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DECONSTRUCTIVE CLASS ANALYSIS:

THEORETICAL FOUNDATIONS AND EMPIRICAL EXAMPLES FOR THE ANALYSIS OF RICHNESS AND THE CLASS ANALYSIS OF THE MEDIA AND THE CULTURE INDUSTRY.

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ABSTRACT

The aim of this paper is to contribute to the renewal of Marxist class theory. For doing so, first the works of Antonio Negri and Michael Hardt are discussed. It is argued that on the one hand their notion of immaterial labour is idealistic, deterministic, and too optimistic, but that on the other hand it provides a certain potential for advancement of Marxist class theory.
Building upon Hardt's and Negri's notion of the multitude, a class model is introduced in this paper. Besides wage labour, also precarious workers, students, retirees, migrants, the unemployed, houseworkers, and self-employed labour are considered as forming parts of the class of the multitude because they all produce commodities and/or the commons of society through their labour that is appropriated and exploited by capital. The class model is applied to the realm of the new media by introducing the concept of the prosumer commodity. Class analysis is further specified as methodological procedure of deconstructive class critique that tries to uncover the divergence between the rich and the poor, owners and non-owners. Global inequality, the power of corporations, the power of the rich, the power of managers, and the power of the media-oriented culture industry are analyzed as examples for deconstructive class critique. Economic power is realized through the accumulation of capital that produces both increasing wealth of an economic power elite through expropriation and relative deprivation of an exploited multitude. The conclusion of the analyses presented in this paper is that class is an important theoretical concept and that deconstructive class critique is an important methodological tool for producing insights about income inequality in contemporary society and for criticizing this very society.

KEYWORDS:

Class analysis, deconstructive class critique, analysis of richness, capitalism, Marx, media, new media, critical theory, critical research, power structure research

CONTENTS

1. Introduction

The aim of this paper is to discuss how the notion of class should be conceived best today and how class critique can methodologically operate.

The main research questions posed are:
- How should class be conceived in contemporary society?
- What is the relevance of the notion of class for the analysis of the media?
- How can class analysis deconstruct the silence about richness and the accumulation of wealth as class-structuring mechanisms in contemporary society?

The approach underlying the paper at hand is oriented on Marxist thinking and hence stresses the concept of exploitation as objective process in class formation. The two main approaches on class in the social sciences are the Marxian and the Weberian concepts of class. Whereas the Marxian class concept stresses exploitation, the Weberian concept takes class as a group of people who have certain life chances in the market in common. These chances would have to do with the possession of goods and opportunities for earning income and would be represented under the conditions of the commodity or labour market (Weber 1978: 926). The approach advanced in the paper at hand is a Marxian and non-Weberian notion of class.

Daniel Bell (1973) argued that with the rise of knowledge society, class struggle vanishes and is displaced by conflicts between professionals and the populace. Richard Florida (2002) claims that through the rise of a creative class, the distinction between capitalists and proletariat becomes outdated. Similar claims are made by David Brooks (2000) who describes the emergence of bourgeois bohemians (bobos). Eran Fisher (2008) shows how the notion of the digerati, a figure that transcends the boundaries between worker and entrepreneur, has shaped the discourse of *Wired* magazine. The digiterati is said to transcend the boundaries between worker and entrepreneur due to the rise of information technology and networked organizations. Networks of individuals would substitute classes.

Such accounts ideologically forestall insight into the rising differences between the rich and the poor, owners and non-owners of capital and wealth, the wealthy and precarious workers, employers and employees. Therefore a Marxian concept of class is employed in this paper. Even though some knowledge workers become successful knowledge entrepreneurs and some knowledge workers tend to hold small amounts of share options, class divisions are not vanishing. Nowadays "corporations are typically owned by various institutions such as banks and insurance companies, with individual shareholders usually accounting for small percentages of total shares" (Webster 2002: 118).

For example Google Inc, which in 2007 made 4.2 billion US$ profits, held capital assets of 25.3 billion US$, had a market value of 147.7 billion US$, and was ranked number 213 in the Forbes World List of Largest Corporations 2008, is not owned by its workers, but by shareholders. Among the major shareholders are top executives such as CEO Eric Schmidt, the co-founders Sergey Brin and Larry Page, and L. John Doerr, but not Google's 10,000 workers. In 2007, these top four directors and officers held 91.4% of class B stocks and a total of 70.0% of the total voting power (Google Proxy Statement 2007). That makes them primarily knowledge capitalists, whereas the 10,000 employees are knowledge workers. 9.4% of class A stocks were owned by Fidelity Investment (Google Proxy Statement 2007).

The Marxian class concept is critical of capitalism and involves normative and political implications. The reason why such an understanding is advantageous for the observation of contemporary society is that income distribution is becoming more unequal, which is an indication for a deepening class system, so that the critique of these conditions becomes an essential task. This development can be visualized by some data. Income inequality measured as the relation of the mean income of the upper and the lower quintile has increased from 4.5 in 2000 to 4.8 in 2005 in the EU15 countries (Eurostat, Online). In the EU25 countries it has increased from 4.5 in 2000 to 4.9 in 2005. In 2000, the richest 5% of the Europeans owned 35.7% of the worldwide wealth (Davies et al., 2006: table 10a). Income inequality measured by the Gini coefficient has increased from 29 in 1998 to 31 in 2005 in the EU25 countries. The in-work at risk of poverty rates for part time workers was 11% in the EU25 and 10% in the EU15 countries in 2005 (Eurostat, Online). The increase in income inequality, job insecurity, and poverty risk has been accompanied by a polarization between capital and labour: Whereas the average profit rate has increased by 39.4% in the years 1987-2007 in the EU15 countries (net returns on net capital stock, European Commission Annual Macro-Economic Database), the wage share has decreased by 7.5% in the same time span (compensation per employee as percentage of GDP at current market prices, European Commission Annual Macro-Economic Database). Similar developments can be found in the USA. For example, Morris and Western (1999) showed that in the 1990s nearly 80% of the US workers earned less than their counterparts in the 1960s and that since the 1970s the income inequality in the USA has been rising. It has continuously increased in the past decades (Gini 1974: 31.8; Gini 2004: 37.2; Luxembourg Income Study, online). Based on these data, it is reasonable to assume that during the past years and decades, economic growth has been accompanied by a rise of relative wage decreases, income inequalities, and poverty risks. The conclusion is that exploitation is a central feature of contemporary societies and that a more radical notion of class is needed for formulating a critique of these conditions.

Marx and Engels defined class in the following way: “By bourgeoisie is meant the class of modern capitalists, owners of the means of social production and employers of wage labour. By proletariat, the class of modern wage labourers, who, having no means of production of their own, are reduced to selling their labour power in order to live” (Marx and Engels 1848: 462)

In contemporary society, also large groups that are outside of traditional wage-labour work live under precarious conditions. In the EU25 countries, the combined unemployment rate has always been above 7% during the past ten years, reaching 9% in 2002 and 2003 (Eurostat, online). In many of these countries (like Bulgaria, France, Greece, Italy, Latvia, Lithuania, Poland, Slovakia, Spain) an unemployment rate well above 10 or even 15% has not been an exception from the rule (Eurostat, online). The peak between the years 1996-2007 was a rate of 19.9% in 2002 in Poland (Eurostat, online). These data are an indication that unemployment (and its consequences like increased poverty) is a pressing structural problem of contemporary society. Self-employed persons in Europe have an in-work poverty risk that is 2.5 times greater than the one of regular employees. 16% of the self-employed in the EU15 countries have an in-work poverty risk, compared to 6% of dependent employees (European Foundation for the Improvement of Living and Working Conditions 2007). These data are an indication that many people outside of regular employment relations are facing precarious living and working conditions. Their material situation is comparable to many people who are wage labourers. Therefore it would be an analytical and political error to not include these people into the category of the proletariat. The data are an indication that today the category of the proletariat should not be limited to industrial wage labour. These days the definition of the proletariat as “the class of modern wage labourers” is not suitable anymore.

But there is a second line of thought in Marx’s class theory that is more appropriate under contemporary conditions. Marx highlights exploitation as the fundamental aspect of class in another passage

where he says that "the end and aim of capitalist production" is "to exploit labour-power to the greatest possible extent" (Marx 1867: 350). Antagonistic class relations arise due to exploitation: "The control exercised by the capitalist is not only a special function, due to the nature of the social labour-process, and peculiar to that process, but it is, at the same time, a function of the exploitation of a social labour-process, and is consequently rooted in the unavoidable antagonism between the exploiter and the living and labouring raw material he exploits" (Marx 1867: 350).

The exploited class is "free from, unencumbered by, any means of production of their own", which would mean the "separation of the labourers from all property in the means by which they can realize their labour" (Marx 1867: 742). The proletariat is "a machine for the production of surplus-value", capitalists are "a machine for the conversion of this surplus-value into additional capital" (Marx 1867: 621).

In his analysis Marx had to limit the class concept to wage labour under the conditions of 19th century industrialism. The paper at hand will try to show that today it is useful to define class as being based on processes of exploitation. It makes use of the second line of thought of the Marxian class analysis that has just been pointed out.

First, the class theory of Antonio Negri and Michael Hardt is discussed (section 2). Then, a class model is introduced (section 3) that is applied to new media (section 4). The method of deconstructive class critique is introduced by providing example analyses of the realms of global inequality, the power of corporations, the power of the rich and of managers (section 5), and the power of media-oriented culture industry (section 6). Finally, some conclusions are drawn (section 7).

2. Hardt and Negri and the Renewal of Class Theory

For Hardt and Negri, Empire is a global system of capitalist domination that is based on a crisis of the sovereignty of nation states, the deregulation of international markets, interventionist global police forces, and on mobility, decentralization, flexibility, and networking of capital and production. "In contrast to imperialism, Empire establishes no territorial center of power and does not rely on fixed boundaries or barriers. It is a decentered and deterritorializing apparatus of rule that progressively incorporates the entire global realm within its open, expanding frontiers. Empire manages hybrid identities, flexible hierarchies, and plural exchanges through modulating networks of command. (...) The concept of Empire is characterized fundamentally by a lack of boundaries: Empire's rule has no limits. First and foremost, then, the concept of Empire posits a regime that effectively encompasses the spatial totality, or really that rules over the entire 'civilized' world. No territorial boundaries limit its reign" (Hardt and Negri 2000: xiif, xiv).

The economy of the empire, according to Hardt and Negri, is informational, it is based on education, information, communication, and affects. They use the notion of immaterial labour in this context. "Most services indeed are based on the continual exchange of information and knowledges. Since the production of services results in no material and durable good, we define the labor involved in this production as immaterial labor – that is, labor that produces an immaterial good, such as a service, a cultural product, knowledge, or communication" (Hardt and Negri 2000: 290).

They see co-operation as an immanent feature of immaterial labour: "Our economic and social reality is defined less by the material objects that are made and consumed than by co-produced services and relationships. Producing increasingly means constructing cooperation and communicative commonalities" (Hardt and Negri 2000: 302). 2 dimensions of immaterial labour are intellectual and affectual labour. "The creation of communication, for instance, is certainly a linguistic and intellectual operation but also inevitably has an affective component in the relationship between the communicating parties" (Hardt

and Negri 2004: 108). In their book *Empire*, Hardt and Negri distinguish between intellectual, symbolic/analytical, and affective labour (Hardt and Negri 2000: 293). "We should point out before moving on that in each of these forms of immaterial labor, cooperation is completely inherent in the labor itself. Immaterial labor immediately involves social interaction and cooperation. In other words, the cooperative aspect of immaterial labor is not imposed or organized from the outside, as it was in previous forms of labor, but rather, cooperation is completely immanent to the laboring activity itself" (Hardt and Negri 2000: 294).

Hardt's and Negri's approach is important because it advances the topic of knowledge and information technology in neo-Marxist theory. An analysis of the US employment structure shows that in 2005 44,21% of all employees were active in the knowledge sector (figure 2, the tertiary sector is comprised of non-knowledge-based services in areas such as trade, transportation, food, banking, waste management, finance, insurance, real estate, accommodation, whereas the quartary sector comprises jobs in information-based realms such as computer manufacturing, electronic products, paper products, printing, publishing, telecommunications, data processing, motion pictures, sound recording; professional, scientific and technical services, management, administration, education, health care, social assistance, arts, entertainment, recreation; for details see Fuchs 2008: 193-200). Such data show that the qualities of labour and class have indeed been changed by the rise of knowledge in production and that therefore a re-actualization and re-conceptualization of class theory is needed.

	Full- and Part Time	Full Time	Part Time
Primary	1.44%	1.45%	1.40%
Secondary	14.15%	15.37%	3.44%
Tertiary	40.19%	39.29%	48.21%
Quartary	44.21%	43.90%	46.94%

Table 1: Overall distribution of labour in the four sectors of the US economy (Source: Fuchs 2008: 200)

One problem of Hardt's and Negri's approach is that they are too optimistic about the revolutionary potentials of immaterial labour and see it as the pure unfolding of communist potentials within capitalism that point beyond this formation. They speak in this context of revolutionary subjectivity and argue that immaterial labour "seems to provide the potential for a kind of spontaneous and elementary communism" (Hardt and Negri 2000: 294). Negri and Hardt overlook that participatory and co-operative management function as ideologies that integrate employees and their consciousness and forestall revolutionary subjectivity (Fuchs 2008: 148-156, Boltanski and Chiapello 2006). Co-operation and participation have ideological character in contemporary capitalism (Ibid.). Co-operation is at the same time actual existing material foundation of a free society and a social technology, i.e. a repressive ideology that works by self-discipline (Fuchs 2008: 148-156).

Teamwork and participatory management certainly increase the co-operative character of labour, but co-operation is not extended to the ownership of the means of production. The first circumvents the second by creating the false illusion that economic democracy can be achieved within capitalism. Although co-operation is the foundation for breaking free from the existing order, it is at the same time an ideology that perpetuates this order and results in mimesis. "The manifold processes of introjection seem to be ossified in almost mechanical reactions. The result is, not adjustment but mimesis: an immediate identification of the individual with his society and, through it, with the society as a whole" (Marcuse 1964: 12).

Panitch and Gindin express doubts on the idealization of the working class by Hardt and Negri: "We can agree with their definition that takes the working class beyond traditional industrial workers and beyond the world of work itself (although both of these amendments are by now hardly anything novel), and we applaud their concern to locate a new strategic core among the broad proletariat. But can we really credit in this respect the new resistance and new confidence that Hardt and Negri find inherent in the new informational and service workers? Do they know new things, have more control over their workplace, relate to each other differently, come to work with different expectations, go home with different dreams? Do they necessarily see their clients as potential allies, does the experience necessarily produce a new sense of collectivity? Is their work inherently more social than the social cooperation involved in the production of goods? Or, as with the industrial proletariat, is their humanity cramped by the context in which technology mediates human interaction *unless and until* they begin to discover, through struggle, their own potentials as agency?" (Panitch and Gindin 2003: 56).

Hardt and Negri ignore ideological aspects of capitalism that constrain subjectivity, consciousness, and activity. "Immaterial" labour confirms the central hypothesis of Herbert Marcuse: That a co-operative solidary society is objectively as close as never before (concerning the development of the productive forces), but subjectively farer away than ever before (states of consciousness).

"The declining proportion of blue collar labor, the increasing number and importance of white collar employees, technicians, engineers, and specialists, divides the class. This means that precisely those strata of the working class which bore, and still bear, the brunt of brute exploitation will perform a gradually diminishing function in the process of production. The intelligentsia obtains an increasingly decisive role in this process – an instrumentalist intelligentsia, but intelligentsia nevertheless. This 'new working class', by virtue of its position, could disrupt, reorganize, and redirect the mode and relationships of production. However, they have never the interest nor the vital need to do so: they are wel integrated and well rewarded" (Marcuse 1969: 55).

The category of immateriality (immaterial labour) implies that there are material and non-material spheres of being. The sphere of ideas is dually set beside matter. Philosophically this means to postulate a world that consists of two substances so that no general ground of the world can be given. This assumption violates the philosophical law of ground. To assume that there is a sphere of being outside of matter is dualistic, idealistic, and has religious implications. If mind were non-material, then there would have to be a sphere of mind and belief that cannot be explained and analyzed by science.

The idealization of the working class can also be observed in Negri's remarks on crisis theory (see e.g. Negri 1988: 203-228). He assumes that the militancy of the working class results periodically in the fall of the rate of profit so that capital reacts by restructuring the mode of production in order to increase the rate of exploitation and as a result the profit rate, which would at the same time produce new potentials for resistance and class struggle that again result in a fall of the profit rate, further restructurations, etc. Negri's crisis theory is rooted in the experiences of intense class struggles in Italy in the 1960s and 1970s. However, in other parts of the world, there were hardly any or no class struggles at the same time. Therefore one cannot generalize Italian experiences to a general theory of capitalist crisis and development. For Hardt and Negri, there is no such thing as false consciousness, but rather "mass intellectuality" as "constituent power" (Hardt and Negri 2000: 410). "By virtue of its basic position in the production process, by virtue of its numerical weight and the weight of exploitation, the working class is still the historical agent of revolution; by virtue of its sharing the stabilizing needs of the system, it has become a conservative, even counterrevolutionary force. Objectively, 'in-itself', labor still is the potentially revolutionary class; subjectively, 'for-itself', it is not. This theoretical conception

has concrete significance in the prevailing situation, in which the working class may help to circumscribe the scope and the targets of political practice" (Marcuse 1969: 16).

Negri argues that the Fordist mass worker has been transformed into a Postfordist social worker: "There was a growing awareness of the interconnection between productive labour and the labour of reproduction, which was expressed in a wide range of behaviours in social struggles, above all in the mass movements of women and youth, affirming all these activities collectively as labour. This development made necessary an innovation in the vocabulary of class concepts. As we used to put it: 'from the mass worker to the social worker'. But it would be more correct to say: from the working class, i.e. that working class massified in direct production in the factory, to social labour-power, representing the potentiality of a new working class, now extended throughout the entire span of production and reproduction – a conception more adequate to the wider and more searching dimensions of capitalist control over society and social labour as a whole" (Negri 1988: 209).

The notion of the social worker has been reformulated as the concept of the multitude later. "If we pose the multitude as a class concept, the notion of exploitation will be defined as exploitation of cooperation: cooperation not of individuals but of singularities, exploitation of the whole of singularities, of the networks that compose the whole and of the whole that comprises of the networks etc" (Negri 2002). The multitude "gives the concept of the proletariat its fullest definition as all those who labor and produce under the rule of capital" (Hardt and Negri 2004: 107).

The multitude not only comprises wage labour because productive labour is today co-operative and networked. It is an expanded notion of class. The problem is that Hardt and Negri have a very diffuse concept of the multitude, they do not provide a conceptual model of it and do not specify which groups do belong to it and do not belong to it.

The multitude produces the commons of society: knowledge, upbringing, education, social work, care, reproduction (household, love, child care, sexuality, etc), political commitment, civil society, etc. It "relies on the common knowledge passed down from others and in turn creates new common knowledge" (Hardt and Negri 2004: xv).

David Harvey (2005: 159-165; 2003: 137-182) characterizes neoliberalism as a process of accumulation by dispossession. Combining Hardt and Negri with Harvey, allows us to argue that class formation and class structuration is today strongly based on accumulation that is achieved by dispossessing and exploiting the commons. What is happening under neoliberalism is the dispossession of the commons in order to generate new spaces of accumulation and an intensified dispossession of income and wealth in order to raise profits. "The common [...] has become the locus of surplus value. Exploitation is the private appropriation of part or all of the value that has been produced as common" (Hardt and Negri 2004: 150).

I will next try to go beyond Hardt and Negri by conceptualizing class in contemporary capitalism.

3. A Class Model for Contemporary Society

The most important neo-Marxist concept of economic class is the one by Erik Olin Wright (1997: 10, 2005: 23), who defines three aspects of exploitation and class formation:

1. Inverse interdependent welfare: The material welfare of one group of people causally depends on the material deprivations of another.
2. Exclusion: The exploited are asymmetrically excluded from accessing certain productive resources (frequently by force and property rights)
3. Appropriation: Those who control the productive resources appropriate the fruits of labour of the exploited.

If only the first and the second criteria are given, Wright speaks of non-exploitative economic oppression. For Wright, groups such as the unemployed, retirees, permanently disabled, students, people on welfare, and houseworkers form underclasses that are not exploited, but excluded and hence economically oppressed by capital (Wright 1997: 26-28). This idea does not take into account that the "economically oppressed" are growing in number and that it therefore is an analytical and political error to see their existence only as a side effect of economic exploitation. Wright limits his concept of economic class to wage labour and capital (as well as contradictory class positions).

Wright and Bourdieu characterized the self-employed as the class of the petty bourgeoisie, which implies that this class is closely related to the capitalist class. Given the case, as already argued, that the material conditions of many self-employed persons are comparable to the ones of wage labour, such a characterization does not make sense. In informational capitalism the human brain has become an important productive force (Fuchs 2008). Many workers performing precarious jobs – a characteristic for service jobs and knowledge labour – work as freelancers or one-man companies (Fuchs 2008). Formally they are self-employed and own and control their means of production (brain, computer, etc.), but they are forced to permanently sell their own labour power per contracts to capitalist corporations that outsource or subcontract labour power. Therefore it might be better to speak of the self-employed labour class, which posits this group on the side of labour and not on the side of capital. The emergence of this class is a characteristic expression of capital's movement under neoliberal conditions to outsource labour (which means not having to take care of labour rights, ancillary wage costs, technology, etc.) in order to reduce variable costs. Knowledge labour requires little physical capital and hence is predestined for new forms of employment and exploitation (Wright 1997: 130, 135). Self-employed labour in informational capitalism is very much likely to be precarious labour, it is not a fixed, but a dynamic category as many of these individuals shift from self-employment to temporary labour, unpaid labour, and back again, etc.

Wright argues that under contemporary conditions a more complex economic class model is appropriate, and hence besides the relation to the means of production he adds authority (or political capital in Bourdieuian terms) and skills/knowledge (or cultural capital in Bourdieuian terms) as defining characteristics of class positions. Based on this distinction, he creates a class model that is based on twelve different class locations. Wright's class concept takes the two structural aspects of political/social capital and cultural capital into consideration that have been stressed by Bourdieu (1986) as important aspects of class formation besides economic capital. For Wright skills exploitation means that higher-skilled workers "receive incomes above the costs of producing those skills" (Wright et al. 1989: 12), they have some extra remuneration due to their position. "For a skill to be the basis of exploitation, therefore, it has to be in some sense scarce relative to its demand, and there must be a mechanism through which individual owners of scarce skills are able to translate that scarcity into higher incomes" (Wright et al. 1989: 21).

The same would be true for organizational assets/authority, which would allow managers to "extort wages out of proportion to the costs of producing managerial labour power" (Wright et al.1989: 201). Wright here speaks of organizational exploitation.

If one defines economic exploitation as the existence of an exploiting class that deprives at least one exploited class of its resources, excludes it from ownership, and appropriates resources produced by the exploited, one stays within a Marxist framework of class, but must not necessarily exclude the "underclasses" from this concepts if one considers knowledge labour as central to contemporary society. Knowledge labour is labour that produces and distributes information, communication, social relationships, affects, and information and communication technologies. It is a direct and indirect aspect of the accumulation of capital in informational capitalism: There are direct knowledge workers (either employed as wage labour in firms or outsourced, self-employed labour) that produce knowledge goods and services that are sold as commodities on the market (e.g. software, data, statistics, expertise, consultancy, advertisements, media content, films, music, etc.) and indirect knowledge workers that produce and reproduce the social conditions of the existence of capital and wage labour such as education, social relationships, affects, communication, sex, housework, common knowledge in everyday life, natural resources, nurture, care, etc. These are forms of unpaid labour that are necessary for the existence of society, they are performed not exclusively, but to a certain extent by those who do not have regular wage labour – houseworkers, the unemployed, retirees, students, precarious and informal workers, underpaid workers in temporal or part-time jobs, and migrants. This unpaid labour is reproductive in the sense that it reproduces and enables the existence of capital and wage labour that consume the goods and services of unpaid reproductive workers for free. Therefore both capital and wage labour exploit reproductive workers – which is just another term for indirect knowledge workers. Capital could not be accumulated without a common societal infrastructure in the areas of education, spare time, health and social care, natural resources, culture, art, sexuality, friendship, science, media, morals, sports, housework, etc. that are taken for granted and do not have to be paid for (in the form of shares of its profit). Marx (1894: 92) remarks in this context that the rise in the rate of profit in one line of industry depends on the development of the productive power of labour in another sector of the economy. This can also mean that accumulation in the wage labour economy is not only based on its own advances but also on the non-wage labour economy. "What the capitalist thus utilises are the advantages of the entire system of the social division of labour" (Marx 1894: 92). This system of the division of labour also includes a non-wage economy that is dialectically separated from and connected to the wage economy and is exploited by capital.

