dominantly American major asset management platforms seen above: Vanguard, State Street, BlackRock, Fidelity Investments, UBS, Morgan Stanley, Allianz/PIMCO, JPMorgan Chase, Amundi in Europe. They also control top firearm makers like Smith & Wesson and private prison corporations. Peter Phillips' comments are touching: "The world would be a decidedly better place if the hundreds of billions now invested in socially harmful products and activities were allocated for human betterment[2]."

Violence is business here. "Weapons manufacturers and their investors are, in a sense addicted to military conflict and spending in preparation for it. For example, stock shares of military and security firms surged when Russia invaded Ukraine in February 2022. Some weeks into the conflict, shares of Raytheon stock rose by 8 percent, General Dynamics by 12 percent, Lockheed Martin by 18 percent, and Northrop Grumann by 22 percent, while war stocks in Europe, India, and elsewhere experienced similar surges in expectation of an exponential rise in global military spending."(p.171) Just business, but global. And we do not have a corresponding global regulatory structure.

[2] "The two largest publicly traded private prison companies, which both have a history of human rights violations and documented inmate deaths, receive more than $1.42 billion in investment from the Titans". So long as it makes money. (PHILLIPS, Peter. *Titans of Capital*: How Concentrated Wealth Threatens Humanity. New York: Seven Stories Press, 2024, p. 160).



US Military bases abroad, 2020 (Americas not included here). [3]

There are many other dimensions to this global power network, but an essential one is also the attention industry. The fact is that a tiny group of US based platforms control the communication system in the world, with the partial exception of China. Altamiro Borges (Miro), the head of Barão de Itararé, a network of independent journalism in Brazil, comments that “before, we had to fight with media belonging to families, feudal and monopolistic. Now, we have to fight with the digital domination of big techs.” And in these big techs, we find all the asset management giants we saw above, demanding shareholder profit maximization.

People simply do not realize how destructive it is to have a Zuckerberg reaching four billion people, half the world population, with his attention maximizing algorithms, or Elon Musk, with his racist South African views, purchasing for himself the way to reach hundreds of millions, spreading his opinions. We mentioned above Jonathan Haidt’s presentation on the social deformations this creates. We need culture, information, not profit maximizing rubbish. And we need democratic information in order to guide us on the reversal of the social and environmental destruction we face.

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[3] VINE, D. *United States of war: a global history of America’s endless conflicts, from Columbus to the Islamic State*. Berkeley: University of California Press, 2020, p. 5. (In the book, p.4 and 5 include the Americas, not included here because of the size, L.D.)

In fact the American-led attention industry has become an overall political challenge, since the global platforms like Alphabet (Google), Meta (Facebook), Amazon, Microsoft and others are formally linked to the State Department, to NSA, CIA and other agents of the security system, as shown in detail in the research by Henry Farell and Abraham Newman, in *Underground Empire: how America weaponized the world economy* (Farrell, Newman, 2023). "New laws, such as the 2018 CLOUD (Clarifying Lawful Overseas Use of Data) Act, allow U.S. law enforcement agencies to compel firms to provide their information, even when it sits on servers located in foreign countries. And fiber-optic cables running through the United States are still diverted into secret rooms, where their secrets are disclosed to automated scryers."(60)

We can multiply examples of this international chaos, adding for example the ABCD control on grain intermediation in the world, the natural resources extraction, the overall irresponsible treatment of residues, the chemical contamination of water reserves (blue gold, as it is already being called), and so many destructive activities, an economy where everyone is looking at how stocks behave instead of looking at what is happening to our lives and to nature. In spite of all the ESG-talk, what we have is sheer profit maximization managed by AI and algorithms. Peter Phillips states it simply: "Fiduciary wealth management must include assets for human betterment, not just the maximization of return on capital."(225) We need an economy serving our needs, the common good, not the other way around. We are facing a new world, and waiting for a new Bretton Woods, focused on the global challenges. For now, mostly winds of war and confrontations are blowing.

