

# Financial Times cautions the “plutocrats”

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The *Financial Times*, Britain’s leading financial newspaper, published a remarkable editorial December 27 entitled “Seasonal cheers for new philanthropists.”

The piece praised wealthy individuals such as billionaire investor Warren Buffett, Microsoft founder Bill Gates, Hank Greenberg as well as other executives at insurer American International Group, and Swiss millionaire Klaus Jacobs for donating large sums of money to various charitable and educational causes.

The *Financial Times* hailed Buffett, whom the newspaper called “an anti-Scrooge,” and the others for “getting rid of their wealth” and thereby offering an answer “to the inequalities caused by globalisation,” as well as “shaking up the cushy world of charitable foundations.”

After detailing what it considered the innovative strategies of Gates, Buffett and their wealthy fellow philanthropists, the editorial got to the heart of the matter, asserting that an “important effect of philanthropy by the rich is to make their wealth more acceptable to the rest of society. Globalisation and new technology that has displaced many white- and blue-collar jobs have led to rising inequality both within countries and across the globe. The richest 1 per cent of Americans now garner about 16 per cent of national income: double what they earned in the 1960s.”

In addition to the overall global figures on inequality, the FT editors were likely responding to hostile public reaction to the massive bonuses announced this month in New York and London by Goldman Sachs and other securities firms for their top traders—financial rewards that run into the tens of billions of dollars. Or to well-publicized cases such as Lee Raymond, former chairman and CEO of ExxonMobil, who walked away at the end of 2005 with a \$400 million compensation package.

Polls indicate that more than 80 percent of the US population thinks corporate executives are overpaid.

If only more of the super-rich would act in the farsighted manner of Buffett, and give away a portion of their riches, argued the *Financial Times*, the social chasm between the elite and the broad mass of the population would be “more acceptable” to the latter.

The editorial continued, “Plutocrats can spend all their money on mansions, yachts and servants, but if they do so, then pressure for higher taxes and collective labour bargaining will return and grow. Great wealth is often the result of great talent. But it is also a privilege granted by the rest of society and, if it is abused, society will not hesitate to take it away.”

The use of the word “plutocrat” is noteworthy, coming from vigorous defenders of capitalist “democracy.” The dictionary definition of a plutocrat is “a member of a wealthy ruling class” or “a person whose wealth gives him control or great influence.” A plutocracy means simply “government by the wealthy.”

The newspaper’s editors, whether they realize it or not, are acknowledging that Britain and America are societies ruled by financial oligarchies.

The warning—“society will not hesitate to take it away”—is stark, coming from one of the leading financial organs in the world. The newspaper is cautioning its own class that the grotesque accumulation and flaunting of wealth are generating resentment and anger, which, if not checked, will ignite a social upheaval, even a revolution, in which the upper echelons would lose everything.

Of course, the editors’ solution, greater philanthropy by the plutocrats, is no solution at all. There is something intrinsically demeaning, whatever the intentions of the donors, about the concept of philanthropy, since it tacitly accepts the existence of social and economic inequities and the subordinate position of the vast majority of the people vis-a-vis a moneyed elite.

The very fact that the newspaper feels obliged to

lecture the modern-day financial aristocrats is indicative of a deeply unhealthy and dysfunctional state of affairs. Taking into account the social and moral makeup of the global nouveau riche, it is, moreover, safe to predict that the *Financial Times*' recommendation will fall largely on deaf ears.

That a Buffett or Gates has tens of billions of dollars in private wealth to donate is an indictment of the existing social order. Their largess is possible only as the result of the build-up of poverty and misery at the other pole of society. Some 1.1 billion people in the world currently live on less than \$1 a day, and some 3 billion on less than \$2. Sixty million people in the US, the richest country on earth, subsist on less than \$7 a day!

Far more perspicacious than the FT editors, who blandly suggest that great talent often produces great wealth, the novelist Balzac observed that behind every great fortune lies a great crime.

Oscar Wilde dissected the mechanism of charity and philanthropy in *The Soul of Man Under Socialism*. He noted that charitable "remedies are part of the disease... The proper aim is to try and reconstruct society on such a basis that poverty will be impossible." He added, "Charity creates a multitude of sins. There is also this to be said. It is immoral to use private property in order to alleviate the horrible evils that result from the institution of private property. It is both immoral and unfair."

The media spotlight on individual benefactors who control tens of billions of dollars, larger sums than many national budgets, grows in tandem with the relentless gutting of government social welfare programs. Public health, education and other elementary social needs are increasingly tied to the personal vicissitudes of a speculator, asset-stripper or high-tech 'wizard.' It is impossible to organize a modern, mass society on such a basis.

That the condition of masses of people should be dependent on the generosity of this handful of "plutocrats" is not something the *Financial Times* criticizes, but rather holds up as a model.

The *Financial Times* is not alone in its anxiety about the public response to the accumulation of vast personal wealth. The *Washington Post* editorialized December 22 in support of "Just Capitalism," remarking, "Executive overpayment running into the

billions sends a terrible signal about the justice of the capitalist system." The newspaper warned that unless executive pay and the "industry of consultants [that] exists to legitimize super-sized executive pay" are reined in, "the growing material inequality in the nation will be compounded by the corrosive perception that the rules are unequal, too."



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