By consuming reproductive and public goods and services, wage labour is reproducing itself. Wage labourers exploit reproductive workers in order to be able to be exploited by capital. Therefore we can define the multitude as the class of those who produce material or knowledge goods and services directly or indirectly for capital and are deprived and disappropriated of resources by capital. Such exploited resources are consumed by capital for free. Here the arguments of Tiziana Terranova (2000) and Michael Hardt and Antonio Negri (2000, 2004) can be applied: In informational capitalism knowledge has become a productive force, but knowledge is not only produced in corporations in the form of knowledge goods, but also in everyday life, for example by parents who educate their children, citizens who engage in everyday politics, consumers of media who produce social meaning and hence are prosumers, users of MySpace, YouTube, Facebook, etc who produce informational content that is appropriated by capital, radio listeners and television viewers who call in live on air in order to discuss with studio guests and convey their ideas that are instantly commodified in the real-time economy, etc. The production process of knowledge is a social, common process, but knowledge is appropriated by capital. By this appropriation the producers of knowledge become just like traditional industrial labour an exploited class that can with reference to Hardt and Negri (2000, 2004) be termed the multitude.

The multitude is an expanded notion of class that goes beyond manual wage labour and takes into account that labour has become more common.

Hardt and Negri never outlined the subclasses of the multitude. The multitude as the class of all those who are in some sense exploited, in my opinion consists of the following class fractions:

1. Traditional industrial workers, who are wage labourers and produce physical goods. Capital appropriates the physical goods of these workers and the surplus value contained in them.
2. Knowledge workers, who are wage labourers and produce knowledge goods and services in wage-relationships or self-employed labour relations. Capital appropriates the knowledge goods and services of these workers and the surplus value contained in them. One must note that public servants in areas such as health, education, transport, social care, housing, energy, and so on, are not under the direct command of capital. Most of them are waged knowledge workers who produce parts of the commons that are a necessary condition for the existence of society and capital. The latter exploits these public goods in an indirect way.
3. Houseworkers: These workers – who are still predominantly female – produce knowledge in the broad sense of communication, affects, sexuality, domestic goods and services that are not sold as commodities, but consumed by capitalists and wage labourers for free in order to reproduce manpower.
4. The unemployed: This class is deprived of job assets by capital and wage labour (Van Parijs 1995). It is the result of the tendency of the organic composition of capital to rise, which is due to technological progress. The unemployed are, just like houseworkers, involved in unpaid reproductive knowledge labour that is a necessary condition for the existence of capital. Furthermore, the unemployed are frequently forced to take on very low-paid and often precarious or illegal jobs and hence are also subjected to extreme economic appropriation. Unemployed persons are increasingly forced by the state to perform extremely low–paid, compulsory over-exploited work.
5. Migrants and workers in developing countries: Migrants are frequently subjected to extreme economic exploitation in racist relations of production as illegal, over-exploited workers. They are exploited by capital. A certain share of wage labourers who hope to increase their wages and to reach better positions if migrants can be forced to do unpaid or extremely low-paid unskilled work, ideologically supports this exploitation. Developing countries are either completely excluded from exploitation or they are considered as a sphere of cheap, unskilled wage labour that is over-exploited by capital by paying extremely low wages and ignoring labour rights and standards.
6. Retirees: Retirees are exploited to the extent that they act as unpaid reproductive workers in spheres such as the family, social care, home care, and education.
7. Students: Students are exploited in the sense that they produce and reproduce intellectual knowledge and skills that are appropriated by capital for free as part of the commons. Students are furthermore frequently over-exploited as precarious workers, a phenomenon for which terms such as “precariat”, “generation internship” or “praktikariat” (from the German term “Praktikum”, which means internship, combined with the term “precariat”) can be employed.
8. Precarious and informal workers: Part-time workers, temporary workers, the fractionally employed, contract labour, bogus self-employment, etc. are work relations that are temporary, insecure, and low-paid. Hence these workers are over-exploited by capital in the sense that such jobs would cost much more capital if they were performed by regularly employed wage labour. That is the same for racist labour relations and compulsory work performed by unemployed persons. Self-employed persons who do not employ others themselves are forced to sell their own labour power by contracts, They control their means of production but produce surplus for others who control capital and use the appropriated labour for achieving profit.

I have used the term over-exploitation here several times. Capital can gain extra surplus value by over-exploitation. Extra surplus value is a term coined by Marx for describing relations of production in

which goods are produced in a way that the "individual value of these articles is now below their social value" (Marx 1867: 336). By employing illegal migrants, unemployed compulsory or illegal workers, students, precarious and informal workers, capital can produce goods at a value that is lower than the average social value because its wage costs are lower than in a regular employment relationship. As a result the commodities produced contain less variable capital, but are nonetheless sold at regular prices so that an extra profit can be obtained. The total value of a commodity is V = c + v + s (constant capital + variable capital + surplus value). By over-exploitation, variable capital and the total value of the commodity are lowered, but the commodity can be sold at regular market prices so that extra profit can be achieved. Those who are outside of regular employment, such as students, pensioners, the unemployed, and illegal immigrants, are particularly active in reproductive labour that produces the social, educational, and knowledge commons of society. All of these activities indirectly benefit capital accumulation. If capital had to pay for this labour, its profits would probably decrease drastically. Therefore it can be argued that capital accumulation is advanced by outsourcing reproductive labour from corporations to the private and public realm, where especially groups like young people, parents, teachers, the unemployed, pensioners, and illegal immigrants engage in producing these commons of society that are a necessary condition for the existence of the capitalist economy. This process of outsourcing is free for capital, the informal workers are over-exploited to an extreme extent (if they receive no money at all, the rate of exploitation is infinite). Capital makes use of gratis labour, which is just another formulation for saying that capital exploits all members of society except for itself.

Class relationships have become generalized and the production of value and hence exploitation are not limited to wage labour, but concern society as a whole. Houseworkers, the unemployed, migrants, developing countries, retirees working in reproduction, students, precarious and informal workers should, besides wage labour, be considered as exploited classes that form part of the multitude. The latter is antagonistic in character and traversed by inner lines of exploitation, oppression, and domination that segment the multitude and create inner classes and class fractions. Nonetheless the multitude is objectively united by the fact that it consists of all those individuals and groups that are exploited by the capital, live and produce directly and indirectly for the capital that expropriates and appropriates resources (commodities, labour power, the commons, knowledge, nature, public infrastructures and services) that are produced and reproduced by the multitude in common.

The growing number of those who produce the commons and are exploited outside of regular wage relationships should be included in a class model as exploited classes (cf. figure 1). Note that an individual can be positioned in more than one class at a time. Class positions are not fixed, but dynamic, meaning that in informational capitalism people have a fluid and transit class status. So, for example, female workers are frequently at the same time houseworkers; many students are also precarious workers; many precarious workers form a type of self-employed labour, and so on. That class positions are antagonistic also means that there is no clear-cut separation between the multitude and the capitalist class, so, for example managers can be considered to have a contradictory class position: they work for a wage, but at the same time execute the command over workers in the name of capital.

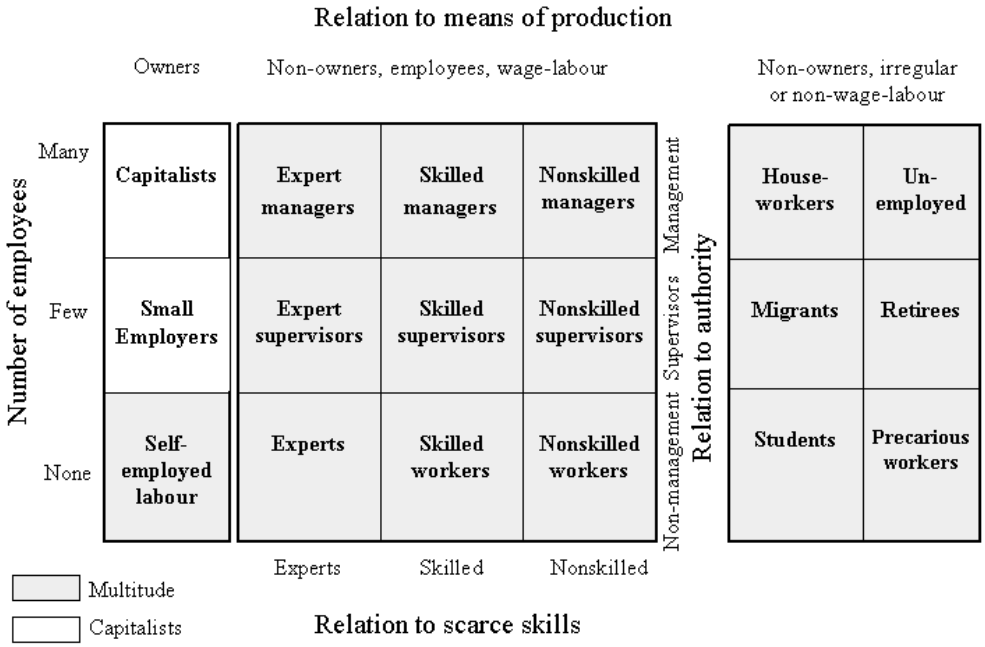

Figure 1: An expanded class model

Knowledge is a social and historical product; new knowledge emerges from the historical heritage of knowledge in society and is in many cases produced co-operatively. Hence, Marx argues that knowledge "depends partly on the co-operation of the living, and partly on the utilisation of the labours of those who have gone before" (Marx 1894: 114). Nature, knowledge, and societal infrastructures due to their collective or natural form of production are common aspects of society. They are not produced by single individuals. Knowledge and infrastructures can only exist due to the collective activities of many. Nature produces itself and is transformed into resources by metabolic processes organized by many. Knowledge, nature, and infrastructures are collective goods that cost nothing for capital, but they form a necessary condition for capital accumulation, production processes, and profit. Capital consumes the commons for free; it exploits the results of societal and natural production processes such as education, science, health, reproductive labour, and so on. The essence of the commons is its social character, in capitalism the commons are individually appropriated as proprietary goods by capital. In categories of the Hegelian logic, one can argue that essence and existence of knowledge and the commons are non-identical. Exploitation alienates the existence of the commons from their essence and their truth, reason, and reality (Fuchs 2008).

All humans benefit from knowledge in society that was produced in the past (inherited, historical knowledge) in the form of organizations that allow the development of skills (educational knowledge), cultural goods (music, theatre performances, literature, books, films, artworks, philosophy, etc.) that contribute to mental reproduction (entertainment knowledge), and in the form of traditional practices as aspects of education and socialization (practical knowledge). These three forms of knowledge are handed over to future generations and enriched by present generations through the course of the development of society. All humans contribute and benefit therefrom (although to different degrees under the given circumstances). Another form of knowledge is technological knowledge that is objectified in machines and practices that function as means for reaching identified goals so that labour processes

are accelerated and the amount of externalized labour power can be reduced. Not all humans and groups benefit from these four types of knowledge to the same extent. Especially corporations consume a share above average: Educational, entertainment, and practical knowledge are aspects of the reproduction of manpower. Individuals and society perform these processes to a large extent outside of firms and labour time. Technological progress helps corporations to increase their productivity, that is, the ability of capital to produce ever more profit in even less time. Technological knowledge does not enter the production process indirectly as the other three forms of knowledge do; it is directly employed in the production process by capital. Technological knowledge is produced by society, but it is individually appropriated as a means of production by capital. One argument that some scholars employ is that corporations pay for technological progress in the form of machines, software, hardware, and so on, that they buy as fixed capital. But the value produced by labour with the help of technology is much larger than the value of technology as such, and each individual item of technology is based on the whole history of technology and engineering that enters the product for free. Another argument is that technological knowledge and progress are created in an industry that produces technology and in the research departments of corporations. This argument is deficient because a certain part of knowledge is produced in public research institutions and universities and each technological innovation is based on the whole state of the art of science, for which one does not have to pay but is consumed by research departments and technology-producing corporations for free as an external resource.

The result of this discussion is that corporations consume the commons of society that consist of nature, educational knowledge, entertainment knowledge, practical knowledge, technological knowledge, and public infrastructures (labour in the areas of health, education, medical services, social services, culture, media, politics, etc.) for free. Hence, one important form of exploitation in the knowledge society is the exploitation of the commons by capital, which is also exploitation of the multitude and of society as a whole. But are capitalists and small employers not as well part of the multitude in the sense that they contribute to the production and reproduction of the commons in everyday life? There is no doubt that all humans contribute certain shares of unpaid labour to the production and reproduction of nature, knowledge, and public services, and so on. But the capitalist class is the only class in society that exploits and expropriates the commons; it is the only class that derives economic profit and accumulates capital with the help of the appropriation of the commons. All humans produce, reproduce, and consume the commons, but only the capitalist class exploits the commons economically. Hence, this class should not be considered as a part of the multitude.

In contemporary society, the system of cultural prestige is a separate realm of accumulation and stratification (Fuchs 2008). Therefore Bourdieu (1986) speaks of the accumulation of profits in distinction and Gouldner (1979) of the rise of a new cultural bourgeoisie. This realm is linked to economic accumulation by marketing strategies that promise profits in distinction if one owns commodities, which are not owned by others, and by the convertibility of cultural into economic capital and vice versa (Fuchs 2003).

Orthodox Marxism considered the unemployed, the poor, housewives, and so on, as unproductive and superstructural. This resulted in a strict focus on the primacy of industrial wage labour and economic reductionism. The results of such thinking were repressive policies, as e.g. formulated in the 1936 Soviet Constitution by Stalin: “In the U.S.S.R. work is a duty and a matter of honor for every able-bodied citizen, in accordance with the principle: ’He who does not work, neither shall he eat’. The principle applied in the U.S.S.R. is that of socialism: ’From each according to his ability, to each according to his work” (§12).

The humanism of Marxian thinking got completely lost here. The original Marxian formulation said: "From each according to his ability, to each according to his needs" (Marx 1875: 22). If Marxian thinking should be politically relevant today, the importance of the diversity of domination must be acknowledged. This diversity can be united by the logic of the commons and exploitation. With the rise of informational capitalism, the exploitation of the commons has become a central process of capital accumulation.

Given this framework, it will next be shown how it can be applied with the help of the example of new media.

4. New Media and Class

The issue of new media and class thus far has mainly been discussed in a way that suggests that lower income groups and people from poor countries lack physical, motivational, skills, and usage access to new media (for example Van Dijk 2005). Another issue that has thus far been rather ignored is to discuss the mechanisms of surplus production that underlie new media.

For Marx, the profit rate is the relation of profit to investment costs: $p = s / (c + v)$. The investment costs are subdivided into constant and variable capital. Variable capital v is the value form of labour, constant capital c the value form of the means of production. The latter consists of two parts: circulating constant capital c_{cir} (the value of the utilized raw materials, auxiliary materials, operating supply items and semi-finished products) and fixed constant capital c_{fix} (the value of the utilised machines, buildings and equipment) (Marx 1885: chapter 8). c_{cir} and v together form the circulating capital: They transfuse their value totally to the product and must be constantly renewed. c_{fix} remains fixed in the production process for many turnovers of the capital. Fixed constant capital decreases its value by each turnover of capital. Its value is decreased by Δc, which is a flexible value. Fixed constant capital like machinery does not create value and its value is never entirely transfused to capital at once. It is depreciated by wear and tear, non-usage, and moral depreciation (i.e. the emergence of new machinery with increased productivity) (Marx 1885: 159).

In the production sphere, capital stops its metamorphosis; capital circulation comes to a halt. New value V' of the commodity is produced, V' contains the value of the necessary constant and variable capital and all surplus value of the surplus product. Surplus value is generated by unpaid labour. Capitalists do not pay for the production of surplus, therefore the production of surplus value can be considered as a process of exploitation. The value V' of the commodity after production is $V' = c + v + s$. The commodity then leaves the production sphere and again enters the circulation sphere, where it is sold on the market, so that surplus value is transformed into profit. The value of the commodity is realized in money form. Parts of the profits are reinvested and capitalized in order to produce more profit. Capital is accumulated.

Commodities are sold at a price that is higher than the investment costs so that profit is generated. For Marx, the decisive quality of capital accumulation is that profit is an emergent property of production that is produced by labour, but owned by the capitalists. Without labour no profit could be made. Workers are forced to enter class relations and to produce profit in order to survive, which enables capital to appropriate surplus. The notion of exploited surplus value is the main concept of Marx's theory, by which he intends to show that capitalism is a class society. The capitalist "desires to produce a commodity whose value shall be greater than the sum of the values of the commodities used in its production, that is, of the means of production and the labour-power, that he purchased with his good money in the open market. His aim is to produce not only a use-value, but a commodity also; not only use-value, but value; not only value, but at the same time surplus-value. (...) The cotton that was bought for £100 is perhaps resold for £100 + £10 or £110. The exact form of this process is therefore M-C-M', where $M' = M + \Delta M$ = the original sum advanced, plus an increment. This increment or excess over the original value I call 'surplus-value'" (Marx 1867: 201, 165).

The immediate effects of surplus-value production in class relations are that the product belongs to the capitalist and not to the worker and that surplus-value "costs the worker labour but the capitalist nothing, and (...) becomes the legitimate property of the capitalist" (Marx 1867: 611). If you do not produce cotton, but knowledge, such as for example the Microsoft Windows Vista operating system, the

decisive quality is that knowledge only needs to be produced once and can be infinitely reproduced at low costs and distributed at high speed. There is no physical wear and tear of the product, knowledge is not used up in consumption, it can be reworked and built upon. There are high initial production costs, but once knowledge as for example software is produced, it can be cheaply copied and sold at high prices. The constant and variable capital costs for reproduction are low, which is beneficial for sustained capital accumulation in the knowledge industries (Fuchs 2008).

The situation again changes a little if knowledge is produced for new media and carried and distributed by it. A central characteristic of networked digital media is that the consumer of knowledge has the potential to become its producer. Alvin Toffler (1980) spoke of the emergence of the prosumer within the information society. Axel Bruns applied this notion to new media and speaks of produsers – users become producers of digital knowledge and technology: "Produsage, then, can be roughly defined as a mode of collaborative content creation which is led by users or at least crucially involves users as producers – where, in other words, Produsage, then, can be roughly defined as a mode of collaborative content creation which is led by users or at least crucially involves users as producers – where, in other words, the user acts as a hybrid user/producer, or produser, virtually throughout the production process" (Bruns 2007: 3f).

Philip Graham (2000) argues that hypercapitalism's immediacy and pervasiveness has resulted in the entanglement of production, circulation, consumption, material and non-material production, productive and unproductive labour, base and superstructure, forces and relations of production. Therefore value creation "becomes an immediate, continuous process" (Graham 2000: 137). New media are simultaneously used for the production, circulation, and consumption of knowledge. They support cognition (thought, language), communication (one-to-one, one-to-few, one-to-many, few-to-one, few-to-few, few-to-many, many-to-one, many-to-few, many-to-many), and co-operation (peer production, sharing, virtual communities, social networking, cyberlove, online collaboration, etc) by combining the universal digital machine of the computer with networking functions as structural principles (Fuchs 2008). In informational capitalism, the brain and its bodily mediations are enabled to engage in organic practices of economic production, surplus-value generation, co-production, communicative circulation, and productive consumption by new media. The production of knowledge is based on the prior consumption of the same, in co-production as well on communicative interchange as a coordinative mechanism. Consumption of knowledge produces individual meaning and incentives for further social production and communication. Circulation of knowledge is the consumption of bandwidth and technical resources and the production of connections.

If the users become productive, then in terms of Marxian class theory this means that they also produce surplus value and are exploited by capital as for Marx productive labour is labour generating surplus value. Therefore the exploitation of surplus value in cases like Google, YouTube, MySpace, or Facebook is not merely accomplished by those who are employed by these corporations for programming, updating, and maintaining the soft- and hardware, performing marketing activities, and so on, but by them and the produsers who engage in the production of user-generated content. New media corporations do not (or hardly) pay the users for the production of content. One accumulation strategy is to give them free access to services and platforms, let them produce content, and to accumulate a large number of produsers that is sold to third-party advertisers. Not a product is sold to the users, but the users are sold as a commodity to advertisers. The more users a platform has, the higher the advertising rates can be set. The productive labour time that is exploited by the capital on the one hand involves the labour time of the paid employees and on the other hand all of the time that is spent online by the users. For the first type of knowledge labour, new media corporations pay salaries. The second type of knowledge is produced completely for free. There are neither variable nor constant

investment costs. The formula for the profit rate p needs to be transformed for this accumulation strategy:

p = s / (c + v1 + v2), s ... surplus value, c ... constant capital, v1 ... wages paid to fixed employees, v2 ... wages paid to users

The typical situation is that v2 => 0 and that v2 substitutes v1. If the production of content and the time spent online were carried out by paid employees, the variable costs would rise and profits would therefore decrease. This shows that produsage in a capitalist society can be interpreted as the outsourcing of productive labour to users who work completely for free and help maximizing the rate of exploitation (e = s / v) so that profits can be raised and new media capital may be accumulated. Again, this situation is one of infinite over-exploitation. Capitalist produsage is an extreme form of exploitation that the produsers perform completely for free.

That surplus-value generating labour is an emergent property of capitalist production means that production and accumulation will break down if this labour is withdrawn. It is the essential part of the capitalist production process. That produsers conduct surplus-generating labour, can also be seen by imagining what would happen if they would stop using platforms like YouTube, MySpace, and Facebook: The number of users would drop, advertisers would stop investments because no objects for their advertising messages and therefore no potential customers for their products could be found, the profits of the new media corporations would drop and they would go bankrupt. If such activities were carried out on a large scale, a "new economy" crisis would arise. This thought experiment shows that users are essential for generating profit in the new media economy. Furthermore they produce and co-produce parts of the products, and therefore parts of the use value, exchange value, and surplus value that are objectified in these products.

Organization and management theorists have discovered these circumstances and therefore advise new media corporations to outsource value production to users. Tapscott and Williams (2007) describe the emergence of a new business model that they term wikinomics. It is based on the principles of openness, peer production, sharing, and acting globally. "In each instance the traditionally passive buyers of editorial and advertising take active, participatory roles in value creation" (Tapscott and Williams 2007: 14). There are "models where masses of consumers, employees, suppliers, business partners, and even competitors co-create value in the absence of direct managerial control" (Ibid.: 55). The result is not the emergence of "a new economic democracy (...) in which we all have a lead role" (Ibid.: 15), as Tapscott and Williams claim, but a subtly operating, coercive, and highly exploitative capitalist economy that tries to reduce labour and other investment costs by the global dynamic of outsourcing labour to produsers, competitors, and subcontractors with the help of Web 2.0. What is now termed Web 2.0, social networking platforms, and social software has not brought about a new era of participatory democracy as claimed by many. To postulate that these applications are participatory is used as a legitimatizing ideology for establishing new forms of exploitation. An example for wikinomics is crowdsourcing (Brabham 2008), in which corporations post problems online for which they seek answers, the wisdom of crowds is used for generating solutions, and the producers of winning ideas are rewarded. iStockphoto is a crowdsourcing platform that sells images that were taken by accredited photographers. The artists receive 20% of the price each time one of their images is sold (some of them 40%). The problem with this model is the unnecessary corporate intermediation that results in a rate of exploitation (e = s / v) of 500%.

Dallas Smythe (1981) suggests that in the case of media advertisement models, the audience is sold as a commodity: "Because audience power is produced, sold, purchased and consumed, it commands a price and is a commodity. (....) You audience members contribute your unpaid work time and in ex-

change you receive the program material and the explicit advertisements (Smythe 1981 [2006]: 233, 238)".