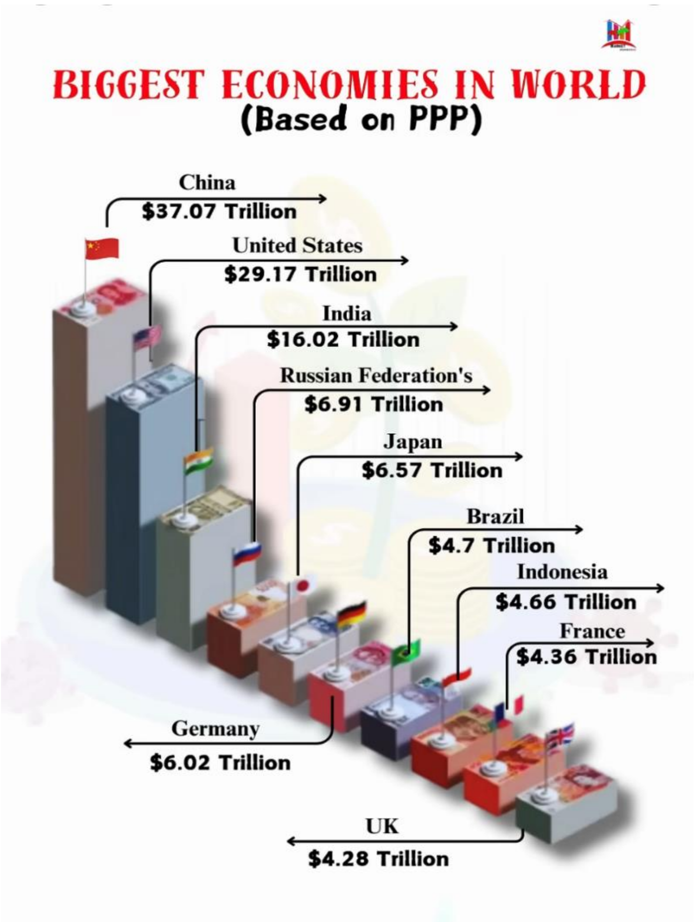
Facing the challenges

How far down the drain must we go, before we have a structural reaction, a *sursault,* like the French call it, allowing the necessary common good approach to surge with enough political strength? It is not my professional specialty, but allow me to bring forward my feelings on our decision-making fragility. First, in so many meetings and negotiations in different countries and environments, I always found it extremely difficult to bring forward long-term challenges, even when they are so concrete as climate change and its different catastrophic impacts. The year 2050 is already given for many transformations, not depending on what we could do even today. The CO2 we have already emitted is there for the long time. But 2050 seems to most people like a magic indistinct future, even though the year 2000, also a 25-year period, feels like it was yesterday. In terms of structural change, 25 years is a blink in the eye. This makes us blind to long-term structural threats. Scentists do see the coming threats, and show the data, but there is no gain of political clout.

Another fragility is linked to the difficulty of systemic thinking. We are facing complex challenges, involving dramatic inequality, explosive environment challenges, chaotic financial drains and permanent misinformation that floods our attention capacity. Most people take refuge in ideological simplifications, and adopt a filter of whom they should believe or support, that allows them to confirm what is within the mental frame, and reject the rest. The attention industry giants navigate comfortably in this manipulation universe.

Particularly problematic is the divide between direct experience, and what we learn through different statistical information. We can get deeply moved if we see an accident, or someone being aggressed or humiliated, yet the statistics of 6 million children dying of hunger every year is just statistics. The media use this widely, and will present pictures of children hurt in different wars, trying to move us by direct shocking experience, as vivid as possible, according to the sides they promote, but the overall lack of mobilization around our key challenges remains. The passivity with which we accept this "slow-motion catastrophe", as it has been called, generates a strange mixture of indifference, helplessness and anxiety. Time to wake up.

The United States have certainly become a major threat. They are not an industrial power anymore, with industry representing only 8% of GDP, as seen. But they are a huge military power, exert an impressive domination through the global attention industry, and an overall control over global finance, both through the weight of the asset management giants and the weight of the dollar, which they can emit at will and control its flows. With deepening inequality, and the corresponding frustration and anxiety in the majority of the population, hate speech and warmongering are taking over, and what remains of democracy is thin. In a conversation I had with Peter Senge, he presented this mix as threatening. Dangerous for the Americans, but particularly dangerous for the world.

