

Global survey reveals growing anger over social inequality

Bill Van Auken
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The unprecedented accumulation of wealth by a narrow financial elite under conditions of declining real incomes for the vast majority of the world's population is creating mounting discontent and anger.

This is the significance of a poll conducted across Europe, Asia and the United States by the *Financial Times* of London and the Harris polling firm.

"Income inequality has emerged as a highly contentious political issue in many countries as the latest wave of globalization has created a 'superclass' of rich people," the *Financial Times* commented in relation to the poll results, which were published Monday.

The *FT*/Harris poll found overwhelming majorities throughout Europe expressing the view that the social chasm between the financial elite and the rest of the population has grown too large. In Spain, for example, 76 percent said that social inequality had grown too great, while in Germany the figure was 87 percent.

In China, which has become the low-wage manufacturing center of the world, subjecting millions of workers to exploitation while producing a new class of billionaires and multi-millionaires, 80 percent said that inequality in income was too great.

In the United States, the most socially unequal of the advanced capitalist countries, those who believe the gap has grown too wide are 78 percent.

Substantial majorities of those responding in all eight countries where the poll was conducted expressed the belief that the social chasm will only grow wider over the next five years, while by equally large margins they expressed their support for raising taxes on the wealthy and lowering them on the poor.

Under conditions of deepening crisis wracking the US and global financial system, widespread economic dislocations have rendered the piling up of obscene fortunes by a tiny financial elite all the more intolerable for masses of people confronting declining living

standards, the loss of jobs and, over wide areas of the globe, growing hunger.

According to the Food and Agriculture Organization (FAO), global food prices have risen by 45 percent in the last nine months alone, with the cost of some basic commodities soaring far higher—wheat by 130 percent and rice by 74 percent over the past year. With 2.5 billion people—40 percent of the world's population—living on less than \$2 a day, these spiraling food prices confront hundreds of millions with the imminent specter of starvation.

In a statement released last week, FAO Director-General Jacques Diouf cited as a key cause of this looming catastrophe, "the problem of financial speculation. Investment funds speculate on futures markets and help push up the price of commodities, including food commodities."

The decision by the *Financial Times*, the authoritative voice of the City of London, to conduct the poll on income was representative of growing unease within the world's ruling elites over the threat that unprecedented levels of social polarization combined with economic crisis will trigger a sharp resurgence of class struggle.

Thus, at last week's meeting of the 27 European Union finance ministers in Brussels, soaring compensation for corporate executives was described as "scandalous" and a "social scourge."

"The excesses of captains of industry we have seen in several countries and sectors in the euro area are really scandalous, and we continue to examine how something can be done in terms of professional ethics and taxation to combat these excesses," commented Jean-Claude Juncker, chairman of the Eurogroup.

A public furor was touched off recently when a Dutch CEO cashed in bonuses and stock options worth \$124 million. By American standards, the pay package was hardly unusual, but average CEO compensation in the

Netherlands stands at barely one quarter the prevailing level in the US.

Juncker, who is both prime minister and finance minister in Luxembourg, said that the European Commission would require its member countries to report on “what they are doing to combat this social scourge.” Several governments in Europe have drafted legislation that would impose high levels of taxation on oversized executive pay packages.

The real concern of the European bourgeoisie was made clear by Juncker, who warned that average working people “won’t understand if we urge them to moderate their wage demands if we don’t also say we no longer accept having a situation where certain top managers have executive salaries—and benefit from golden parachutes—that bear no relation to their performance.”

In other words, given overly flagrant gorging at the top of society, demands for those at the bottom to tighten their belts may light the fuse to a social powder keg.

Along the same lines, the *Financial Times* last week published an admonishing column by David Rothkopf, author of *Superclass: The Global Power Elite and the World They are Making* and a former deputy undersecretary of commerce for international trade under the Clinton administration.

“The credit crisis is exacerbating the emerging backlash against corporate excess,” he wrote. “Elites make billions on markets whether they go up or down and their institutions win government support while the little guy loses his home. Multinational chief executives 30 years ago made 35 times the wages of an average employee; today it is more than 350 times. The crisis has focused attention on the obscene inequities of this era—the world’s 1,100 richest people have almost twice the assets of the poorest 2.5 billion.”

Rothkopf concluded his piece with a warning that the financial oligarchy must save itself by curbing its excesses. “By recognizing that there are public interests to which they must respond, the financial superclass can stall the fate of previous elites,” he wrote. “To succeed at that they must shun their arrogant ‘leave-it-to-the-market’ explanations for the inequality they have helped foster.”

This warning about suffering “the fate of previous elites,” is unquestionably severe, particularly in the pages of Britain’s leading financial newspaper. Who does the author have in mind: the French aristocracy? Russia’s Romanov dynasty? Clearly, within ruling circles, the threat that mass resentment over inequality is creating conditions for social upheavals and even revolution is

being taken very seriously.

Rothkopf’s advice that the ruling elites respond to “public interests” and be less arrogant will hardly solve the problem, which is fundamentally rooted not in the undoubted rapaciousness and arrogance of those profiting off forms of financial speculation that threaten to unleash famine over large parts of the globe, but rather in the workings of capitalism itself.

It was Karl Marx, more than 140 years ago, who developed the “Theory of Increasing Misery” to explain this inherent feature of capitalist production.

“Accumulation of wealth at one pole,” he wrote, “is, therefore, at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole, i.e., on the side of the class that produces its product in the form of capital.” [1]

No single element of Marx’s analysis of capitalism has been subjected to more intense and sustained criticism by the apologists for the profit system than this thesis. Expansion of capitalism and the accumulation of wealth, they have argued, would inexorably lead to increased living standards for the broad masses of working people.

The fallacy of this argument and the correctness of Marx’s analysis is once again being confirmed not only in the cold language of statistics, but in the increasingly explosive struggles of masses of people confronted with the impossibility of obtaining the essential means of survival, which they are being denied by a system of production based on private profit.

Note:

[1] Karl Marx, *Capital*, I, Chapter 25, section 4



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