With the rise of user-generated content and free access social networking platforms and other free access platforms that yield profit by online advertisement, the Web seems to come close to accumulation strategies employed by the capital on traditional mass media like TV or radio. The users who google data, upload or watch videos on YouTube, upload or browse personal images on Flickr, or accumulate friends with whom they exchange content or communicate online via social networking platforms like MySpace or Facebook, constitute an audience commodity that is sold to advertisers. The difference between the audience commodity on traditional mass media and on the Internet is that in the latter the users are also content producers; there is user-generated content, the users engage in permanent creative activity, communication, community building, and content-production. That the users are more active on the Internet than in the reception of TV or radio content is due to the decentralized structure of the Internet, which allows many-to-many communication. Due to the permanent activity of the recipients and their status as produsers, I would, in the case of the Internet, argue that the audience commodity is a produser commodity. The category of the produser commodity does not signify a democratization of the media towards participatory systems, but the total commodification of human creativity. During much of the time spent online, users produce profit for large corporations like Google, News Corp. (which owns MySpace), or Yahoo! (which owns Flickr). Advertisements on the Internet are frequently personalized; this is made possible by surveilling, storing, and assessing user activities with the help of computers and databases. This is another difference from TV and radio, which provide less individualized content and advertisements due to their more centralized structure. But one can also observe a certain shift in the area of traditional mass media, as in the cases of pay per view, tele-votes, talkshows, and call-in TV and radio shows. In the case of the Internet, the commodification of audience participation is easier to achieve than with other mass media.

Marx has anticipated the exploitation of produsers by arguing that as a result of the development of the productive forces a time of capitalist development will come, in which "general intellect", the "power of knowledge, objectified", "general social knowledge has become a direct force of production" (Marx 1857/58: 602). The productive forces would not only be produced in the form of knowledge, but also as "immediate organs of social practice, of the real life process". Marx here describes that in a knowledge society, social life becomes productive. That knowledge labour, such as the one performed online by produsers, is productive, then also means that under capitalist class relations it is exploited and that all knowledge workers, unpaid and paid, are part of an exploited class.

The basic business models that dominate the Web are the advertising model, selling services to users, and combinations of the two (Fuchs 2008). That the first model is the dominant one can be seen from the fact that nine out of the ten most accessed Web platforms make use of it for accumulating capital: 1. Yahoo!, 2. Google, 3. YouTube, 4.+5. Windows Live Search and Microsoft Network (MSN), 6. Myspace, 8. Facebook, 9. Blogger, 10. Yahoo Japan (data from Alexa Global Top 500 (alexa.com), accessed on August 6, 2008). The only exception is Wikipedia (#7), which is non-profit oriented.

Figure 2 shows the rapid growth of Internet advertising profits in the USA. These profits amounted to 21.2 billion US$ in 2007, which make up 11.0% of the total US advertising profits (Source: IAB Internet Advertising Revenue Report 2007). The online advertising profits were higher than the profits made by radio- and cable TV-advertising in 2007 and were only exceeded by profits in newspaper- and TV Distribution-advertising (Ibid.).

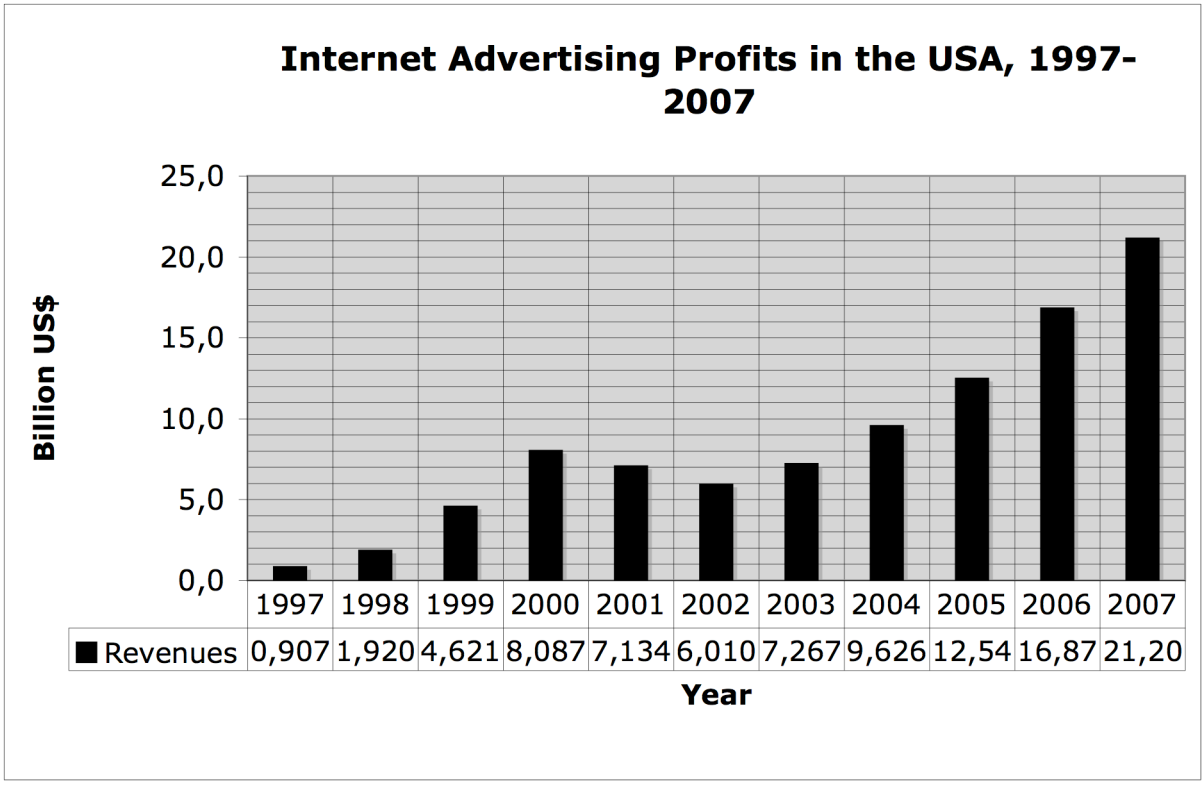

Figure 2: Internet Advertising Profits in the USA (Data Source: IAB Internet Advertising Revenue Report 2007)

Internet users come from all backgrounds. So for example 40% of YouTube users in the US are children, 14% have graduated. 51% of US MySpace users come from lower income classes (< 60 000 US$ per year), whereas 57% of US Facebook users have an upper income class background. 10% of US Myspace users and 14% of US Facebook users have graduated. 54% of US Google users come from upper income classes. 53% of US MySpace users have attended no college or graduate school, whereas 42% of US Facebook users have attended college and 14% have graduated. 58% of YouTube users, 76% of Facebook users, and 81% of Facebook users in the US are aged 0-34 (all data by quantcast.com, accessed on August 6, 2008). Such data show that Internet users have diverse backgrounds in terms of age, income, and education. The class structure of the virtual world is not a reproduction of the class structure of the offline world. The most decisive difference is that much more younger people produce online than offline. Children, pupils, and students who do not have a regular paid employment are the primary group of exploited produsers. This example shows that it is necessary to go beyond the traditional class concept that considers only wage labour as productive and exploited because there are also many unpaid labourers who are necessary for the accumulation of capital accumulation.

The implications of these observations are manifold: New media companies generate profit by exploiting the labour of their users without paying them anything. Among these users are many young people, which implies that corporations as MySpace, YouTube, or Facebook are based on the exploitation of unpaid labour of children, pupils, and students. We could therefore argue that such corporations are sweatshops that are based on the exploitation of child labour. The example intends to show that all actors, except corporations, are productive workers in contemporary society because they produce

knowledge and other commons of society that are exploited and turned into profit by corporations. A political consequence of this situation is that it is feasible to demand that corporations have to pay wages to all members of society because they benefit from their activities. Such a demand could be realized in the form of an unconditional basic income for everyone, financed through capital taxation. If such a demand in combination with other demands (reduction of the working week, renationalization of privatized industries, cancellation of Third World debt, Tobin Tax, capital controls, redistributive taxation, abolition of immigration controls, etc) were realized, capital interests could be weakened. Such demands constitute a transitional programme that could have revolutionary effects and contribute to the establishment of a different order: "The struggle for such changes would, in all probability, evoke such resistance from capital [for example the outsourcing of production or the armed defence of capital interests] as to confront the movement with a choice between abandoning its existing achievements and prosecuting a revolutionary challenge to the present system" (Callinicos 2003: 143).

This example shows that class theory is a suitable means for understanding contemporary society and its conflicts. In the next section, some empirical foundations of class analysis as research on richness and socio-economic inequality are given.

Networked digital media might be "new" in that they allow production, diffusion, and consumption of information with the help of one universal tool and that users can become producers (produsage, prosumption), but they are "old" concerning the capitalist class structures into which they are embedded and that condition their operation and usage.

5. Research on Richness as Deconstructive Class Critique

Discourses on income distribution are frequently shaped by a focus on the phenomenon of poverty. The dialectical counterpart of precarity – richness – is neglected. Richness is a topic that is not discussed and about which not much is known – the wealth of corporation, the wealth of millionaires and billionaires, and the wealth of top earners is rather unknown. Research on richness is important because poverty is not the result of individual failure, but stands in an antagonistic relation to richness. Not much is known about the profits of corporations, the property of the very rich, etc. Intransparency of richness fulfils an ideological role because what is not known or not discussed cannot be changed. If topics like richness are not discussed in public, then needs for political changes cannot emerge. The "question of the whereabouts of wealth that is swelling according to all official statistical data, is as a general rule displaced in public discourses because richness is treated as a taboo issue. 'Richness is that, which one does not talk about'. (...) The paradox that the growth of the gross domestic product is an indication for swelling richness in the Western world, but that nonetheless the achieved incomes of the masses, the achieved wealth, the standards of public services, and the existing standards of social security are considered as untenable, is displaced in general thoughts that are strongly influenced by private and public media power. (...) The reduction of available wealth that is practically experienced by large and increasing parts of the population, is not the result of its absolute diminishment, but of the concentration of the increase of wealth in the hands of the rich and the super-rich at the expense of wage-labour and the socially disadvantaged" (Klein 2006: 9, 10, 75, translated by the author[1]). Analytical research on richness is therefore ideology critique that deconstructs richness as class relation. It can be seen as being part of the attempt to constitute a proletarian counter public sphere.

Some premises of research on richness are (Domhoff 2006, Dye 2002, Klein 2006, Krysmanski 2004a, b, Parenti 2008):
* Given contemporary income distribution, richness is an infamy: The rich are not rich due to hard work. Their wealth reaches dimensions that can never be reached by gainful employment in a lifetime.
* Richness is unfair: Wealth and high incomes are decoupled from performance.
* Dialectic of richness and precarity: Richness does not emerge although there is poverty, but rather through poverty and precarity.
* Exploitation: Richness is the result of the exploitation of labour. Only one part of labour is paid, whereas the other part remains unpaid and is transformed into profits and dividends.
* Class relations: The rich constitute a dominant class through their property and their wealth. They stand in an antagonistic relation to the class of those who own nothing or not much.

For Domhoff, power structure analysis focuses on the research of the distributive power, i.e. the capacity of a group or class to "realize its goals even if some other group or class is opposed" (Domhoff 2006: 12). The three basic research questions are: Who benefits? Who governs? Who wins? Wealth and

[1] Die „Frage nach dem Verbleib des allen offiziellen statistischen Angaben zufolge anschwellenden Reichtums wird schon deshalb in den öffentlichen Diskursen in der Regel verdrängt, weil der Reichtum selbst als ein Tabuthema behandelt wird. (...) ‚Reichtum ist das, worüber man nicht spricht'. (...) In dem von privater und öffentlicher Medienmacht stark beeinflussten Denken wird das Paradoxon verdrängt, dass das Wachstum des Bruttoinlandsprodukts auf anschwellenden Reichtum in der westlichen Welt hindeutet und trotzdem die erreichten Masseneinkommen, der errungene Wohlstand, das Niveau der öffentlichen Daseinsvorsorge und die bisherigen Standards sozialer Sicherheit als unhaltbar gelten. (...) Die von großen und wachsenden Teilen der Bevölkerung praktisch erfahrene Minderung des verfügbaren Reichtums [ist] nicht etwa auf dessen absolute Verminderung, sondern auf die Konzentration des Reichtumszuwachses bei den Reichen und Superreichen zu Lasten der Lohnabhängigen und sozial Schwachen zurückzuführen" (Klein 2006: 9, 10, 75).

income distribution are important indicators in power structure analysis (Domhoff 2006: 14). Based on an analysis of the US power structure, Domhoff defines the ruling power elite as "composed of members of the upper class who have taken on leadership roles in the corporate community and the policy network, along with high-level employees in corporations and policy-networks organizations. (...) The net result is that the owners and managers of large income-producing properties score very high on al three power indicators: who benefits, who governs, and who wins" (Domhoff 2006: 199). Power structure research is rooted in the works of C. Wright Mills. He argued that the actors of the power elite "are in positions to make decisions having major consequences. (...) For they are in command of the major hierarchies and organizations of modern society. They rule the big corporations. They run the machinery of the state and claim its prerogatives. They direct the military establishment. They occupy the strategic command posts of the social structure, in which are now centered the effective means of the power and the wealth and the celebrity which they enjoy" (Mills 1956/2000: 4).

Next, four subtopics of research on richness will be discussed: global inequality (5.1), the power of corporations (5.2), the power of the rich and managers (5.3)

5.1. Global Inequality

Figure 3 shows for selected countries that the increase of poverty has been a general trend during the past four decades and that also many Western countries have relatively high poverty rates that are well above 10% of the population. So for example in the USA, relative poverty rose from 21.0% in 1974 to 24.1% in 2004. In the UK, it increased from 12.4% in 1969 to 19.2% in 2004.

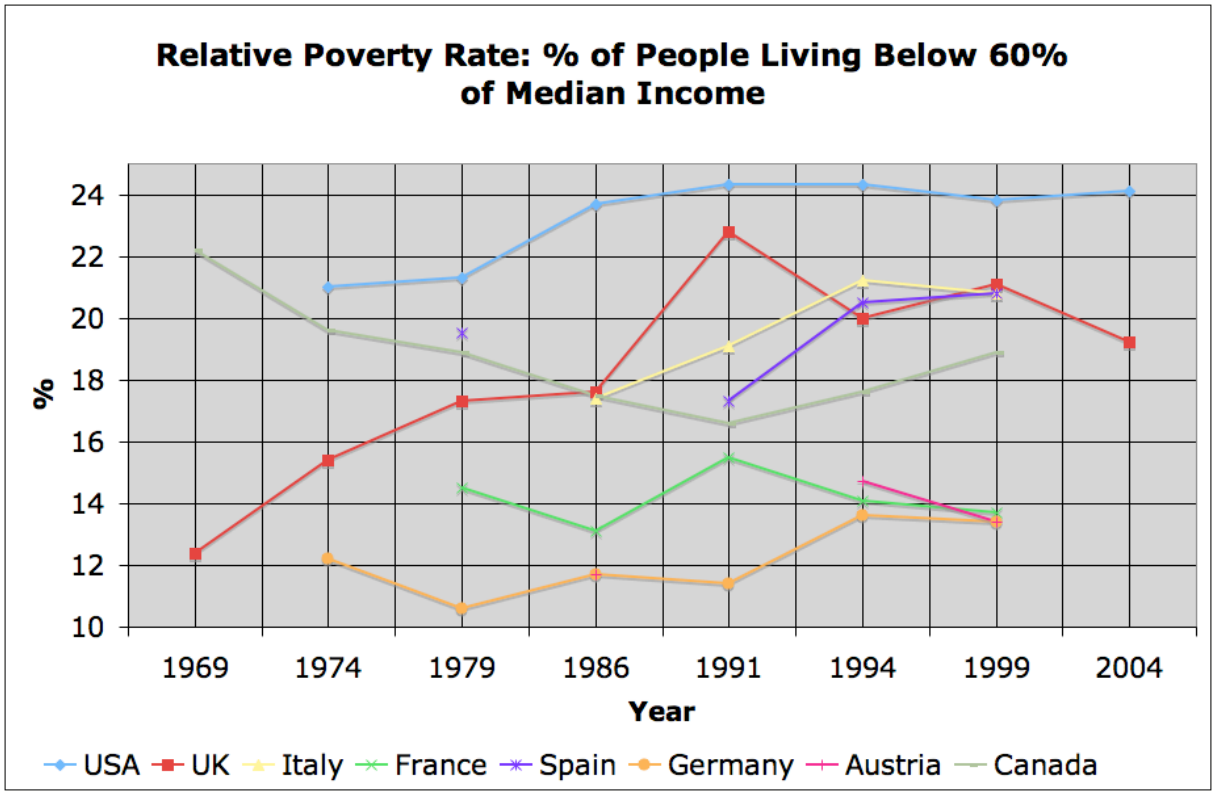

Figure 3: Relative poverty rate of selected countries, data source: Luxembourg Income Study

Also income inequality measured by the Gini coefficient has increased in many countries during the past decades. The rich get richer and the poor relatively poorer (figure 4). So for example in the USA, the Gini coefficient rose from 30.1 in 1979 to 37.2 in 2004 and in the UK in the same years from 27.0 to 34.5.

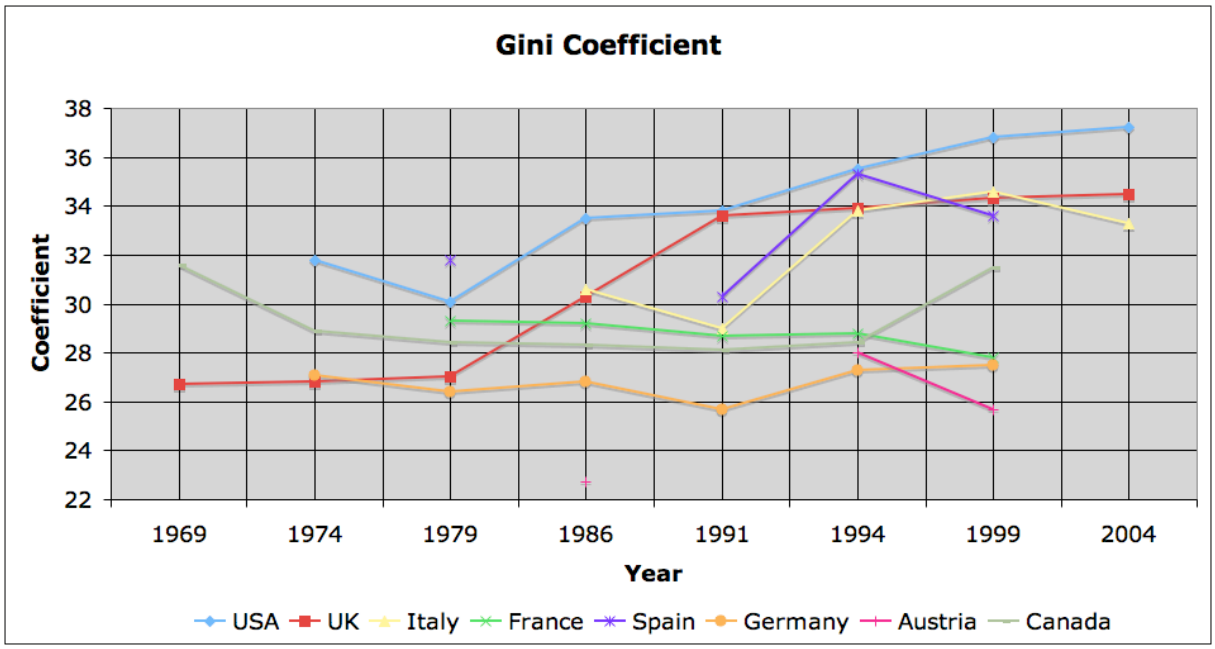

Figure 4: Development of the income inequality measured by the Gini coefficient in selected countries, data source: Luxembourg Income Study

Income inequality concerns especially the relation between the top and the bottom of the income pyramid. Figure 5 shows that the 90/10 ratio, the ratio between the income of the top 10% to the income of the bottom 10%, has been rising in many Western countries. For example in the USA, the 90/10 ratio increased from 4.669 in 1979 to 5.683 in 2004.

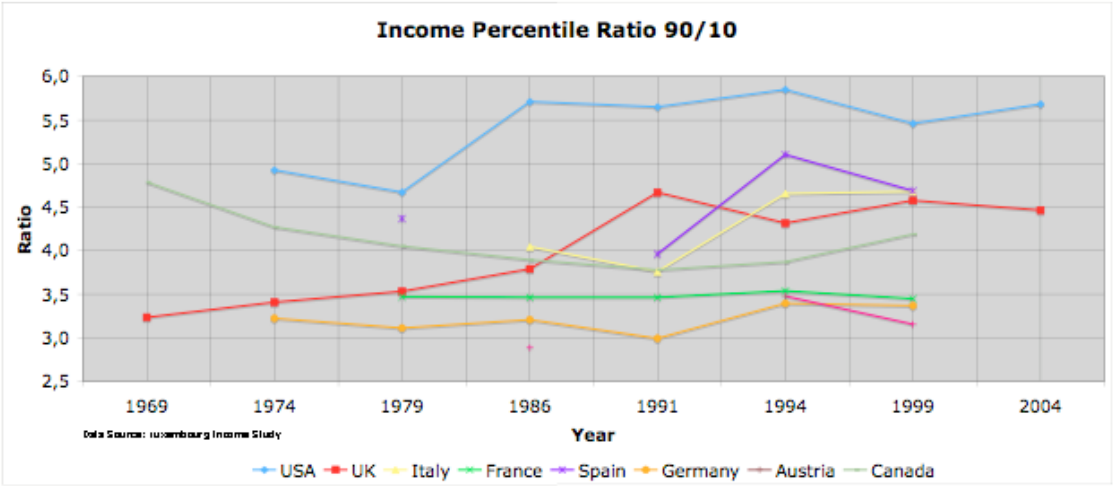

Figure 5: Development of the 90/10 ratio in selected countries, data: Luxembourg Income Study

These data show that the rise of socio-economic inequality is a global phenomenon. Global inequality not just means a global rise in inequality, it also means inequality at a global scale (see the contributions in Held and Kaya 2007).

Against positions that argue that purely market-oriented policies have in the past decade produced a decrease in world income inequality and in the number of poor and absolute poor people (those living on less than US$2 and US$1 a day respectively), and an increase in the absolute number of people living in medium developing countries, Held and McGrew stressed that the "actual trends (...) denote a real increase in both global inequality and world poverty. (...) Global wealth or assets are even more unequally distributed. Estimates indicate that the richest 10 per cent of the world's population own 85 per cent of the world's wealth – a GINI of 0.89 – compared to most countries, where the richest 10 per cent in most economies own 50 per cent of total wealth – a GINI of 0.7, with only a few above 0,8. (...) In 1960, the income of the richest 20 per cent of the world's people stood at about thirty times that of the poorest 20 per cent; by 1997 the corresponding figure was seventy-four" (Held and McGrew, 2007, 130-131). It is estimated that between 1969 and 1999 the average real pay of CEOs of big corporations rose 11 times whereas that of production workers remained unchanged (Sutcliffe 2003: 3). The richest 1 percent of the world (50 million) receives as much as the bottom 57 percent (2,7 billion). The top 10 percent of the US population (25 million people) receives an income equal to the poorest 43 percent of the world (2 billion). 75 percent of the world population receive only 25 percent of the world income (all data for 1993, by Milanovic 2002).

	1980	*1988*	*1990*	*1993*	*1998*	*2000*	*2003*
Gini coefficient (Sutcliffe 2007)	0.66		0.65			0.62	0.63
10/10 ratio (Sutcliffe 2007)	78.86		64.21			57.41	64.41
5/5 ratio (Sutcliffe 2007)	120.75		101.02			116.41	130.46
1/1 ratio (Sutcliffe 2007)	216.17		275.73			414.57	564.27
*Gini coefficient (Milanovic 2007a**, b*)*		62.5*		66*	64*		70**

Table 2: Measurements of worldwide inequality

Table 2 shows a number of measures of global inequality. Without going into further detail, it can be observed that global inequality has remained at high levels. Sutcliffe's Gini calculation for the global level can be considered as an example. A value that is higher than 0.60 indicates severe global inequality. Compared to the national level, such high inequality is similar to the one in Brazil, South Africa, Botswana, Bolivia, Namibia, Lesotho, Central Africa, and Sierra Leone. "While the ratio of national income per head of the richest to the poorest country is 104 to 1 (Luxembourg to Sierra Leone), the ratio of the average salary of CEOs of large US corporations to that of an average US worker is 245 to 1. The exploding riches of this small class gives them the means to exercise vast influence on the policies of the US and other governments, which themselves have a major impact on the world's inequalities" (Sutcliffe 2007: 69). Branko Milanovic (2002, 2007a, b) has not calculated inequality based on GDP data that are adjusted by purchasing power parity (PPP) as most other studies have, but has based his study on household income surveys from 91 countries. He has calculated an increase in Gini inequality for the period of 1988-1993 from 62.5 to 66 and from 66 to 70 for the period of 1993-2003.

