

New York's premier library to be renamed for billionaire Wall Street speculator

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The central branch of the New York Public Library is one of the iconic buildings of New York City. The Beaux Arts structure, officially known as the Humanities and Social Sciences Library, was completed in 1911 and extends for two city blocks on Fifth Avenue south of 42nd Street. It is known far and wide as a symbol of learning and culture.

As of 2014, after a planned \$1 billion expansion of the library system announced recently, this New York landmark will be renamed the Stephen Schwarzman Building, in return for a \$100 million donation by this Wall Street billionaire.

Schwarzman's only claim to fame is his fabulous wealth. He is the chief executive of the Blackstone Group, the private equity buyout firm that manages tens of billions of dollars in exotic financial instruments that barely existed when the firm was founded in 1985, but have since mushroomed to play a crucial role in the explosive speculative boom that is collapsing, even as Schwarzman's philanthropy is announced to the world.

When Blackstone went public in June 2007, Schwarzman netted the tidy sum of \$684 million from the initial offering, and his stock in the company was worth more than \$8.8 billion after the first day of trading. Blackstone was not exposed to the subprime mortgage debacle in the same fashion as the major investment banks, but the crisis has taken its toll on various business deals and Blackstone's stock price has plummeted as a result. Schwarzman's current stake has fallen to "only" \$4.62 billion.

Of course, naming a building for its donor is nothing new under capitalism. New York's Carnegie Hall is named for the wealthy steel baron and industrialist who built it in 1891 and whose family owned Carnegie Hall until the 1930s. The Rockefeller name is likewise associated with numerous universities and cultural endeavors. More recently, new hospital wings and university buildings are regularly named in honor of wealthy benefactors.

The renaming of a world-famous institution that has existed for nearly a century is somewhat more unusual, and it says something about the present state of capitalism and of culture.

Carnegie, Rockefeller and others were symbols of ruthless class exploitation in the first Gilded Age of more than a century ago, but they were also figures associated with the enormous development of the productive forces of society, with the age of mass production and the ascendancy of the United States as a world economic power.

Schwarzman is a very different figure, representative of a very different time. He has accumulated indescribable wealth, not

through the methods that predominated when American capitalism was in its period of expansion, but purely through speculation and parasitism.

The new Gilded Age has already surpassed its predecessor—in the scale of its extravagance, its conspicuous consumption and above all the gulf it exposes between the lives of the super-rich and the reality facing the vast majority of the population.

Schwarzman is a consummate representative of the tiny social layer that has profited beyond all bounds of rationality from the speculative mania of the past three decades. This is a man whose main purpose in life seems to be the accumulation of wealth for its own sake, and for the public display of this wealth as the supreme measure—indeed the only measure—of his worth.

The private equity billionaire owns five separate residences around the world, which cost him approximately \$125 million, according to a recent profile of him in the *New Yorker* magazine. He spent \$37 million in May 2000 for a 35-room triplex on Park Avenue in Manhattan, at that time the most ever paid for a New York City apartment. In 2003, Schwarzman forked over a mere \$20 million for an estate in Florida. In 2006, he paid \$34 million for a house in the Hamptons on Long Island. He also owns property in St. Tropez and in Jamaica.

Schwarzman celebrated his 60th birthday in February 2007 by spending millions of dollars on an obscene spectacle in the massive Park Avenue armory in Manhattan. The armory was made into a replica of Schwarzman's palatial apartment in New York. Performers for the evening included comedian Martin Short, composer-pianist Marvin Hamlisch, and singers Patti LaBelle and Rod Stewart. Stewart alone was reported to have received a fee of a million dollars.

Schwarzman and his breed often claim that criticism of their ostentation and excess is all about envy. Of course there is plenty of that, among the millionaires and multimillionaires who compare themselves against those who have even more. The predominant reaction of the vast majority of working people and any serious intellectuals, however, is disgust over the ignorance, waste and stupidity on display by the like of Schwarzman at a time when millions are losing their homes and cannot afford decent health care.