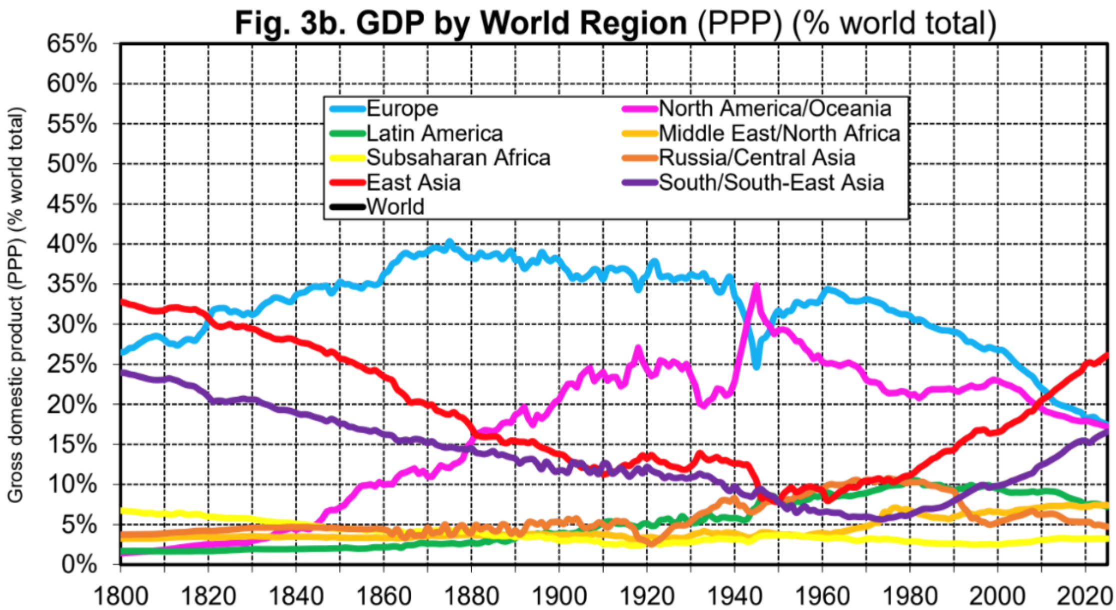


Source: YouTube – Top 10 largest economies in the world - 2025
https://youtube.com/shorts/g3fTnJhxVS4?si=8zoNrpMBhB4oj0DC

China, on the other hand, is moving quickly ahead. While the United States are deeply divided, the Chinese are very supportive of their government, even if we take in consideration the tensions in the Islamic north-east of the country. China has shown that orienting development for the population in general, taking hundreds of millions out of poverty, is not only socially essential but economically more productive, generating broad-based development. It has brought a new global balance, since it not only is the major economic power, but also developing at a higher rhythm.

Purchasing Power Parity (PPP) may seem unfamiliar to non-economists, but it is the right way to compare economies, simply avoiding the exchange rate differences. You buy more with a dollar in China than in the US, and if you use equivalent purchasing power, you are measuring with the same unit. In per capita terms the US are still well ahead, but as an economic power, China is presently the top player.

It is also essential that in the longer period since the 1960s, North America and Europe have been loosing ground, while East Asia as well as south and South-East Asia speading ahead. The countries represented by the flat lines at the bottom of the graph will tend to shift their dependency to the East. And this in turn brings an overall reorientation for so many countries caught in the Global-North financial and commercial traps. You have somewhere to turn to. The strength of the BRICS' surge shows the depth of structural reorganization of the world system. And we need much more (Nievas, Piketty, 2025).



Interpretation. Using PPP values (purchasing power parity), North America/Oecania represents about 17% of world GDP in 2025 (25% in 1900), vs 17% for Europe (37% in 1900) and 26% in East Asia (14% in 1900). Generally speaking, the share of NAOC and Europe in world GDP has always been substantially smaller if we use PPPs rather than MERs (market exchange rates). **Sources and series**: see wid.world

To wrap it up, we have the necessary financial resources, we produce enough for everybody to lead a comfortable and flourishing life, we know what is to be done (SDGs and so many updated studies), we have fantastic innovative technologies, and yet we are reaching the tipping point of this slow-motion catastrophe. The only way out is to organize the convergence of our efforts to face the key critical trends. And for this, we need a global pact, not bullies. It is vital. This is not an academic statement or political discourse. To repeat, it is about our kids. And it is not about economics, it is about basic human decency and common sense.

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