Figures 6-9 show the unequal distribution of the worldwide gross domestic product and of income per capita. The developed world accounts for approximately 25% of the world's population (UNHDR 2008),

but has accounted for almost more than 70% of the world's wealth since 1970 (figure 6). The least developed countries' share has dropped from above 3% to a little above 1% in the time from 1980 to 2007. The share of Sub-Saharan countries has remained continuously below 1% during the same time (figure 7). China's overall wealth has increased fast in the past decades (figure 7). Figure 8 shows a continuous increase of the per capita income in countries with high development, whereas figure 9 indicates almost no or very slow increases for heavily-indebted poor countries, least developed countries, and sub-Saharan Africa.

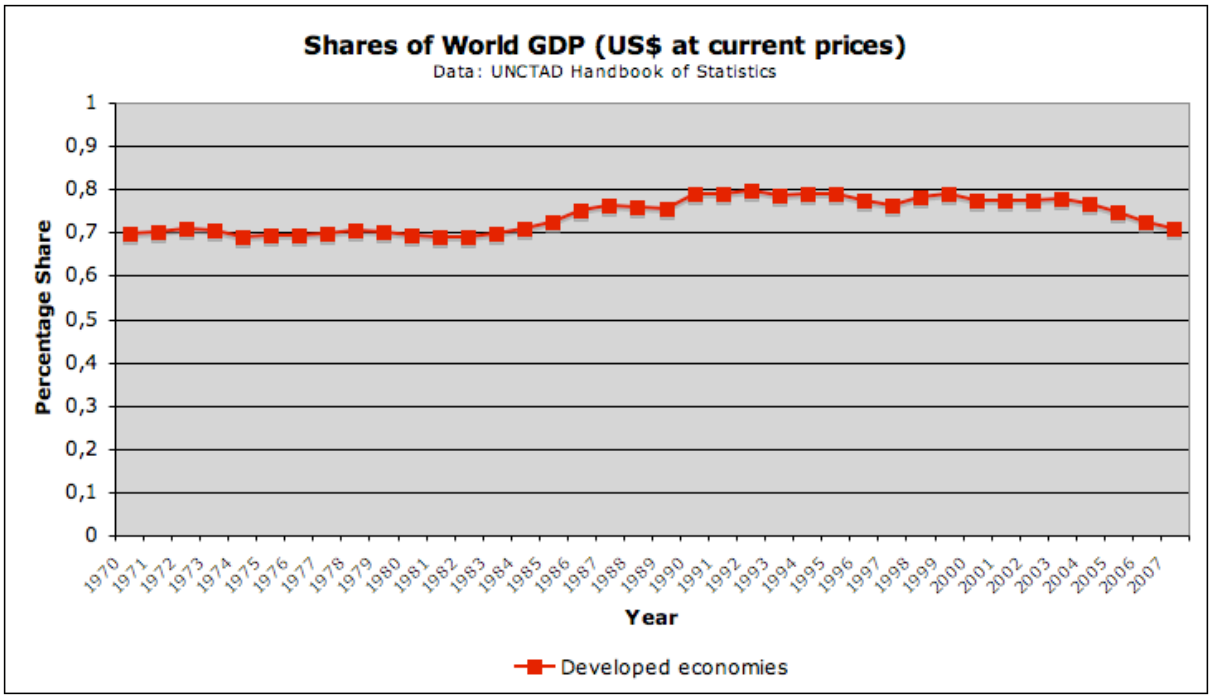

Figure 6

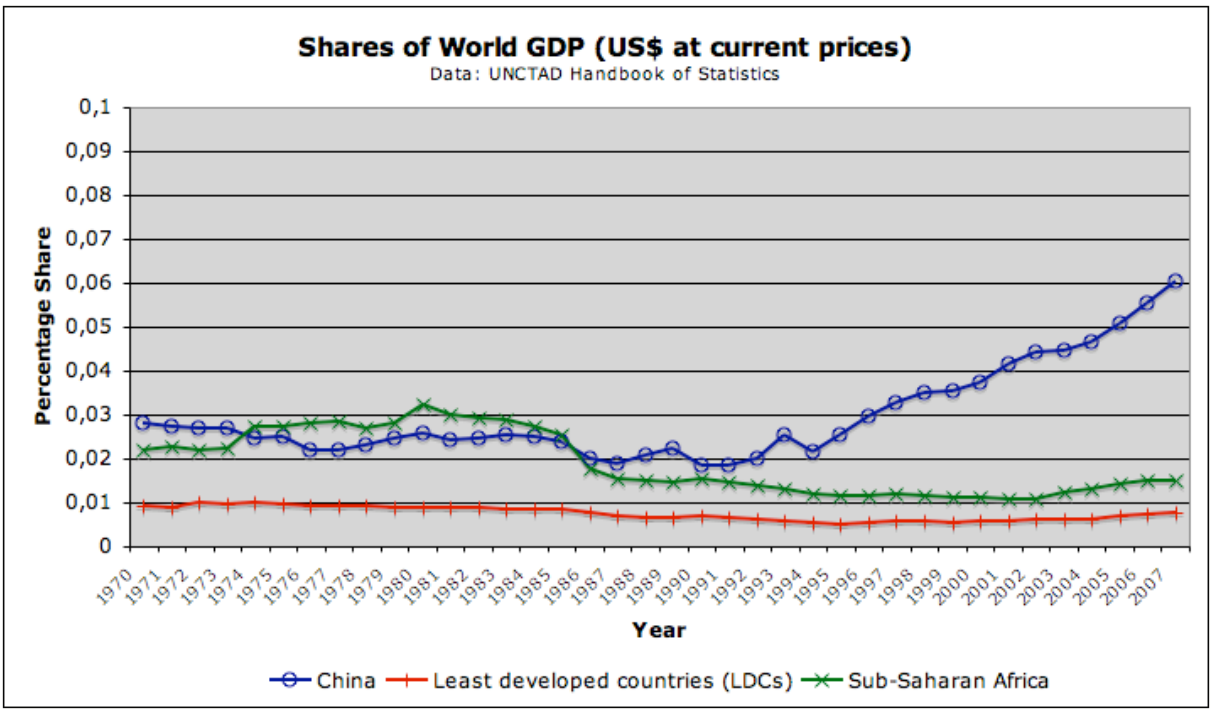

Figure 7

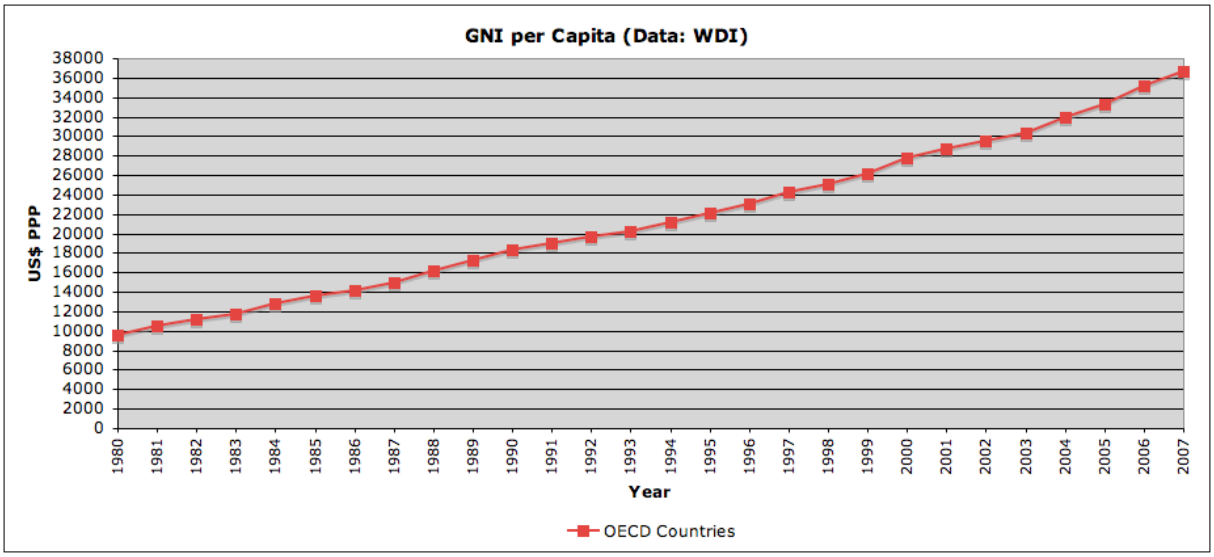

Figure 8

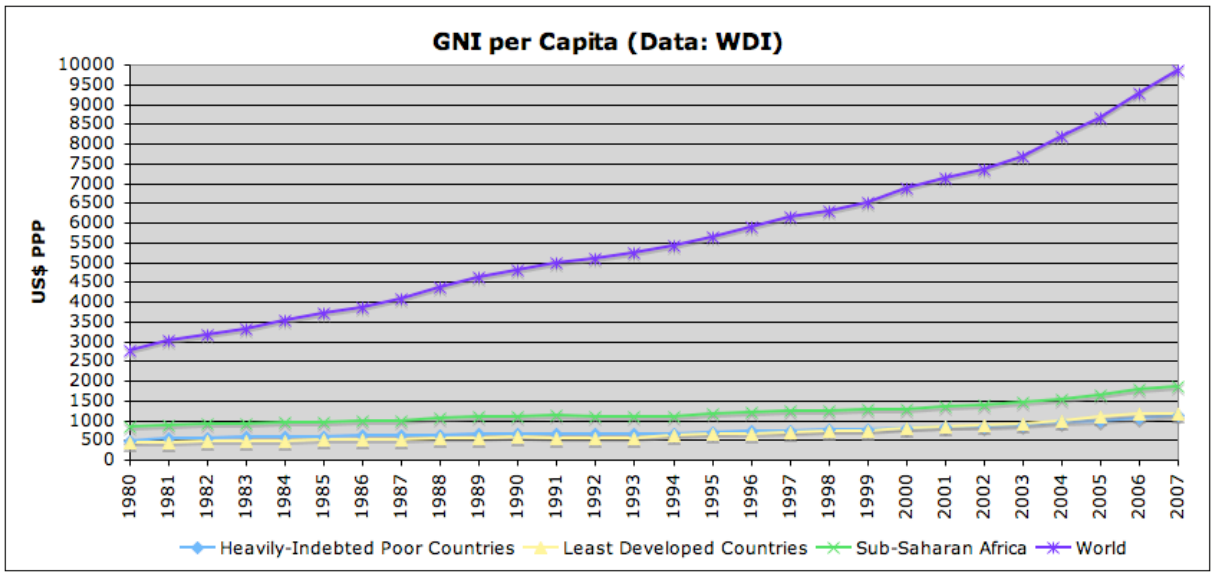

Figure 9

The data suggest a rise of national inequality as a global trend and a rise of inequality between the rich and the poor on a global scale.

5.2. The Power of Corporations

During the past four decades, a general trend can be found that economic productivity has vastly increased and that this has benefited corporate profits at the expense of wages. This development can be statistically verified by comparing the growth of productivity, the wage rate (the ratio of the national wage sum and the GDP), and total annual profits. Figures 10-12 show these developments for the EU15 countries, the United States, and Japan. One can conclude from the statistical data that during the past decades it has been a global trend that corporate profits have been raised through the relative decrease of wages. In the EU15 countries, productivity increased from an index value of 49.7 in 1960 to one of 104.6 in 2009. During the same time, total annual corporate profits increased from 100.0 billion € to 2979.8 billion € and the wage share dropped from 62.7 to 57.3. In the USA, productivity increased from an index value of 60.6 in 1960 to one of 105.7 in 2005. During the same time, total annual corporate profits increased from 131 billion US$ in 1960 to 3594.8 billion US$ in 2009, and the wage share dropped from 65.3 to 60.8. In Japan, productivity increased from an index value of 36.4 in 1960 to one of 112.8 in 2009. During the same time total annual corporate profits increased from 6.6 billion Yen to 97.2 billion Yen and the wage share dropped from 73.2 to 58.5.

Figures 13 and 14 compare the decrease of the wage share to the relative increase of annual profits in the EU15 countries. This analysis again shows rising profits through a relative decrease of wages.

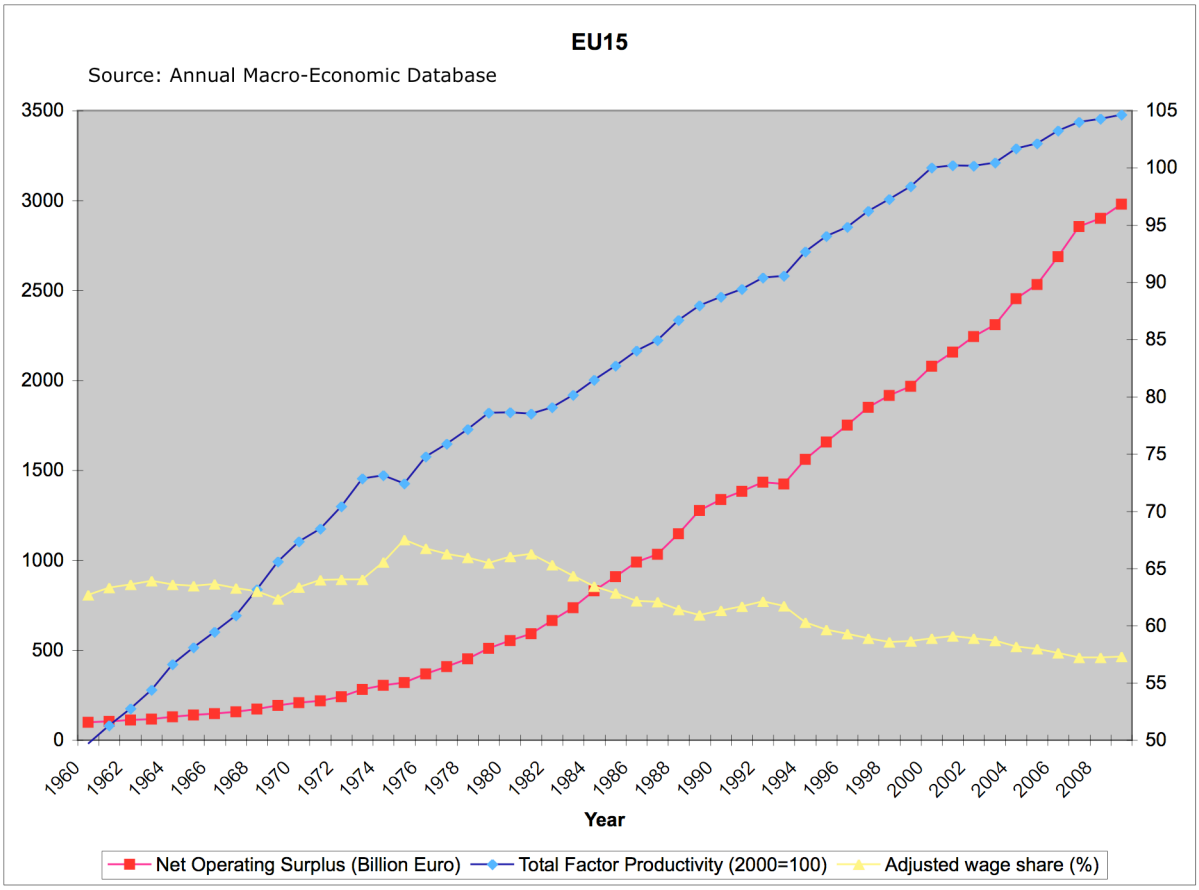

Figure 10: The development of profits (left scale), productivity (right scale), and wages (right scale) in the EU15 countries

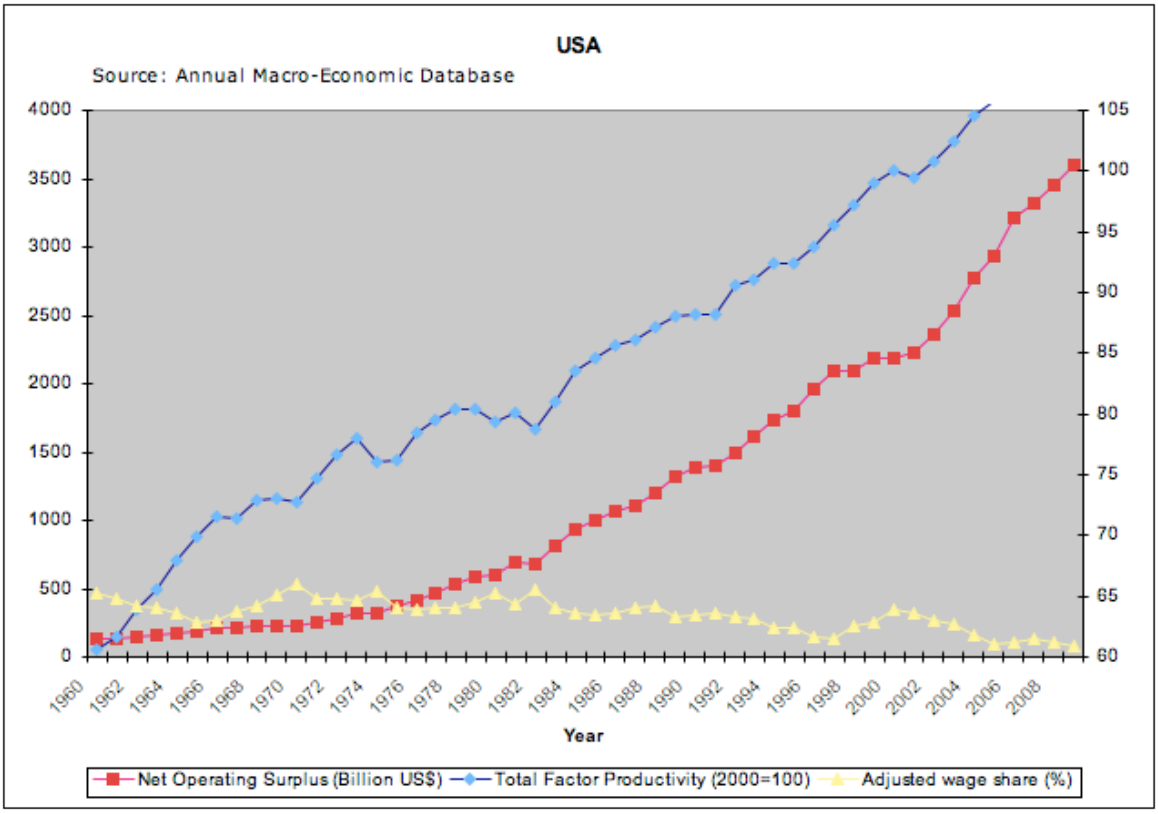

Figure 11: The development of profits (left scale), productivity (right scale), and wages (right scale) in the United States

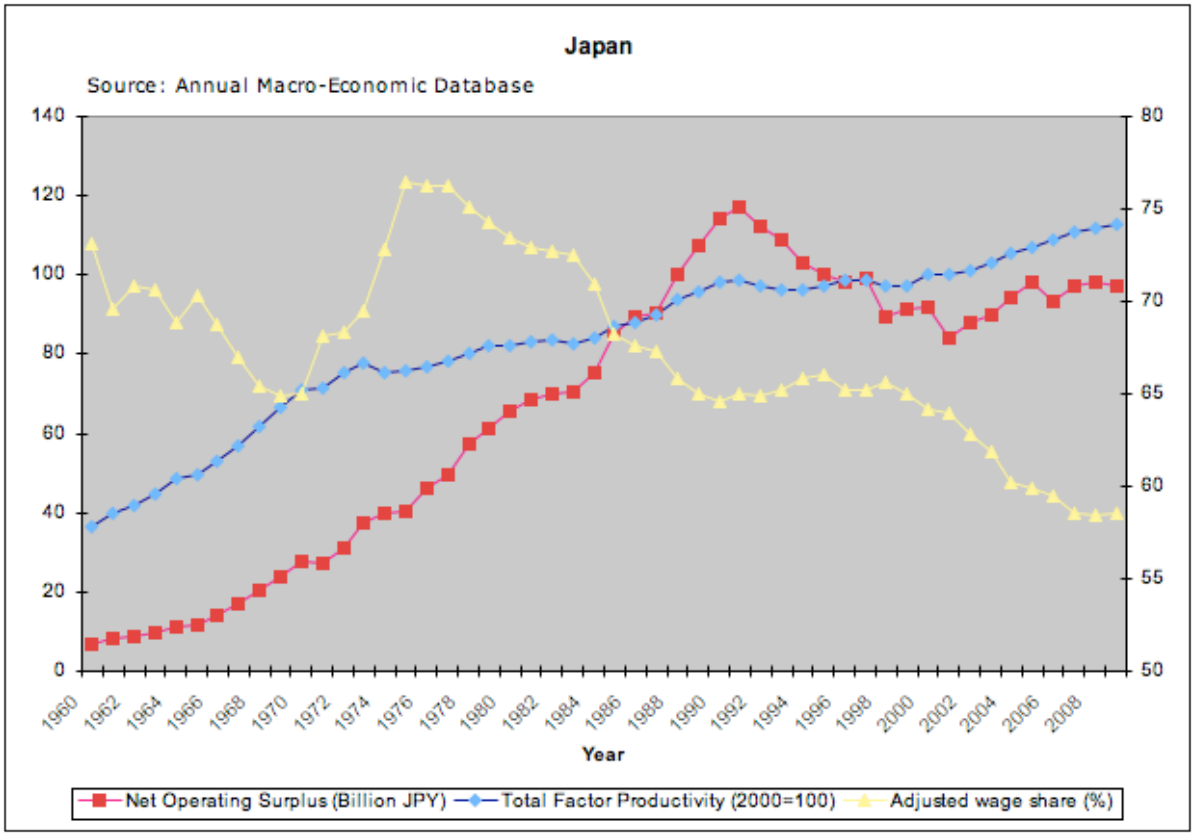

Figure 12: The development of profits (left scale), productivity (left scale), and wages (right scale) in Japan

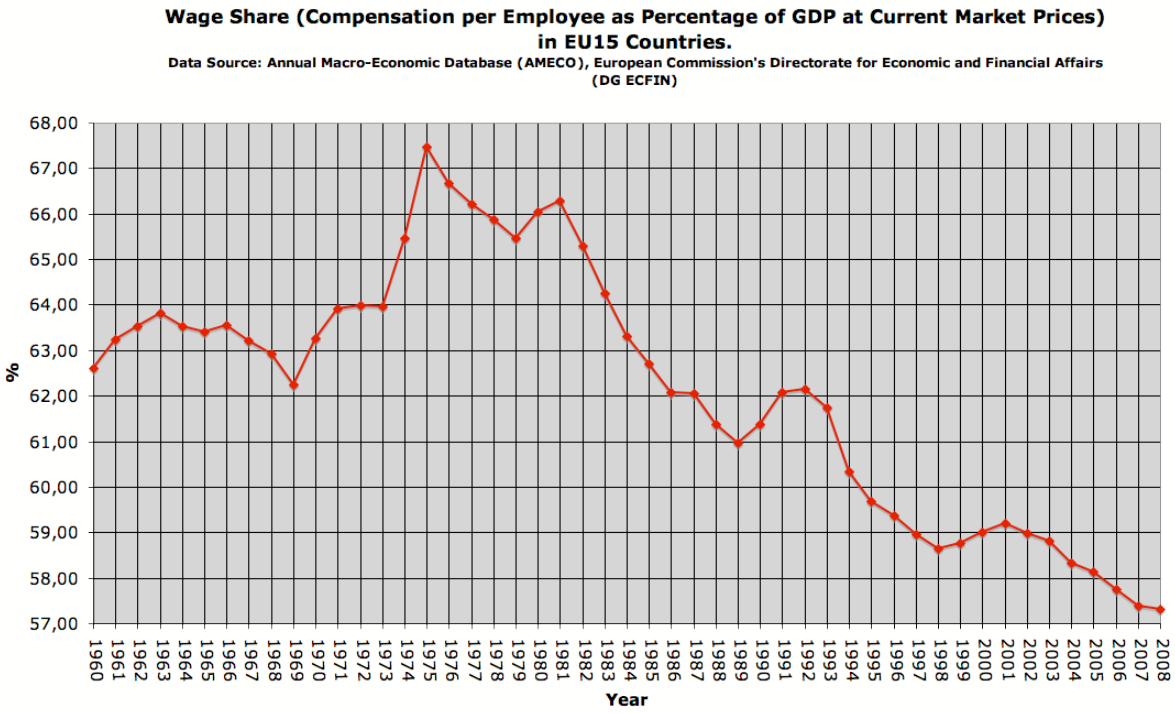

Figure 13: The development of the wage share in the EU15 countries

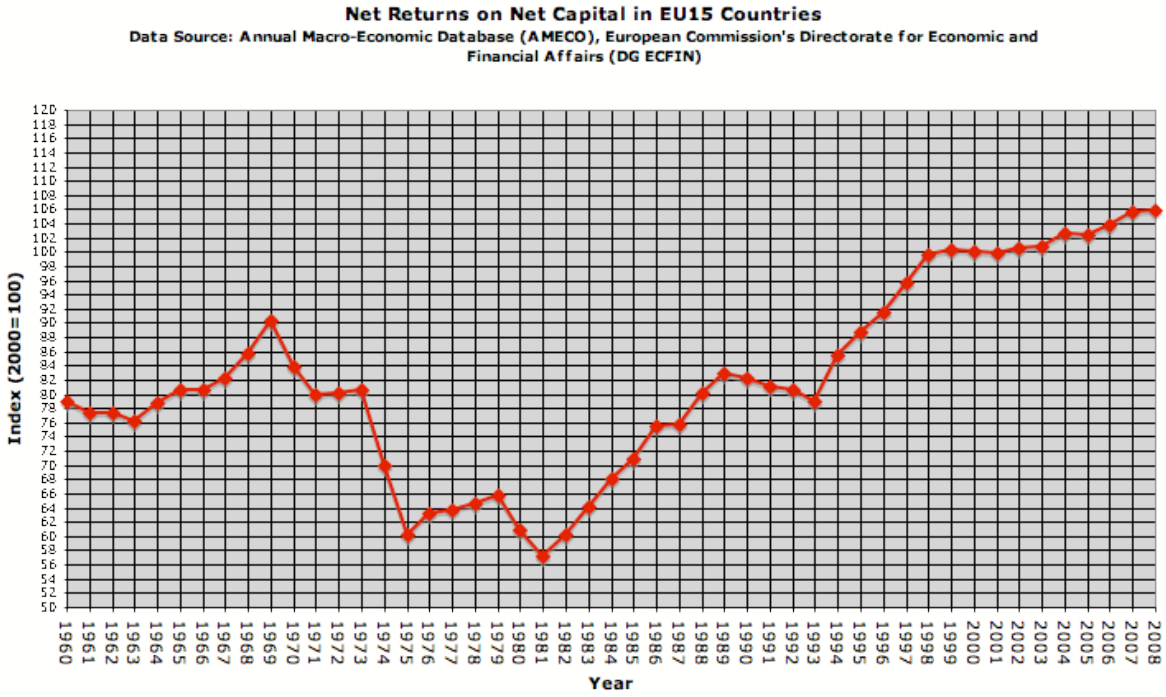

Figure 14: The development of profits in the EU15 countries

The economic power of corporations can be visualized by comparing their economic resources to the resources of poor countries (see tables 3-6).