Within the upper crust itself, there has been criticism of Schwarzman's behavior. Some of this may reflect concern that his excess is putting the class of billionaires in a bad light. The *New Yorker* indicates this in its feature, touching on the subject of

philanthropy in the US in the twenty-first century:

“In America, board memberships and contributions to worthy causes in the arts and education have traditionally helped to cleanse a man of any taint of new money and can temper populist resentment of great wealth. For someone of Schwarzman’s wealth and business prominence, affiliations with boards—which are stocked with the lawyers, bankers, and business executives who are Blackstone’s clients, potential clients, or advisers to them—are all but essential. A board member is expected to make contributions that roughly correlate to the size of his personal fortune. In Schwarzman’s case, this aspect of the pact has generated considerable controversy and ill will, especially given his overt displays of wealth.”

Schwarzman’s \$100 million donation, which had already been made but had not yet been announced when the magazine article was published last month, is designed to answer his critics and burnish his reputation. Since everything is for sale, the argument goes, so too can a reputation be bought or improved, along with the immortality of having one’s name inscribed in stone at the crossroads of New York.

As the *New Yorker* suggests, philanthropy today has less and less to do with doing good, and more and more to do with doing business. “Affiliations with boards” are not merely the cost of doing business; they are *part* of doing business, under conditions where one’s fellow board members are also clients or various political representatives of the ruling elite.

The New York Public Library, like every other major cultural and educational institution, is inevitably affected by the enormous changes that have taken place in American and world capitalism in recent decades. Taxes have been cut so drastically that the wealthy can often boast of paying a smaller percentage of their income in taxes than the working population on average. Public funding of such institutions as libraries has been ruthlessly slashed. And the library, like other nonprofit and public agencies, has turned to the newly minted billionaires, helping the elite to “temper populist resentment” and selling their own good name in the process.

Paul LeClerc, president of the library’s board of trustees, said there had been no opposition among the trustees to the renaming of the 100-year-old building. Mayor Bloomberg, Schwarzman’s fellow billionaire, hailed his friend “Steve” for his generosity. This is something like praising a thief for returning 2 percent of his loot.

Because the library building is an official landmark, approval from the city’s Landmarks Preservation Commission is going to be required before Schwarzman’s name is etched on the building, “in a subtle, discreet way on either side of the main entrance,” according to LeClerc.

The renaming of the building is only the latest and most symbolic of a series of similar moves that the library has taken in the last several years. Three years ago, it sold 19 works of art in its collection. It is now selling the historic Donnell branch of the library in midtown Manhattan to Orient-Express Hotels Ltd. for \$59 million. The building is to be torn down, and the library will then occupy the ground floor of a new 11-story luxury hotel.

The library trustees are touting their plans for the central branch as a development that will benefit all New Yorkers. There will be special rooms for children and teenagers, wireless Internet access

and many other new facilities. For the first time since 1970, the central branch will incorporate a circulating collection in addition to research facilities. It hopes to attract 4 million users annually, up from the current 1 million.

Even if this is the case, however, millions will ask why these basic needs should be met by private donations and not through public funds. In the case of Schwarzman, the man being honored in perpetuity is someone whose entire fortune has been built upon a structure of speculative, fictitious capital and who has presided quite literally over the impoverishment of millions.

Strenuous arguments are being made that private philanthropy is inevitable, healthy and wonderful for all concerned. The *New York Times Sunday Magazine* recently devoted an entire issue to the subject, with every article simply assuming that this was the natural order of things. Raising taxes is unthinkable. Everything depends on convincing the super-rich to grant their favors and patronage.

The first Gilded Age did not last forever, however. The age of the Carnegies and Rockefellers led to a period of labor militancy and revolutionary struggle. The era ushered in by the Russian Revolution, extending for a good part of the twentieth century, was one in which the naming of buildings for elite donors did not take place very often. The increased funding for public services such as libraries was part of a policy of social reform that was designed to head off the danger of revolution.

Another, completely different version of culture is possible, one which truly brings the best in the heritage of civilization to the masses, and places control over allocation of society’s resources in the hands of the vast majority. This is a vital part of the socialist program that can and will win widespread support as the current economic catastrophe spreads misery, and the social and intellectual bankruptcy of Schwarzman and the system he personifies becomes clear for all to see.



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