In 2008, the total sales of the top 10 best-selling worldwide companies (US$ 2533.51 billion, Forbes 2000) were 2.3 times as large as the total GDP of the 22 least developed countries (US$ 1081.8 billion PPP, UNHDR 2008). In 2008, the total sales of the top 10 best-selling worldwide companies (US$ 2533.51 billion, Forbes 2000) were 1.8 times as large as the total GDP of Sub-Saharan African developing countries (US$ 1395.6 billion PPP, UNHDR 2008). In 2008, the total assets of the top 10 worldwide companies with the highest capital assets (US$ 22192.19 billion, Forbes 2000) were 20.5 times the size of the total GDP of the 22 least developed countries (US$ 1081.8 billion, UNHDR 2008) and 15.9 times the size of the total GDP of Sub-Saharan African developing countries (US$ 1395.6 billion, UNHDR 2008).

Position	Name	Country	Industry	Profits (US$ Billion)
1	ExxonMobil	USA	Oil & Gas	40.61
2	Royal Durch Shell	NL	Oil & Gas	31.33
3	Gazprom	RU	Oil & Gas	23.30
4	General Electric	USA	Conglomerates	22.21
5	BP	UK	Oil & Gas	20.60
6	Total	F	Oil & Gas	19.24
7	HSBC Holdings	UK	Banking	19.13
8	Chevron	USA	Oil & Gas	18.69
9	PetroChina	China	Oil & Gas	18.21
10	Microsoft	USA	Software	16.96

Sum: 230.28

Table 3: The 10 most profitable companies in 2008 (Forbes 2000)

Position	Name	Country	Industry	Sales (US$ Billion)
1	Wal-Mart Stores	USA	Retailing	378.80
2	ExxonMobil	USA	Oil & Gas	358.60
3	Royal Durch Shell	NL	Oil & Gas	355.78
4	BP	UK	Oil & Gas	281.03
5	Chevron	USA	Oil & Gas	203.97
6	Toyota Motor	J	Consumer Durables	203.80
7	Total	F	Oil & Gas	199.74
8	ING Group	NL	Insurance	197.93
9	General Motors	USA	Consumer Durables	181.12
10	General Electric	USA	Conglomerates	172.74

Sum: 2533.51

Table 4: Top 10 companies in 2008 by sales (Forbes 2000)

Position	Name	Country	Industry	Assets (US$ Billion)
1	Royal Bank of Scotland	UK	Banking	3807.51
2	BNP Paribas	F	Banking	2494.41
3	Barclays	UK	Banking	2432.34
4	HSBC Holdings	UK	Banking	2348.98
5	Citigroups	USA	Banking	2187.63
6	UBS	CH	Diversified Financials	2019.17
7	ING Group	NL	Insurance	1932.15
8	Bank of America	USA	Banking	1715.75
9	Crédit Agricole	F	Banking	1662.69
10	Mitsubishi UFJ Financial	J	Banking	1591.56

Sum: 22192.19

Table 5: Top 10 companies in 2008 by capital assets (Forbes 2000)

HDI Rank	Country	GDP, US$ billion, PPP
177	Sierra Leone	4,5
176	Burkina Faso	16
175	Guinea-Bissau	1.30
174	Niger	10.90
173	Mali	14.0
172	Mozambique	24.60
171	Central Africa	4.90
170	Chad	13.90
169	Ethiopia	75.10
168	Congo (Democr. Rep.)	41.10

Table 6: GDP of lowest developing countries (UNHDR 2008)

If one compares the economic performance of nation states (measured by GDP) to the one of corporations (measured by capital assets), one finds that there are 8 corporations among the top 15 economic performers. So for example, the capital assets of the Royal Bank of Scotland are larger than the GDP of countries like India, Germany, or the United Kingdom.

Rank	Name	Industry	Economic Performance 2008 (US$ Billion)
1	USA		12416.50
2	China		8814.90
3	Japan		3995.1
4	**Royal Bank of Scotland**	Banking	3807.51
5	India		3779.00
6	**BNP Paribas**	Banking	2492.41
7	**Barclays**	Banking	2432.34
8	Germany		2429.60
9	**HSBC Holdings**	Banking	2348.98
10	**Citigroups**	Banking	2187.63
11	**UBS**	Diversified Financials	2019.17
12	United Kingdom		2001.80
13	**ING Group**	Insurance	1932.15
14	France		1849.70
15	**Bank of America**	Banking	1715.75

Table 8: A comparison of the economic performance of nation states and transnational corporations (data: Forbes 2000, UNHDR 2008)

1 315 872 Austrians (21.4% of wage earners) earned less than 8 000 € gross in 2005 (Statistisches Jahrbuch 2008, table 34.19). Their combined income was 4829 billion €. The combined profits of the 13 largest Austrian companies (see table 9) were 9.26 billion US$, approximately 5.8 billion €. This means that 13 companies had combined profits that were larger than the total earnings of more than 1.3 million Austrian who are at the bottom of the income pyramid.

Rank	Company	Industry	Assets (US$ billion)	Profits (US$ billion)	Sales (US$ billion)
1	Erste Bank	Banking	239.30	1.23	14.78
2	Volksbank	Banking	88.84	0.20	5.44
3	Raiffeisen International	Banking	73.61	1.56	6.32
4	Uniqa	Insurance	30.94	0.20	6.89
5	Vienna Insurance Group	Insurance	28.36	0.34	7.86
6	OMV Group	Oil & Gas Operations	23.41	1.82	25.03
7	Oberbank	Banking	17.42	0.11	0.92
8	Immofinanz	Diversified Financials	17.26	0.63	0.73
9	Telekom Austria	Telecommunications	9.90	0.74	6.28
10	Voestalpine	Materials	8.97	1.01	9.42
11	EVN	Utilities	8.92	0.32	3.18
12	Verbund	Utilities	8.50	0.85	4.44
13	Strabag	Construction	7.23	0.25	12.44
				9.26	

Table 9: Austria's largest companies (measured by assets, Data: Forbes 2000, 2008 listing of world's largest companies)

The combined profits of the top-4 companies Allianz, E.ON, Deutsche Bank, and BASF were 34.14 billion US$, approximately 21,5 billion €, in 2008 (see table 10). In Germany, 4 363 101 people earned between 1 and 10 000 € gross in 2004 (Finanzen und Steuern 2004, Statistisches Bundesamt, Wiesbaden 2008, table 3). Their combined income was approximately 20.7 billion €. This means that the four largest German companies have combined profits that are larger than the total earnings of 4.3 million Germans who are at the bottom of the income pyramid.

Rank	Name	Industry	Profits (bn US$)	Assets (bn US$)
1	Allianz	Insurance	10.9	1547.48
2	E.ON	Utilities	9.86	200.84
3	Deutsche Bank	Diversified Financials	7.45	1485.58
4	BASF	Chemicals	5.93	67.33
5	Daimler	Consumer Durables	5.82	199.77
6	Porsche	Consumer Durables	5.72	31.86
7	Volkswagen	Consumer Durables	5.64	210.88
8	Munich Re	Insurance	5.63	306.03
9	Siemens	Conglomerates	5.42	126.72
10	Altana	Drugs & Biotechnology	5.11	8.35

Table 10: Germany's most profitable companies 2008 (Data: Forbes 2000, 2008 listing of world's largest companies)

In Austria, the profit rates of the most profitable listed corporations were above 20% in 2007 (table 11). The median annual profit rates of listed companies increased to well above 10% in the years 1998-2007 (figure 15). During the same time, gross minimum wages increased very modestly and have never surpassed 2,7% (figure 16).

Rank	Name	Industry	Profit Rate	Profit 2007
1	Bwin Interactive	Online Games	93.15%	53.5 million €
2	Palfinger	Machinery	29.60%	99.5 million €
3	Rosenbauer	Machinery	23.78%	30.7 million €
4	Schoelle8r-Bleckmann	Materials	23.30%	76.2 million €
5	Immoeast	Real estate	23.10%	n/a

Table 11: Highest profit rates of listed Austrian companies in 2007, Source: Profit Rate: Format 27/2008 (Return spread = return on capital employed (ROCE) – weighted average cost of capital (WACC)), turnover and EBIT (Earnings before interest and taxes) 2007 in % of turnover): Trend June 2008

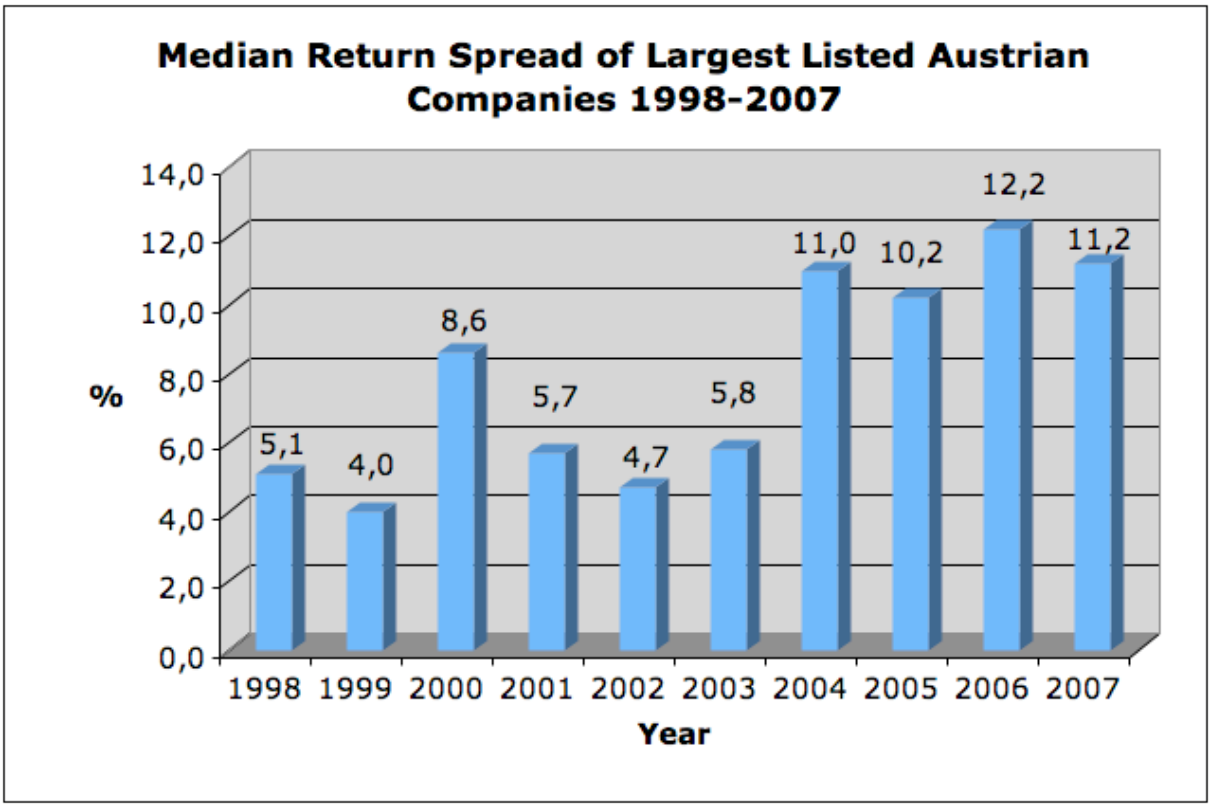

Figure 15: Development of median profit rates of the largest listed Austrian companies (Data: Shareholder Performance Test 1998-2007, Contrast Management-Consulting)

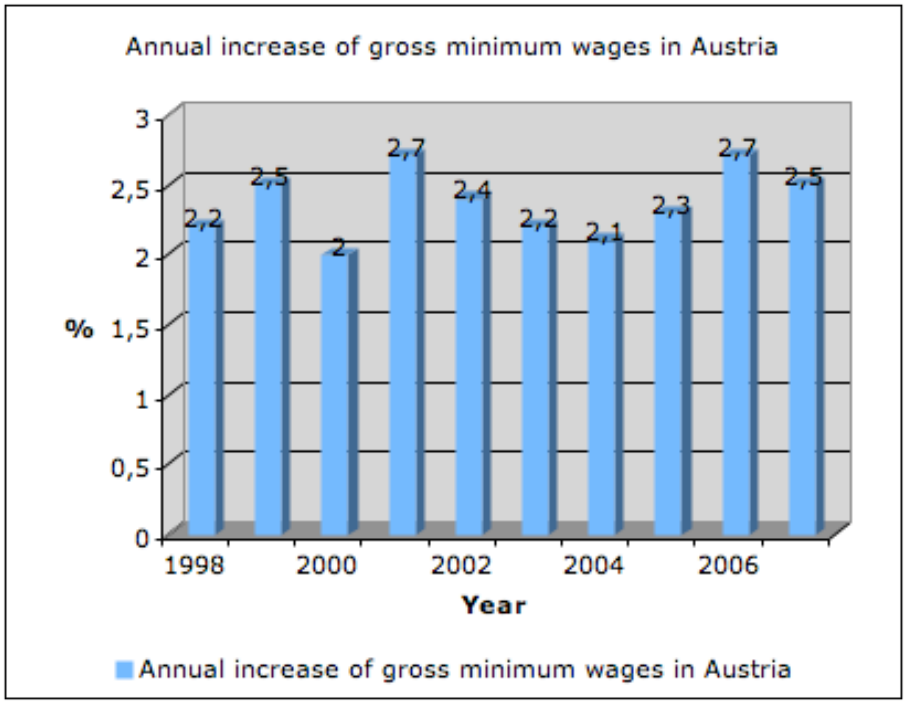

Figure 16: Development of annual increase of gross minimum wages in Austria (Data: Statistik Austria)

5.3. The Power of the Rich and Managers

In 2007, the combined wealth of all individuals, who held at least US$1 million in financial assets, was US$40.7 trillion (World Wealth Report 2008). These were 10.1 million individuals (Ibid.). Total world population was 6.6 billion in 2007 (UNHDR 2008), so these 10.1 millions super-rich individuals made up 0.15% of the world population. 2.6 billion people live on less than US2$ per day (UNHDR 2008). The combined annual income of the very poor is approximately 2.6 billion * 2 * 365 = 1.898 * 10^{12} US$. The very rich increased their financial wealth from 37.2 US$ trillion in 2005 to 40.7 US$ trillion in 2007 (World Wealth Report 2008), which is an increase by 3.5 trillion (3.5 * $10^{12)}$ US$. This means that the annual financial income of the 0.15% richest persons in the world was 1.8 times as large in 2007 as the combined income of the 2.6 billion poorest individuals in the world that make up almost 40% of the world population and live on less than US$ 2 per day.

The next two tables give data on the richest persons in the world and the debts of the poorest countries in the world. Expropriating the 3 richest persons in the world would give enough money (180 billion US$, Forbes) for paying the external debts of all 22 least-developed countries (126.2 billion US$, WDI). Expropriating the 4 richest persons in the world (225 billion US$, Forbes) would give enough money for paying the external debts of all Sub-Saharan countries (193.8 billion US$, WDI). Expropriating the richest 10 persons in the world (426 billion US$, Forbes) would give enough money for paying the external debts of all low-income countries (400.7 billion US$, WDI).

Rank	Name	Resident Country	Net Worth (US$ Billion)
1	Warren Buffett	USA	62.0
2	Carlos Slim Helu	MX	60.0
3	William Gates III	USA	58.0
4	Lakshmi Mittal	UK	45.0
5	Mukesh Ambani	India	43.0
6	Anil Ambani	India	42.0
7	Ingvar Kamprad	CH	31.0
8	KP Singh	India	30.0
9	Oleg Deripaska	Russia	28.0
10	Karl Albrecht	Germany	27.0
11	Li Ka-shing	Hong Kong	26.5
12	Sheldon Adelson	USA	25.0
13	Bernard Arnault	F	25.5
14	Lawrence Ellison	USA	25.0
15	Roman Abramovich	Russia	23.5
16	Theo Albrecht	Germany	23.0
17	Liliane Bettencourt	F	22.9
18	Alexei Mordashov	Russia	21.2
19	Prince Alwaleed Bin Talal Alsaud	Saudi Arabia	21.0
20	Mikhail Fridman	Russia	20.8

Table 12: World's top billionaires 2008 (Data: Forbes)

HDI Rank	Country	External Debt (US$ Billion, WDI 2007)
156	Senegal	3.8
157	Eritrea	0.7
158	Nigeria	22.2
159	Tanzania	7.8
160	Guinea	3.2
161	Rwanda	1.5
162	Angola	11.8
163	Benin	1.9
164	Malawi	3.2
165	Zambia	5.7
166	Cote d'Ivoire	10.7
167	Burundi	1.3
168	Democratic Republic Congo	10.6
169	Ethiopia	6.3
170	Chad	1.6
171	Central African Republic	1.0
172	Mozambique	5.1
173	Mali	3.0
174	Niger	2.0
175	Guinea-Bissau	0.7
176	Burkina Faso	2.0
177	Sierra Leone	1.7
	Sum	**126.2 bn US$**

Table 13: The external debt of low development countries (Data: WDI)

Table 14 shows the richest Germans and Austrians in 2008.

Rank	Name	World Rank	Residence	Net Worth (US$ bn)
1	Karl Albrecht	10	Germany	27.0
2	Theo Albrecht	16	Germany	23.0
3	Michael Otto	34	Germany	18.2
4	Susanne Klatten	55	Germany	13.2
5	Adolf Merckle	94	Germany	9.2
6	Reinhard Mohn	102	Germany	8.7
7	Maria-Elisabeth & Georg Schaeffler	104	Germany	8.5
8	Erivan Haub	119	Germany	7.8
9	Reinhold Wurth	120	Germany	7.7
10	Stefan Quandt	137	Germany	6.8
11	Johanna Quandt	164	Germany	6.0
12	Hasso Plattner	189	Germany	5.4
13	Hubert Burda	194	Germany	5.3
14	Wolfgang Herz	211	Germany	4.9
15	Karl Wlaschek	211	Austria	4.9
16	Michael & Rainer	213	Germany	4.8

	Schmidt-Ruthenbeck			
17	Andreas Strungmann	214	Germany	4.7
18	Thomas Strungmann	214	Germany	4.7
19	Dietrich Mateschitz	260	Austria	4.0
20	Anton Schlecker	260	Germany	4.0
21	Heidi Horten	288	Austria	3.7
22	Stefan Schorghuber	307	Germany	3.5
23	Klaus Tschira	349	Germany	3.2
24	Heinz-Horst Deichmann, Joachim Herz, Gunter Herz, Hugo Mann	368	Germany	Each 3.0 (4 times)
				Total: 201.2

Table 14: The richest Austrians and Germans in 2008 (Data: Forbes)

Expropriating the 10 richest Germans and Austrians would give enough money (130.1 billion US$, Forbes) for paying the external debts of all 22 least-developed countries (126.2 billion US$, WDI).

Expropriating the 25 richest Germans and Austrians (195.2 billion US$, Forbes) would give enough money for paying the external debts of all Sub-Saharan countries (193.8 billion US$, WDI).

1 715 569 Austrians (27.9% of wage earners) earned less than 10 000 € gross in 2005 (Statistisches Jahrbuch 2008, table 34.19). Their combined income was 8.417 billion €. The combined wealth of the three richest Austrians (Karl Wlaschetz, Dietrich Mateschitz, Heidi Horten) was 12.6 billion US$ in 2008 (approximately 8.04 billion €). This means that the wealth of the three richest Austrians is approximately the same size as the total annual income of the lower 27.9% of the wage income pyramid.

In Germany, 4 363 101 people earned between 1 and 10 000 € gross in 2004 (Finanzen und Steuern 2004, Statistisches Bundesamt, Wiesbaden 2008, table 3). Their combined income was approximately 20.7 billion €. The combined wealth of the two richest Germans Karl and Theo Albrecht was 50 bn US$ (31.9 bn €) in 2008. This means that the wealth of the two richest Germans is 1.5 times the size of the total annual income of the low income class in Germany that consists of 16.4% of all income and wage tax payers.

Table 15 shows the incomes of Austria's top managers in 2007. Magna-CEO Siegfried Wolf was Austria's top-earner in 2007. His income was 7 million € (Profil 3/2008). The lowest average income was achieved in agriculture, forestry, and fishery, where people on average earned 15420 € p.a. (gross, Statistisches Jahrbuch 2008, table 9.08). Has Siegfried Wolf worked 454 times the hours of a fisher? Has his labour 454 times the importance of a fisherman's labour for society? No, the example of Wolf shows that wages are set arbitrary and say nothing about the actual economic performance of a person.

Rank	Name	Company	Income
1	Siegfried Wolf	Magna Austria	7 million €
2	Andreas Treichl	Erste Bank	3 million €
3	Wolfgang Ruttenstorfer	OMV	3 million €
4	Boris Nemsic	Telekom	2.5 million €
5	Wolfgang Leitner	Andritz	2.4 million €

Table 15: Austria's top earners 2007 (Data: profil 3/2008)

The owner of the German company drogeriemarkt (dm, pharmacy/chemistry), Götz Werner, had a wealth of 1.45 billion € in 2007 (Manager Magazin Spezial 2007). He was ranked the 77th richest German.
What was his average income if we assume that his wealth was accumulated over a period of 40 years?
Net annual income = 1.45 bn / 40 = 36.25 million €
Gross annual income (48.5% income tax; (36.25 million / 0.485) = 74.742268 million €
Average gross income per month = 6.2 million €
Average daily income (230 working days per year): 324 966 €
Average hourly income (8 hours work per day): 40 621 €

The average monthly gross income of a German employee in chemistry was 1586 € in 2007 (Source. www.gehaltsvergleich.com). Götz Werner earns approximately 3927 times the monthly income of the average worker in his industry! Does Götz Werner Work 3900 times as many hours as such a common person? Is he 3900 times more important than the person who produces, packages, or sells shampoo, detergent soap, toilet paper, etc? No.

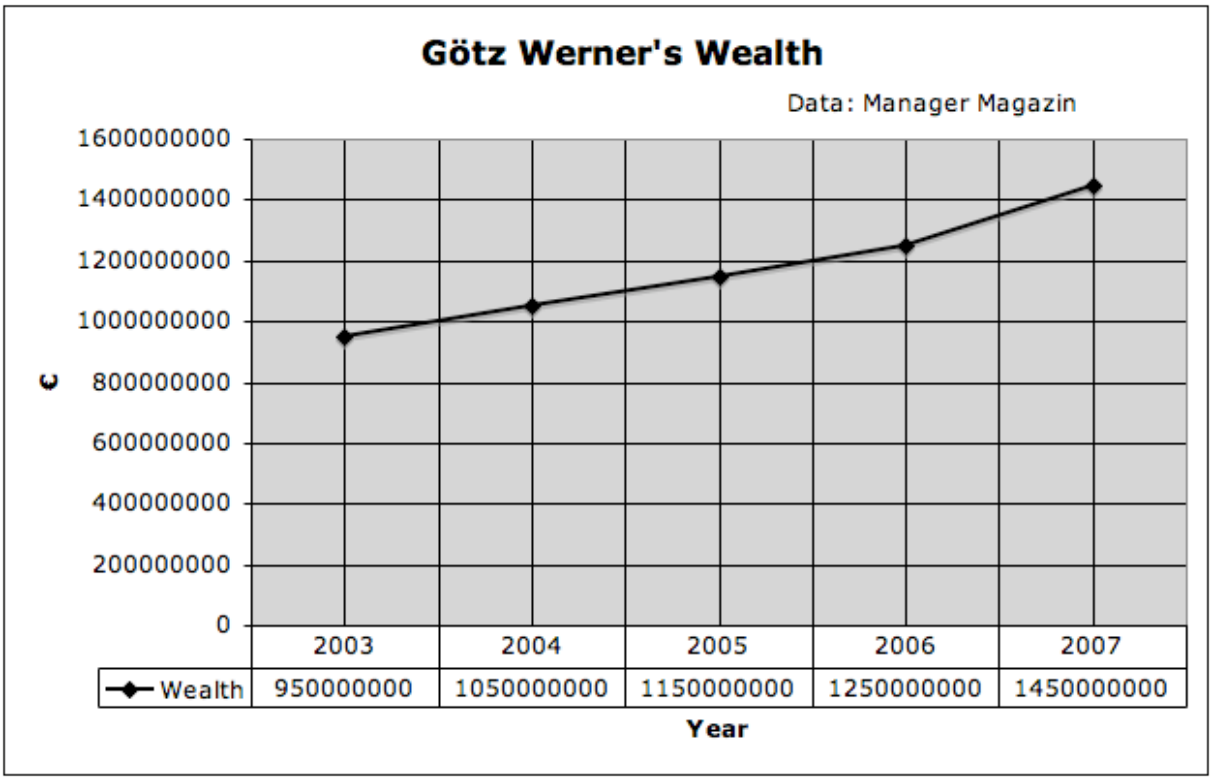

Figure 17: The wealth of Götz Werner (dm)

Dietrich Mateschitz, the CEO of the Austrian corporation Red Bull, had a wealth of 4.0 billion US$ (approximately 3 billion €) in 2008 and was ranked number 260 in the list of the richest persons in the world. He was 64 years old in 2008. We assume that his wealth has been accumulated since his 18th birthday, i.e. in 46 years.

What was his average income if we assume that his wealth was accumulated over a period of 46 years?
Net annual income = 3 bn / 46 = 65,21739 million €
Average net income per month = 65,21739 / 12 = 5,4347825 million €
Average net daily income (230 working days per year): 283 554 €
Average net hourly income (8 hours work per day): 17 722 Euro per hour

In Austria, the median monthly gross income of employees in the manufacturing of food and beverages was 1864.45 € in 2006. These were 1294.82 € net per month.

Dietrich Mateschitz earns statistically (5,4 * 10^6) / (1294,82) = 4170 times the income of an Austrian beverage manufacturer. Does Mateschitz work 4170 times as many hours as a worker who produces Red Bull cans at the assembly line? Is the 4170 times more important in producing Red Bull cans? No.

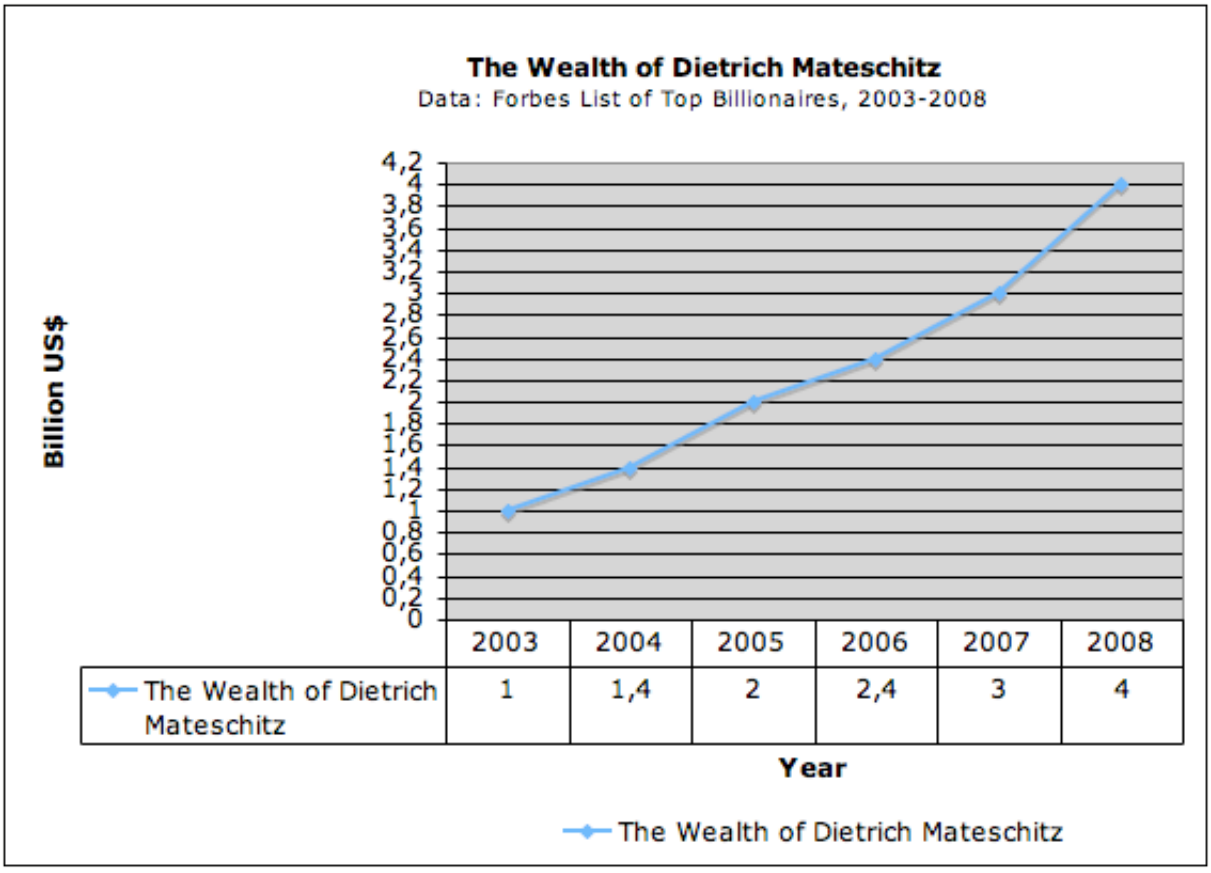

Figure 18: The wealth of Dietrich Mateschitz (Red Bull)

The two examples just given (Werner, Mateschitz) could be endlessly repeated. These are single examples that illustrate and are typical for the totality of capitalism, which consists of the antagonistic relationship of the aggregation of all wealthy persons on the one hand and the aggregation of all non-wealthy persons on the other hand. Dietrich Mateschitz earns 5 million € per month exactly because a can producer only earns 1200 € in the same time. Wealth is accumulated due to the expropriation of the surplus produced by labour. Class relations are at the heart of capitalism. The income gaps just shown are not the excrescence of an unregulated capitalism, but the immanent feature and outcome

of the logic of capitalist accumulation.

This section of the paper has shown that analysis of richness by deconstructive class analysis and class critique can be conducted for the global, the national, the corporate, and the individual level. It can also be conducted for certain sub-sectors of the capitalist economy. As an example for specific deconstructive class critique, some data on the media sector will be provided in the next section. This sector is particularly important in contemporary society, which is designated by some as media or informational capitalism (cp. Fuchs 2008).

6. Deconstructive Class Critique of the Capitalist Media

Class critique of the capitalist media can be regarded as one dimension of a critique of the political economy of the media that analyzes the relationship of the media and capitalism. Other dimensions include for example the analysis of the ideological aspects of the media, manipulative and/or critical reception, and alternative media.

The statistics in this section are based on the Forbes 2000 lists. The media-oriented culture industry is defined as being comprised of the following economic branches:

Media oriented- culture industry = Media + semiconductors + software & services + technology hardware & equipment + telecommunications services

Table 16 and figure 19 show the development of the share of the 200 most profitable media-oriented corporations in worldwide profits. This share has increased from 1.62% in 2004 to 2.32% in 2008. This shows that the largest media corporations control a growing share of global corporate profits, which is an indication for a concentration of the wealth that transnational media corporations control.

Year	World GDP, current US$	Revenue (as % of GDP)	Revenue in current US$	Profits of Global Corporations in Media-Oriented Culture Industry, billion US$	Profits / World Revenues	Number of corporations
2004	37023 billion US$	24%	8886	143.6	1.62%	Top 200
2005	41732 billion US$	24	10016	201.46	2.01%	Top 200
2006	45054 billion US$	25	11264	252.19	2.24%	Top 200
2007	48627 billion US$	27	13129	283.9	2.16%	Top 200
2008	54347 billion US$	27	14674	341.1	2.32%	Top 200

Table 16: Share of the 200 most profitable media-oriented corporations in worldwide profits (world GDP, revenue as % of GDP: World Development Indicators, profits of media corporations: Forbes 2000 list, 2004-2008)

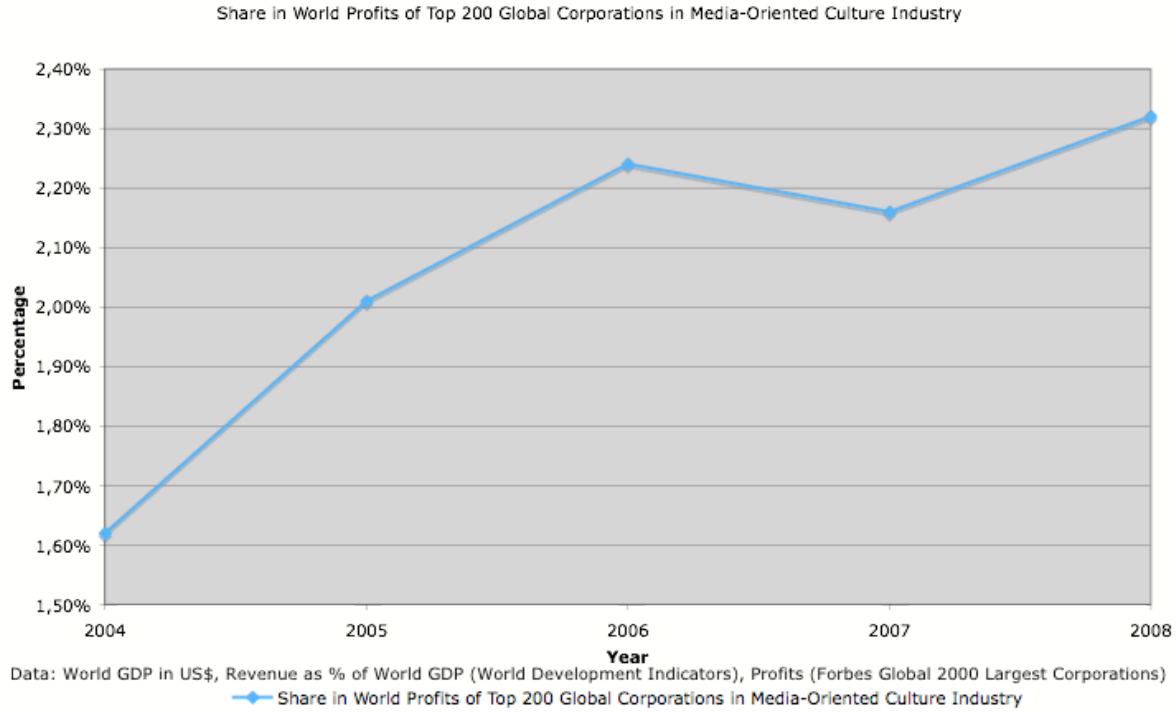

Figure 19: Share of the 200 most profitable media-oriented corporations in worldwide profits

Table 17 and figures 20 and 21 compare the profits of the top 200 media corporations to the total external debt of Sub-Saharan countries. The data show that the ratio is widening, which means that media profits have heavily increased, whereas external debt of poor countries has not much decreased.

Year	Profits of Top 200 Corporations in Media-Oriented Culture Industry, billion US$	External debt of Sub-Saharan Countries, billion US$	Profits / External debt
2004	143,6	230	0,62
2005	201,46	239	0,84
2006	252,19	216	1,17
2007	283,9	173	1,64
2008	341,1	193	1,77

Table 17: A comparison of the 200 most profitable media-oriented corporations to the external debts of Sub-Saharan countries (data: Forbes 2000, World Development Indicators)

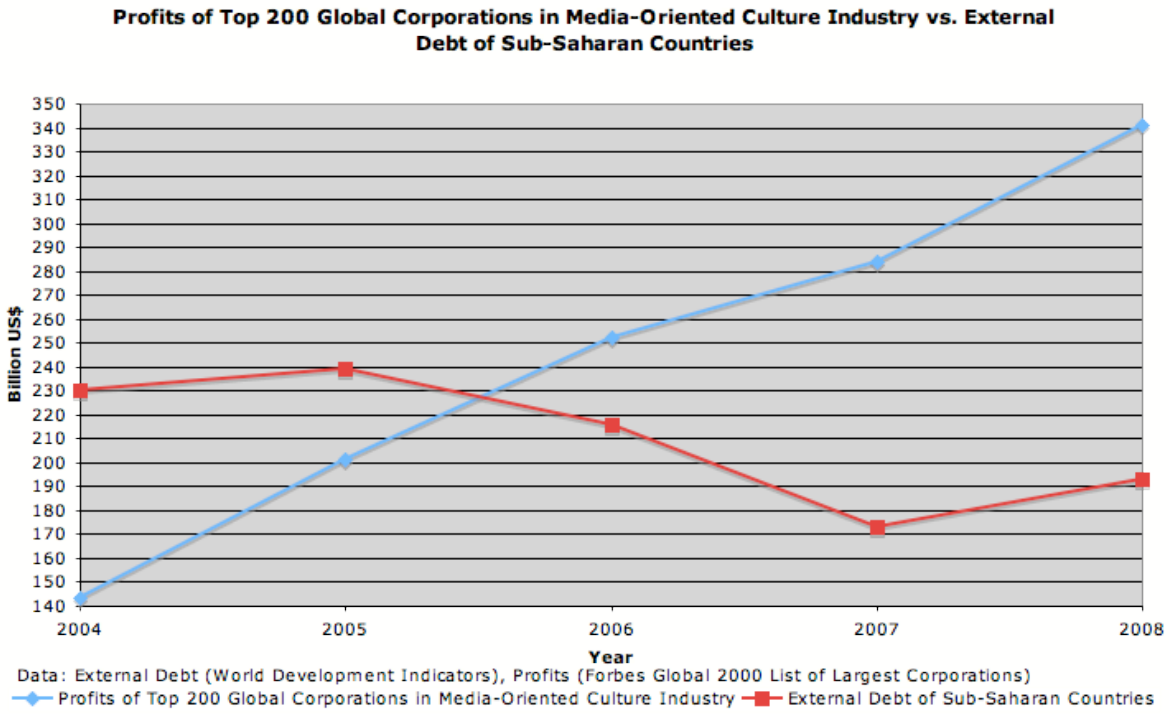

Figure 20: A comparison of the 200 most profitable media-oriented corporations to the external debts of Sub-Saharan countries

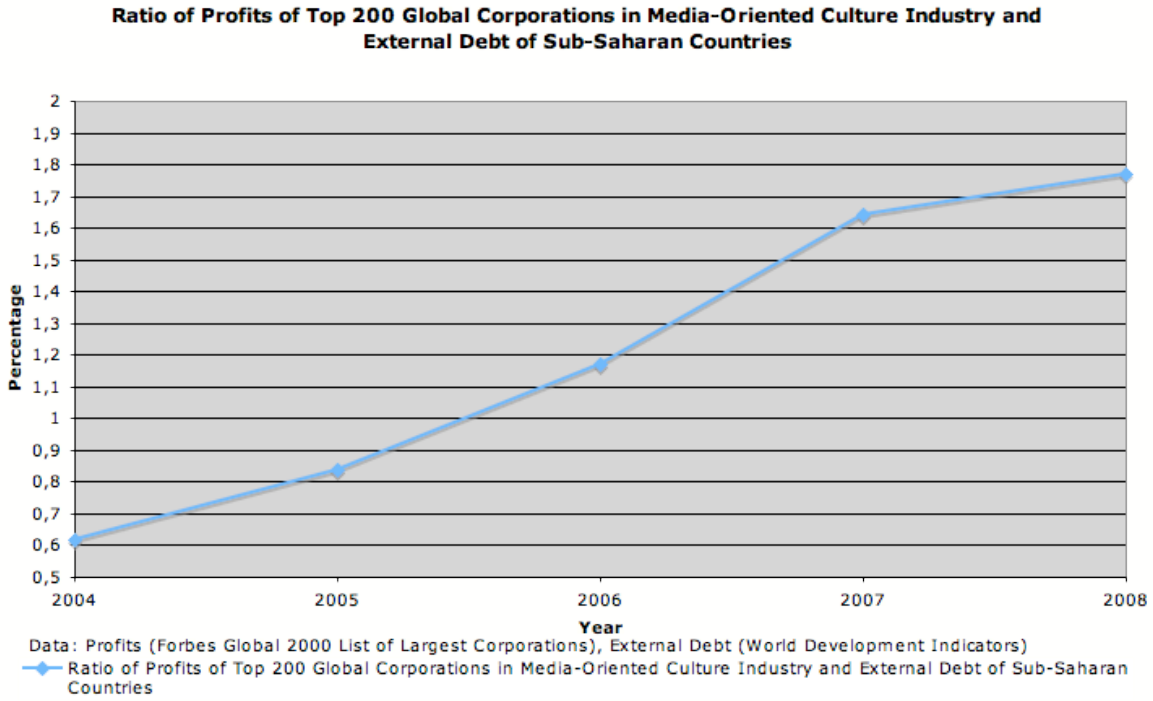

Figure 21: Ratio of the profit sum of the 200 most profitable media-oriented corporations and the total external debt of Sub-Saharan countries

In 2008, the total sales of the 20 most profitable media-oriented corporations were approximately as large as the total GDP of the 22 low developing countries (US$ 1081.8 billion PPP, UNHDR 2008) (see table 18, figure 22).

Expropriating the total annual profits 2008 of these 20 corporations (150.23 billion US$) would give enough money for paying the debts of all 22 low developing countries (126.2 bn US$, WDI, see table 13, figure 22).

Figure 22 summarizes these data.

Rank	*Forbes 2000 rank*	*Company name*	*Country*	*Industry*	*Sales (bn US$)*	*Profits (bn US$)*	*Assets (bn US$)*
1	63	Microsoft	United States	Software & Services	57.9	16.96	67.34
2	34	Telefónica	Spain	Telecommunications Services	82.4	13	143.13
3	12	AT&T	United States	Telecommunications Services	118.93	11.95	275.64
4	69	Nokia	Finland	Technology Hardware & Equip	74.54	10.52	52.62
5	37	IBM	United States	Software & Services	98.79	10.42	120.43
6	49	France Telecom	France	Telecommunications Services	77.31	9.2	137.09
7	78	China Mobile	Hong Kong/China	Telecommunications Services	37.06	8.29	62.44
8	90	Cisco Systems	United States	Technology Hardware & Equip	37.68	8.07	55.3
9	53	Hewlett-Packard	United States	Technology Hardware & Equip	107.67	7.85	88.57
10	93	Intel	United States	Semiconductors	38.33	6.98	55.65
11	48	Verizon Com-munications	United States	Telecommunications Services	93.47	5.65	186.96
12	156	BT Group	United King-dom	Telecommunications Services	39.81	5.61	47.32

13	163	América Móvil	Mexico	Telecommunications Services	28.53	5.37	31.97
14	176	Oracle	United States	Software & Services	20.08	4.78	35.65
15	84	Time Warner	United States	Media	46.48	4.39	133.83
16	138	Canon	Japan	Technology Hardware & Equip	40.06	4.37	40.34
17	387	Thomson Corp	Canada	Media	7.81	4.29	22.83
18	119	Walt Disney	United States	Media	36.38	4.24	62.77
19	213	Google	United States	Software & Services	16.59	4.2	25.34
20	224	BCE	Canada	Telecommunications Services	18.01	4.09	38.1
					Total sales: 1077,83 bn US$	**Total profits: 150.23 bn US$**	

Table 18: The top 20 most profitable media-oriented corporations in 2008 (data: Forbes 2000)

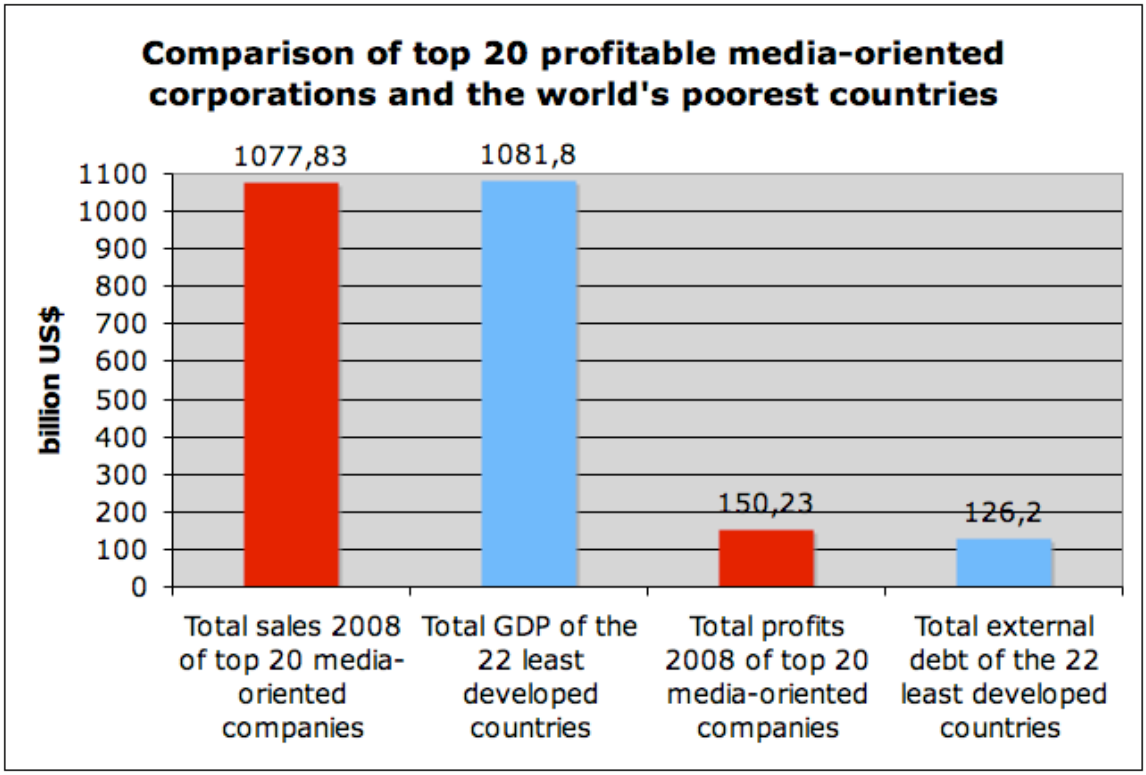

Figure 22

Time Warner has during the past decade been the largest media-oriented corporation (measured by capital assets). Its economic size will now be compared to the one of the lowest developing country in the world (2008, according to the Human Development Index), Sierra Leone. Time Warner's profits are compared to Sierra Leone's GDP (table 19, figure 23, 24). The data show that Time Warner is a transnational corporation that is several times as powerful as a whole African nation state and that this power differential has increased, but can in times of crisis, such as in the years after the new economy crisis in 2000, easily collapse. It also shows that corporate mergers are strategies for trying to overcome times of crisis.

Sierra Leona was the least developed country in the world in 2007/2008 (HDI rank 177). Here are some data on the country (UNHDR 2008):
Life expectancy at birth: 41.8
Adult literacy rate: 34.8%
Adult illiteracy rate: 65.2%
GDP per capita: 806 US$ PPP
Population living on less than $1 per day: 57.0%
Population living on less than $2 per day: 74.5%
Under-five mortality rate per 1000 live births: 282
GDP US$ 2005: 1.2 billion
GDP US$ PPP 2005: 4.5 billion
Share of income of poorest 10%: 0.5%
Share of income of richest 10%: 43.6%
Gini index: 62.9

Year	Profits of Time Warner, billion US$	Assets of Time Warner, billion US$		GDP Sierra Leone, current US$	Profits Time Warner / GDP Sierra Leone
2008	4.39	133,83		1.67	2.6
2007	6.53	131.67		1.42	4.6
2006	2.91	122.48		1.21	2.4
2005	3.33	123.34		1.07	3.1
2004	2.65	121.78		0.99	2.7
2003	-44.461	115.450		0.93	-47.7
2002	-4.921	208.559		0.81	-6.07
2001	1.152	109.53	2001: Merger of AOL + Time Warner	0.63	1.8
2000	1.960	51.239		0.66	3.0
1999	0.168	31.640		0.67	0.3
1998	0.301	34.163		0.85	0.4

Table 19: Comparison of the profits of the largest media-oriented corporation Time Warner to the GDP of the lowest developing country in the world Sierra Leone (data: Forbes 2000, World Development Indicators)

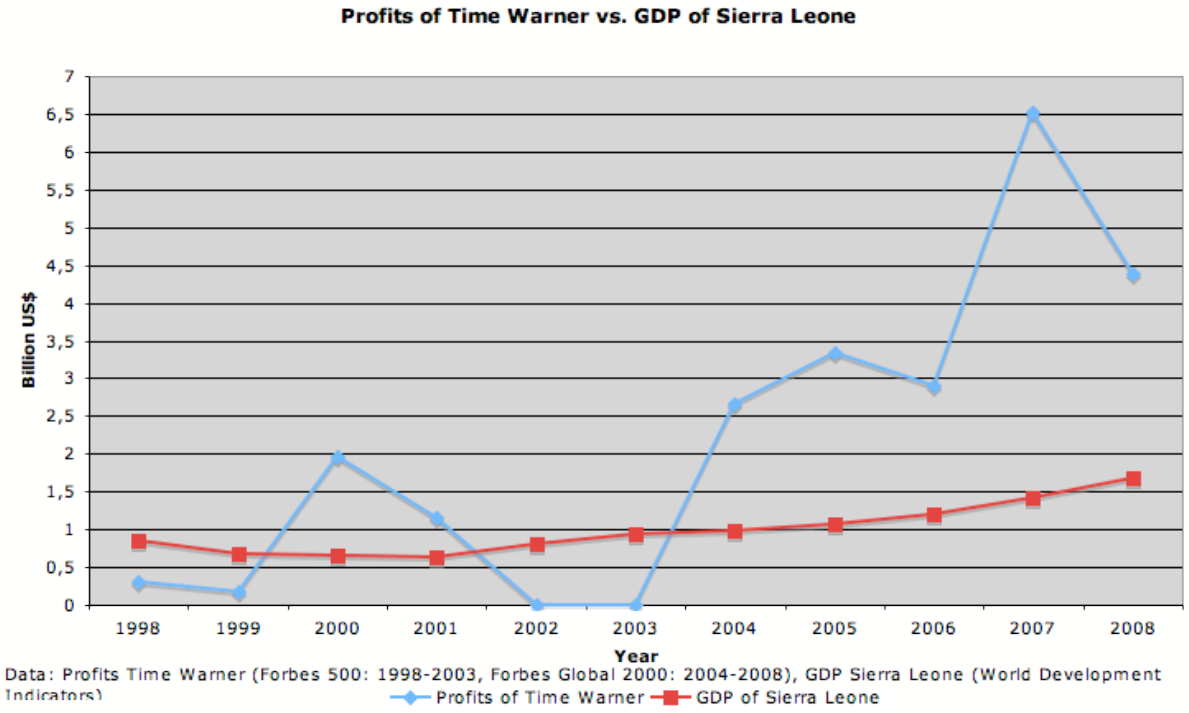

Figure 23

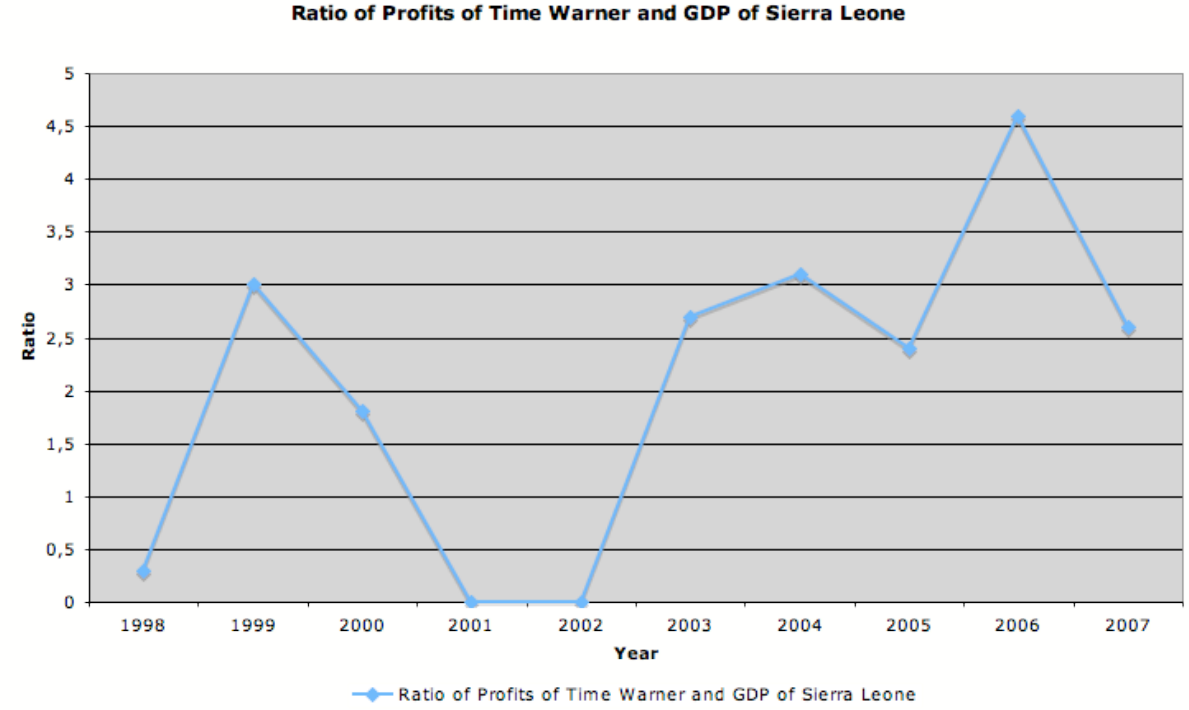

Figure 24

Figure 25 shows that Time Warner's profits make up a respectable share of the total US information industry.

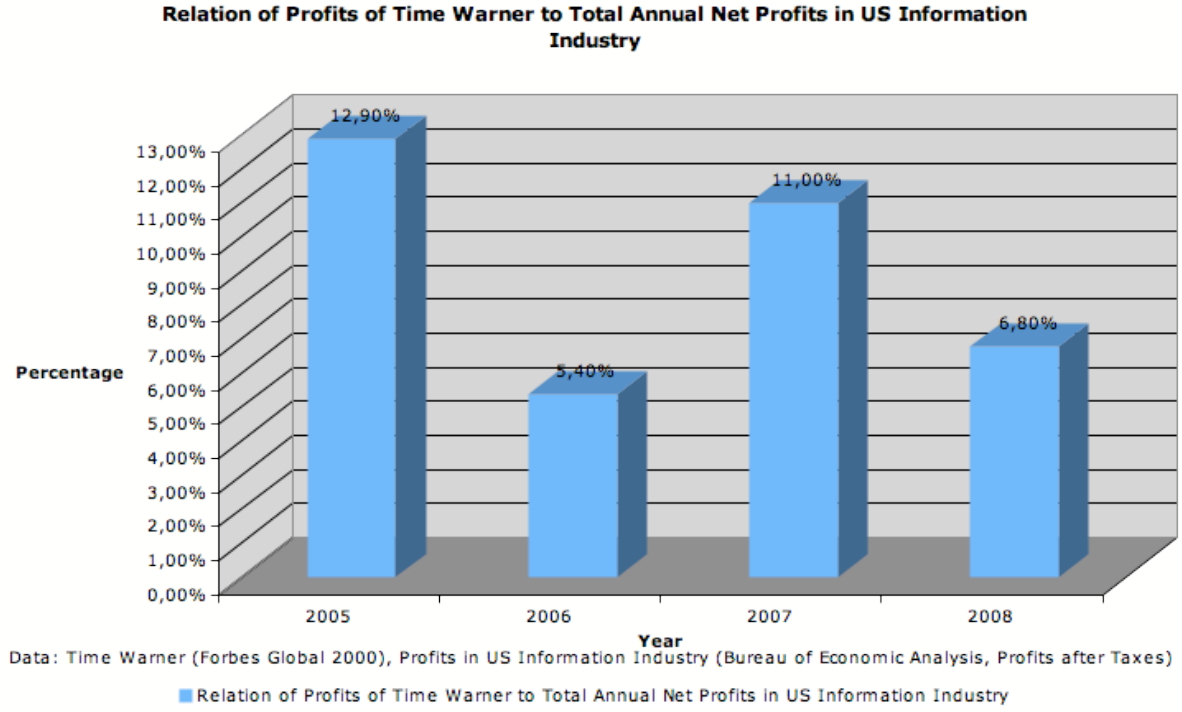

Figure 25

Ben Bagdikian calculated within 20 years (1983-2004) seven times the number of corporations that dominate the US media market. He calculated how many of the largest companies it took in each sub-industry to account for half of the US business. For newspapers he used as measure the daily circulation rate, for magazines annual revenues, for television audience ratings and annual revenues, and for radio, books, and the motion picture industry annual revenues. The results were merged into an overall list of dominant media corporations. "In 1981, forty-six corporations controlled most of the business in daily newspapers, magazines, television, books, and motion pictures. Today [1990], these media generate even larger amounts of money, but the number of giants that get most of the business has shrunk from forty-six to twenty-three" (Bagdikian 2000/1990: 21). The number further declined to five in 2004 (see figure 26, data source: Bagdikian 2000, 2004; Hesmondhalgh 2007: 170). "Five global-dimension firms, operating with many of the characteristics of a cartel, own most of the newspapers, magazines, book publishers, motion picture studios, and ratio and television stations in the United States. (...) Today, none of the dominant media companies bother with dominance merely in a single medium. Their strategy has been to have major holdings in all the media, from newspapers to movie studios. This gives each of the five corporations and their leaders more communications power than was exercised by any despot or dictatorship in history" (Bagdikian 2004: 3).
The Big Five are:
Time Warner
Walt Disney
News Corporation
Viacom
Bertelsmann

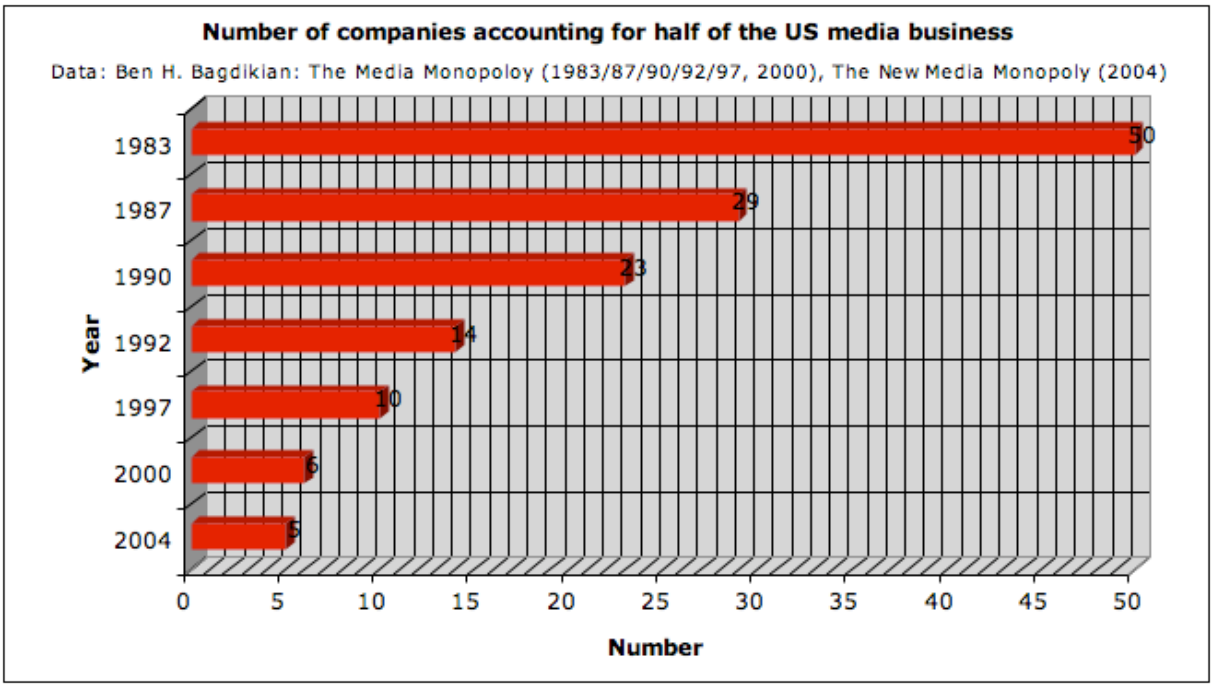

Figure 26

Media concentration and its measurement have been important research topics in media and communication studies (e.g. Albarran and Chan-Olmsted 1998, Bagdikian 2000, 2004, Compaine 2005, Compaine/Gomery 2000, Heinrich 2001: 119-158, Herman/McChesney 1997, Josifides 1997, Klaue/Knoche/Zerdick 1980, Knoche 1978, 2004, 2005, 2007; Kopper 1995, Meier/Trappel 1998, Picard 1988, Sánchez-Tabernero 1993, Tonnemacher 2003: 117-117-133, Media concentration means "an increase in the presence of one or a handful of media companies in any market as a result of various possible processes: acquisitions, mergers, deals with other companies, or even the disappearance of competitors" (Sánchez-Tabernero 1993: 7, cp. also Kiefer 2005: 113, Meier/Trappel 1998: 41).

Picard (1988) lists the following indicators for measuring media concentration: number of outlets owned by the largest chain, amount of total circulation controlled by the largest chain, ratio of the total sales or assets of the single top or top four or top eight firms to all firms (concentration ratio), and the Herfindahl Index (takes into account the total number of firms in the market, and the amount of the industry accounted for by each firm). Sánchez-Tabernero (1993: 7f) mentions measuring turnover, profits, the number of employees, the number of titles/providers in a market, and market shares as indicators for media concentration. Josifides (1997) discusses the following methods of measuring media concentration: Political and cultural influence, number of licenses controlled by a single operator, number of media outlets under a single controller, total revenues (advertising revenues, consumer expenditures on the media), total expenditures on creating programmes or publishing, influence on the basis of cross-subsidization (ability to finance losses by with revenues from other controlled businesses from other sectors), audience share/circulation share/listenership share/daily average contacts (online). Knoche (2007) distinguishes between the measurement of capital and market concentration (absolute: number of corporations, relative: share of turnover, profits), on the one hand and journalistic concentration (absolute: number of journalistic units, relative: circulation rate, audience rate) on the other hand. For a class critique of the media, primarily financial aspects are of interest because it aims at analyzing how and to which extent the media contribute to the concentration of economic wealth and

inequality. Therefore relative financial measures such as profit share and turnover shares are preferred measures. "The main advantages of applying a revenue-based measure are first that it is a long established and tested method for measuring market concentration, and second that it provides a common currency of measurement across media" (Josifides 1997: 660). However, these measures can be combined with absolute measures such as the number of dominant corporations in a certain media sector. We will now give an example of such a combined measure that consists of a combination of three indicators: number of employees for identifying large media corporations, number of large media corporations in a sector, combined share of revenues or value added of these large media corporations. This measure can be statistically applied because institutions such as Eurostat, the OECD, and the US Bureau of Census provide the necessary data for a certain number of countries.

There are some data on concentration in the US media sector from the 2002 and the 1997 Economic Census that are summarized in table 20. The indicator that was applied is the 4-concentration ratio based on revenue. The data show rather high concentration of the US media industry and an increase of concentration in most industries within five years.

US Media industry	Percentage of revenue that was controlled by the four largest corporations in the US in 2002	Percentage of revenue that was controlled by the four largest corporations in the US in 1997
Newspaper publishers	32.2%	N/A
Book publishers	41.8%	N/A
Software publishers	39.4%	28.2%
Motion picture & video industries	38.0%	32.5%
Sound recording industries	60.1%	53.1%
Radio & television broadcasting	39.4%	39.1%
Internet publishing	26.8%	N/A
Telecommunications	45.4%	42.3%
Internet service providers, web search portals, data processing	31.2%	N/A

Table 20: Concentration ratios in the US media industry in 2002 (Data: 2002, 1997 US Economic Census)

Table 21 and figure 27 analyze media concentration in the EU27 countries by calculating the share of value added that the largest companies (>250 employees) in selected media industries control. The resulting concentration ratios are for most media industries well above the industry average of 54.4%. So for example in the post and telecommunications industry, 623 large corporations made up 0.9% of the total number of enterprises in the sector, but controlled 91.7% of the value added in the sector.

Number	Sub-industry of EU27 media sector	Share of number of large enterprises (>250 employees) in total number of enterprises in sector	Share of value added of large corporations (>250 employees) in total sectoral value added at factor cost	Total number of large corporations
1	Publishing, printing, reproduction of recorded media	0.4%	40%	800
2	Manufacture of radio, television and communication equipment and apparatus	1.6%	76.8%	470
3	Manufacturing of office machinery and computers	0.9%	67%	100
4	Post and telecommunications	0.9%	91.7%	623
5	Computer and related activities	0.2%	42.7%	958
6	Research and development	0.6%	54.5%	216
7	Total industry and services (excluding financial sector and public administration)	0.2%	42.4%	41000

Table 21: Concentration in selected media-oriented industries in the EU27 countries in 2007 (Data: Eurostat)

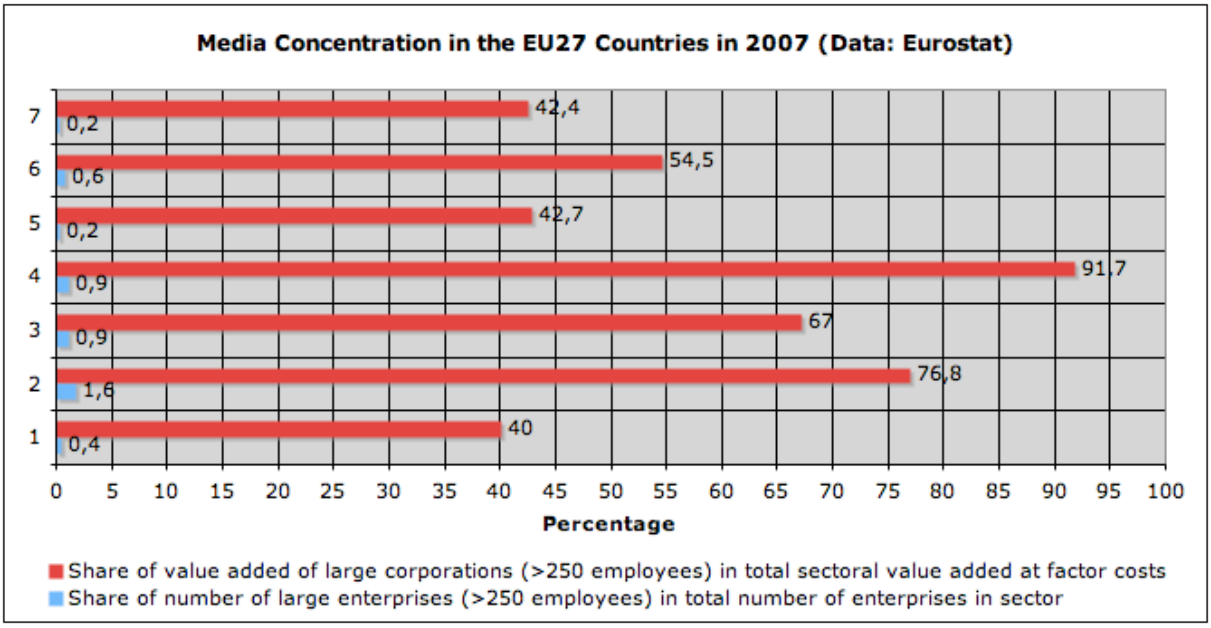

Figure 27

In a publication by the European Commission on Cultural statistics, the authors express concern about media concentration in Europe: "Publishing is not immune to concentration. For example, in the United Kingdom in 2004, one hundred firms, each employing over 250 workers, accounted for over 70% of the value added by the sector. This concentration is also increasing under the influence of the major media groups. Their subsidies in Europe specialise in various stages of the leading chain or diversify into other activities, whether or not bound up with publishing" (European Commission 2007: 76).

Table 22 and figure 28 analyze media concentration in the United States for the year 2002 by calculating the share of value added that the largest companies (>1000 employees) in selected media industries control. The resulting concentration ratios are very high. So for example in the entire media sector, there were 330 large corporations that accounted for 0.01% of all media corporations, but controlled 78% of all revenues. In the telecommunications sector, 72 large corporations make up 0.9% of all companies in the industry, but control 88% of all sector-wide revenues.

Number	Sub-industry of US media sector	Share of number of large enterprises (>1000 employees) in total number of enterprises in sector	Share of revenues of large corporations (>1000 employees) in total sectoral revenues	Total number of large corporations
1	Publishing industries (except Internet)	0.7%	67.1%	136
2	Software publishers	0.6%	63.8%	40
3	Sound recording industries	0.2%	70.2%	6
4	Motion picture and video industries	0.3%	62.5%	29
5	Broadcasting (except Internet)	1.0%	76.3%	45
6	Internet publishing and broadcasting	0.4%	27.5%	5
7	Internet service providers, web search portals, and data processing services	0.6%	60.7%	63
8	Telecommunications	0.9%	88.0%	72
9	Total media sector	0.01%	78.0%	330

Table 22: Concentration in selected media-oriented industries in the United States in 2002 (Data: 2002 Economic Census)

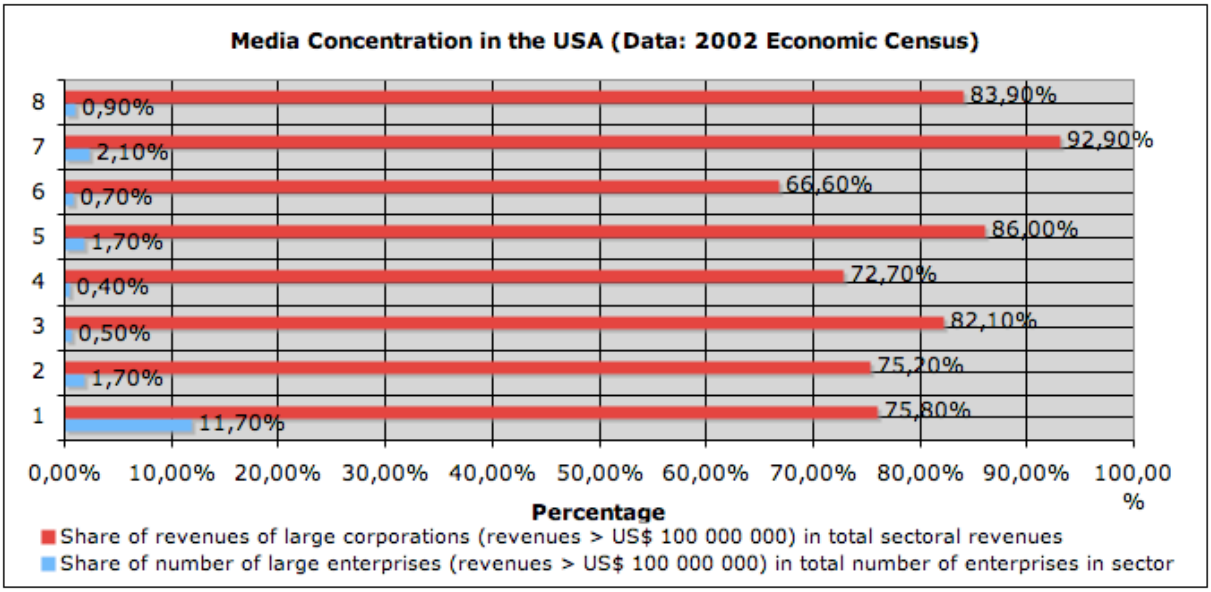

Figure 28

For the USA, concentration statistics can also be calculated by measuring the size of a corporation by total annual revenues (table 23, figure 29). The class of the largest corporations then consists of those firms that had annual revenues above US$ 100 000 000. The data show for example that in 2002 there were 11 high revenue US corporations in the sound recording industries, which made up 0.5% of all firms in the sector, but accounted for 82.1% of the total revenues in the sector.

Number	Sub-industry of US media sector	Share of number of large enterprises (revenues > US$ 100 000 000) in total number of enterprises in sector	Share of revenues of large corporations (revenues > US$ 100 000 000 employees) in total sectoral revenues	Total number of large corporations
1	Publishing industries (except Internet)	11.7%	75.8%	240
2	Software publishers	1.7%	75.2%	106
3	Sound recording industries	0.5%	82.1%	11
4	Motion picture and video industries	0.4%	72.7%	42
5	Broadcasting (except Internet)	1.7%	86.0%	77
7	Internet service providers, web search portals, and data processing services	0.7%	66.6%	75
7	Telecommunications	2.1%	92.9%	169
8	Total media sector	0.9%	83.9%	565

Table 23: Concentration in selected media-oriented industries in the United States in 2002 (Data: 2002 Economic Census)

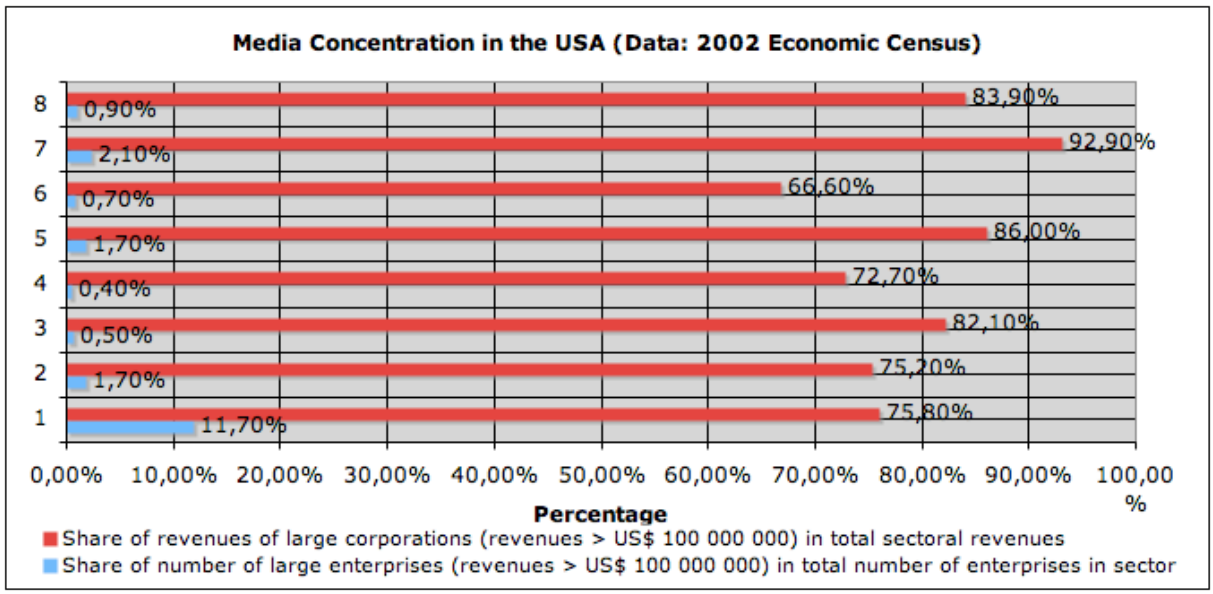

Figure 29

These data on media concentration show that capital concentration is an inherent feature and outcome of capital accumulation. Competition has monopolistic tendencies, the very logic of competitive markets and exchange drives corporations to search for strategies that allow them to reduce investment costs, increase productivity so that they can produce cheaper than competitors, which in the long run results in bankruptcy of the less productive corporations and a tendency for capital concentration. Marx therefore argued: "Competition rages in direct proportion to the number, and in inverse proportion to the magnitudes, of the antagonistic capitals. It always ends in the ruin of many small capitalists, whose capitals partly pass into the hands of their conquerors, partly vanish" (MECW 35: 626). The aim of criticizing capitalist concentration tendencies is not to argue for plural markets because based on Marxian insights markets in the long run always bring about concentration and monopolies, the reason is rather to show that capitalism is an inherently antagonistic system that brings disadvantages to workers as well as to many capitalists who have to permanently fear the effects of heavy competition and the potential threat of bankruptcy. "It is important to stress that the critique of concentration per se is more of a liberal than a left critique. (...) the mass media are, by their very nature, for better or worse the products of economies of scale and scope and thus are by their very nature concentrated" (Garnham 2004: 100). "Although competition is one of the essential mechanisms of capitalist reproduction, that very mechanism, precisely because it is in the interest of each individual capital to suppress competition, produces, as is well known, a tendency to monopoly" (Garnham 1990: 183). The critique of capital concentration as method of deconstructive class critique tends to show that there is an inherent tendency in capitalism that a small group of owners tends to control an increasing amount and share of capital and wealth, by which class divisions are maintained, reproduced, and deepened. Critique of capital concentration as class critique aims to show the contradictions of capitalism, such as the antagonism between competition and centralization, in order to give rational grounds to the ideas of self-managed companies (owned by workers) and public ownership of the means of production in general and the means of communication in particular. Critics of media concentration argue either that media power should be limited by for example measure such as unbundling, asset stripping, public services, and government aid for small suppliers (Kleinsteuber/Thomaß 2004: 144, Kleinsteuber 2004) or that the principles of competition and profit have to be overcome (Knoche 2004, 2005, 2007). For analyzing and explaining concentration, Knoche distinguishes between an apologetic-normative theory of competition and a critical-empirical theory of concentration. The first

would argue that competition is a normative goal and that concentration is an exception from the competitive rule that can be avoided, whereas the second would see "actual economic competition that is connected to profit maximization" as the "systematic, regular cause of concentration processes that has negative consequences for the freedom and plurality of information and expression of the media" (Knoche 2007: 152). Capital concentration and market concentration would be the rule of capitalism, not an exception from the rule (Knoche 2005: 125).

There are several effects of corporate media monopolies and media concentration processes:

- Ideology: Corporations that produce or organize content have the power to define what people consider as correct and valuable views of reality and as truth. Corporate monopolies hence have an ideological function; they can potentially lead to the simplification of complex realities.
- Labor standards: Monopoly corporations can set low labor standards (especially concerning wages) in their industry sector.
- Political power: In capitalism, money is entangled with political power; hence monopolies enable huge political influence of small groups of people.
- Control of prices: They have the economic power to control prices of goods and services.
- Control of technological standards: They have the power to define and control technological standards. Lawrence Lessig (2002) argues that monopolies like the one held by Microsoft in the area of operating systems, intellectual property rights on technology and software patents destroy the original idea of the internet that based on an existing common architecture – code, i.e. protocols and software that makes protocols run –, everyone can create applications and content. Monopolists like Microsoft or AOL would aim at monopolizing technological systems and limit the potential diversity of code, content, and applications. Monopolization would threaten the existence of free software code and free content.
- Dependency of customers: Controlling the power to define technological standards also means that the need of customers to buy ever more media technologies in order to remain up to date can be generated. Hence a potential result is an increasing dependency on commodities produced by one corporation and increasing monopoly profits.
- Economic centralization: They derive others of economic opportunities.
- Quality: A monopolist might care less about quality because there are no alternatives to choose from for consumers.
- Surveillance and censorship: If content and applications are monopolized, i.e. most users have to rely on certain products of single companies, operations of surveillance (i.e. monitoring, statistically evaluating, and recording audience and user behaviour, which content they create, consume, and how and what they communicate) and censorship can be carried out easier and more completely than in the case of several competing companies. This concerns especially communication technologies, such as phones and the Inernet. So for example Google gained a license for operating in China only given the condition that it censors certain political search results and blocks links to certain servers. The economic interest of reaching Chinese Internet users, a market of 1.3 billion potential customers, obviously was the driving force for Google's censorship. More and more users upload private pictures and videos to the Internet with the help of platforms such as MySpace, Flickr, or YouTube. If software for biometric face recognition were combined with a search database such as Google, it would be potentially possible to identify the names and other data of individuals that are shown on digital pictures or in videos. If such a service were introduced either for state authorities or private users, privacy rights would be violated.

Increasing media concentration is the result of mergers and acquisitions of media corporations. Figure 30 shows that the number of worldwide annual mergers and acquisitions in the media industry has continuously increased from 1987 to 2000 when it reached a peak of 690. After 2000 the rate

dropped a little. Figure 31 shows that media-oriented mergers and acquisitions account for a share of about 7-12 percent of all mergers and acquisitions.

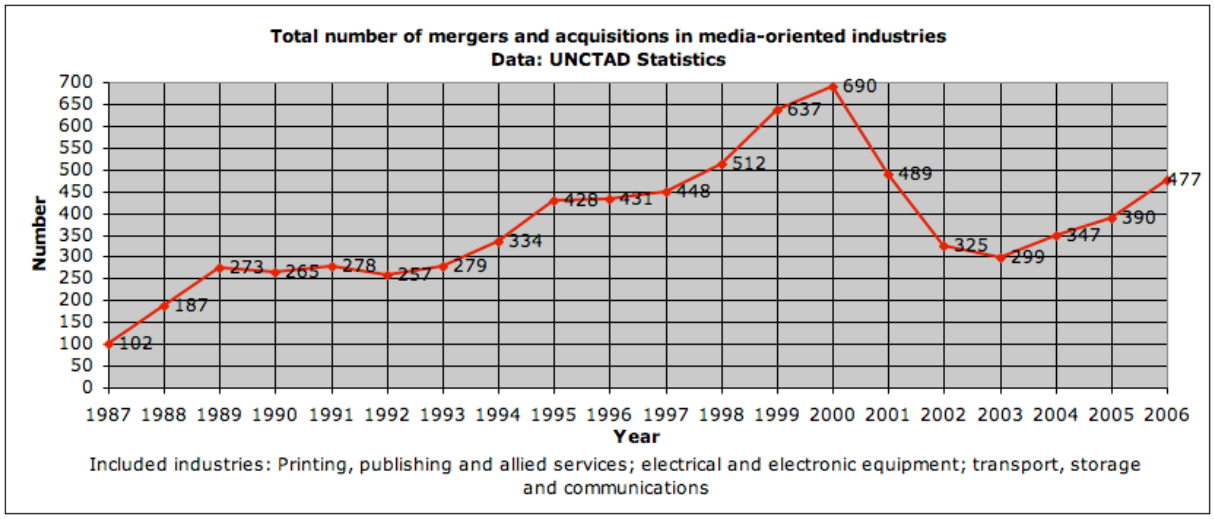

Figure 30

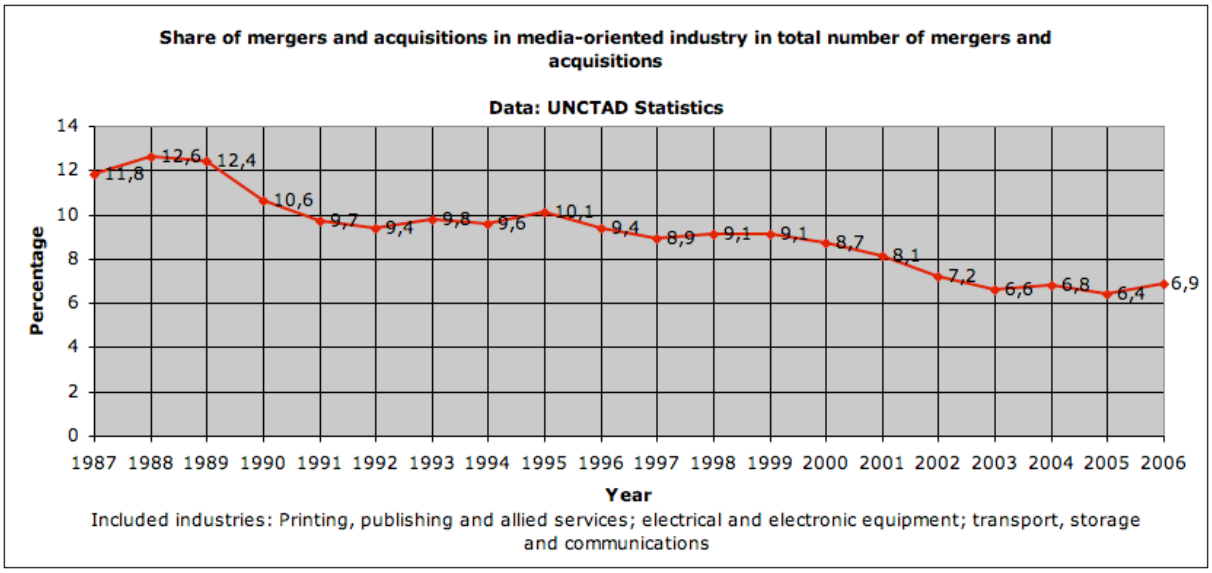

Figure 31

Compaine and Gomery (2000) have analyzed concentration in the US newspaper-, publishing-, TV-, radio-, film-, and online industry. In chapter 8, Compaine conducted a combined analysis of these industries by listing the largest 90 US corporations in these areas that dominated in 1995. He compared the total number to an analysis he conducted in 1982, when he identified 62 dominant media corporations. However, Compaine did not provide data on how he collected these numbers and how the corporations can be directly compared. Therefore it is not clear where the cut-off point for inclusion in the list was drawn and if the same point was used for all included media industries. He even admits that "the number of players in Table 8.1 is somewhat arbitrary" (Compaine/Gomery 2000: 485). The problem is that arbitrariness makes empirical data unreliable and irreproducible. In comparison, Bagdikian (2000, 2004) in his studies specified the cut-off point with 50%. Compaine argued that in the

1920s the list would have been much shorter and that the increased length was due to the rise of information technology. He considered media markets therefore as becoming increasingly democratic: "In many ways, information technology has helped to create its own democratic process in the world of media gateways" (Compaine/Gomery 2000: 504). In chapter 10, Compaine calculated the Herfindahl-Hirschmann index based on the 50 most profitable US media companies in 1997 and 1986. He found that the HH index decreased from 268.11 in 1986 to 205.89 in 1997. However, there is a methodological error in Compaine's calculation: His ranking was based on 1997 and 1986 data, for 1986 he used the same companies as for 1987, which means that these were not necessarily the 50 most profitable companies. The HH index is based on a formula, into which the market shares of all companies in a market are inputted. Compaine took only 50 companies, but the US media industry was comprised of 121369 companies that operated for the whole year and 137678 that operated for parts of the year in 2002 (US Economic Census 2002). "The HHI increased from an extremely low 206 in 1986 to a still very low 268 in 1997. Thus, whereas this measure did show some increased concentration, with HHI levels of under 1,000 indicating low concentration, the media industry remains one of the most competitive major industries in U.S. commerce" (Compaine/Gomery 2000: 562). Heinrich (2001: 154) calculated the 3-, 5-, and 10-concentration ratios (10.4%, 14.6%, 21.8%) for the world media market and argues that relatively low concentration can be found. In another study, Compaine (2005: 46) argues that his analyses show that consumers do not have "fewer choices of sources or fewer choices for any type of content that has been available in the past". For a class critique of the media, the main problem is that in the capitalist media landscape few corporations control large shares of the total profits in the market, so that capital accumulation contributes to and increases the control and concentration of money and material wealth in the hands of a small group of people. My main concern about the facts such as the one that in 2002 0.9% of the media corporations controlled 83.9% of all media profits (table 23) is that such an unequal distribution contributes to the relative and/or absolute increase of inequality between the rich and those who are not rich or who are poor, i.e. a deepening of class division, and that this concentrated economic power opens up more potentials and increases the likelihood for establishing uncritical media content that does not report on and question the power of the rich and of corporations or makes direct or indirect censorship of critical content more likely. Therefore, comparing the profits of corporations to the wealth of poor people or poor nations gives a better indicator of the media's potential problematic effects on society than the Herfindahl index. Therefore the strategy chosen throughout this paper has been to compare the profits and assets of corporations or rich persons or an agglomeration of them to the income or wealth of poorer people or classes. Media concentration is therefore understood as the contribution of the media to income and wealth inequality, which is a relational class issue, whereas for Compaine media concentration is a pure market issue that ignores the effects that markets have on society. The total profits of the largest 0.9% of US media corporations (565 companies) were approximately 742 billion US$ in 2002 (US Economic Census 2002). 2.6 billion of the poorest individuals in the world (40% of the world population) survive on less than US$ 2 per day. The profits of these 565 companies could be used for providing a basic income of US$ 2850 for 10% of these poor people, which is approximately 4% of the world population. Such an income would vastly increase the living conditions of these 4% of the world. This calculation is just an example that shows the huge wealth gap between corporations and the poor. Scholars like Benjamin Compaine, who argue that media markets are rather democratic and unconcentrated, ignore the class issues that underpin corporate media. Their neoliberal arguments are a cynical mockery of the majority of the world population. Corporate media should be seen as relational. They are economic actors that stand in class relationships with workers, the poor, the unemployed, and others.

The relative size and importance of media- and information technology-oriented industries and services should not be overestimated. If one for statistical purposes defines the media and knowledge economy as consisting of the sectors of publishing, printing, reproduction of recorded media; the manufacturing of radio, television and communication equipment, the manufacturing of office machinery and comput-

ers, post and telecommunications, computer and related activities, and research and development, then this subsystem of the total European economy (EU27, excluding financial sector and public administration) accounted in 2005 for 4.5% of all enterprises, 11.1% of the total value added (at factor costs), and 7.1% of the total number of persons employed (Eurostat Online Statistics).

For the USA, data is available on the size of the media sector (which is termed "information sector" in the statistical data) that is defined as consisting of the publishing industries (including software), the motion picture and sound recording industries, broadcasting and telecommunications, information and data processing services. In 2007, the corporate profits after tax of the information sector combined with the arts, entertainment and recreation sector accounted for 6.4% of overall corporate profits, 10.2% of the hours worked by full-time and part-time employees, and 3.7% of all employees (full time, part time, self-employed) (Bureau of Economic Analysis Online). But one should note that if one adds to these sectors health care and social services, professional, scientific and technical services, management of companies and enterprises, and educational services, then the employment share goes up to 24.1% because there is a high number of employees in professional, scientific, and technical services as well as in health care and social assistance are very employment-intensive (Bureau of Economic Analysis Online). The profit share goes up 27.4%, especially because the management of companies and enterprises is one of the most profitable domains of the US economy (Bureau of Economic Analysis). This shows that the media and entertainment industries comprise only a rather small amount of the service sector in terms of profits and the number of employees.

This section intended to show that media content capital and media infrastructure capital are huge transnational corporate players that are increasing their share of world profits and through capital accumulation advance the division between the rich and the poor in the world.

7. Conclusion

The aim of this paper was to contribute to the renewal of Marxist class theory. For doing so, first the works of Antonio Negri and Michael Hardt were discussed. They provide an important contribution for the reactualization of Marxist theory by discussing the relationship of class and knowledge with the help of the category of immaterial labour. It was argued that on the one hand this notion is idealistic, deterministic, and too optimistic, but that on the other hand it provides a certain potential for the advancement of Marxist class theory. Hardt's and Negri's notion of the multitude is an expanded class concept. However, their notion of class remains very vague and fails to provide a concrete model.

Building upon Hardt's and Negri's notion of the multitude, a class model was introduced. Economic class was conceived as a relational economic category: An exploiting class deprives at least one exploited class of resources, excludes them from ownership, and appropriates resources produced by the exploited. Besides the appropriation of economic resources exploiters also make use of hierarchies and unequal distributions of power and skills. It was argued that an expanded notion of class and exploitation is needed today. This notion of class was connected to the category of knowledge, which was considered as expropriated and exploited commons. Besides wage labour, also precarious workers, students, retirees, migrants, the unemployed, houseworkers, and self-employed labour were considered as forming parts of the class of the multitude because they all produce commodities and/or the commons of society through their labour that is appropriated and exploited by capital.

The class model was applied to the realm of the new media. The notion of the prosumer/produser commodity was introduced in this context. New media users are producers of surplus value that are

exploited by capital by the selling of user rates as commodities to advertising clients.

Class analysis was further specified as methodological procedure of deconstructive class critique that tries to uncover the divergence between the rich and the poor, owners and non-owners. It aims to show that class is an exploitative and unjust relationship between dominant and dominated groups. The wealth of the first depends on the precarity of the second. As examples for deconstructive class critique, global inequality, the power of corporations, the power of the rich, the power of managers, and the power of the media-oriented culture industry were analyzed. Economic power is realized through the accumulation of capital that produces increasing wealth of an economic power elite through expropriation and relative deprivation of an exploited multitude.

David Harvey argues: "The neoliberal turn is in some way and to some degree associated with the restoration or reconstruction of the power of economic elites" (Harvey 2005: 19). Harvey argues that neoliberalism is a project that redistributes wealth and income from the poor to the rich, a project of continuous primitive accumulation that he terms accumulation by dispossession. He identifies four features of accumulation by dispossession: the corporatization, commodification, and privatization of public assets, financialization that results in the formation of speculative capital, the creation of debt crises in developing countries in order to redistribute wealth from poor to rich countries, and state redistribution in the form of privatizations, cutbacks, tax relieves and subsidies for corporations and the rich (Harvey 2005: 164f). The result of accumulation by dispossession is the "commodification of everything" (Harvey 2005: 165). The statistics presented in this work show that neoliberalism has brought about an intensification of class power. What is happening under neoliberalism is the dispossession of the commons in order to generate new spaces of accumulation and an intensified dispossession of income and wealth in order to raise profits. There is an intensification and extension of accumulation by dispossession and as a result an intensification and extension of alienation, an almost entire loss of control over economic property, political decision-making, and value-definition by lower classes. But the statistics also show that income inequality is not only the result of neoliberalism, but also a general feature of class power and therefore of capitalism. Capitalism is a permanent accumulation by dispossession because the surplus value produced by labour is dispossessed by capital through economic property rights and economic coercion in order to generate profit. Capitalism is a system of permanent dispossession, expropriation, and exploitation of the immediate producers. In order to overcome this inherent injustice, the expropriators need to be expropriated.

The conclusion of the analyses presented in this paper is that class is an important theoretical concept and that analysis of richness and deconstructive class critique are important methodological tools for producing insights about income inequality in contemporary society and for criticizing this very society. The political implication is that capitalism is an inherently unjust system that is depending on socio-economic inequality. The alternative to class-structured society is not a society without wealth, but a highly productive classless society, in which all people are enabled to live in wealth. In order to achieve such a world, first of all class struggle from below is needed. Deconstructive class critique can provide intellectual means of struggle for challenging the economic power elite.

The data on the unequal distribution of wealth show the timeliness of Marx's dictum that capitalism is a "relationship of rulers and ruled", "in which unpaid surplus-labour is pumped out of direct producers" (Marx 1894: 799). The political implication is that a new anti-capitalism is needed today. "Anti-capitalism, then, begins with a commitment to the idea that capitalism cannot produce societies fit for all or even most of the people who live in them, and follows with a commitment to a realistic, achievable alternative. That alternative would necessarily mean the planned use of major economic resources to achieve a society in which all human beings could live more fully human lives. (...) Rather, anti-capitalism, first and foremost, is a call for society to be reorganized in such a way as to provide the

greatest amount of freedom for all; to use our resources and our technology to provide people with their needs so as to allow them to pursue their desires. For all but a handful, capitalism has failed. For the rest of us, anti-capitalism remains our only hope" (Myers 2002: 33f).

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