

“Equality is not good”

## Barney Frank and the putrefaction of American liberalism

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Chairing a hearing of the House Financial Services Committee Wednesday, Representative Barney Frank (Democrat of Massachusetts) let slip one of the most revealing remarks made in response to Federal Reserve Chairman Ben Bernanke’s testimony on America’s deepening economic crisis.

“No one expects equality, equality is not a good thing, you can’t have an economy that works if everything’s equal,” said Frank. “But too much inequality also has negative consequences.”

Frank made the comment after noting that, given a continuation of the present rate of layoffs and downsizing, the US economy will lose a million jobs this year. He also drew attention to a section in the Federal Reserve Board’s own monetary policy report which noted that real wages are falling significantly as a result of spiraling prices, while labor productivity is rising.

In other words, the income of working people is being eroded even as they face intensified exploitation.

The latest Labor Department figures show that real wages fell by 0.9 percent in June alone, a rate that would slash workers’ incomes by nearly 11 percent over the course of a year.

Frank, who has chaired the Financial Services panel since the Democrats took the leadership of the House in 2007 and was previously its ranking Democratic member, was speaking not as an outraged advocate for workers, but rather as an advisor to the bankers and corporate CEOs whose interests he serves.

The message was clear: inequality is good because it is the source of great wealth for the ruling class, but social polarization beyond a certain level threatens the entire system with social eruptions.

The outlook of the fourteen-term Massachusetts lawmaker, often referred to as one of the most liberal members of the US House of Representatives, reflects the putrefaction of American liberalism.

The point that Frank was making in his remarks was not new. He has repeated the same theme again and again over the last several years, making it something of a political mantra in addressing audiences of financiers, businessmen and corporate executives.

In a speech at the National Press Club shortly after taking the chairmanship of the key financial oversight committee, Frank declared: “Inequality is not necessarily a bad thing. It’s necessary in the capitalist system, and I’m a capitalist. But we do not have to have a government that reinforces it.”

Talking to an audience of Boston business leaders a few months earlier, he sounded the same theme: “I’m a capitalist, and that means I’m for inequality. But you reach a point where you get more inequality than is healthy.”

And in an opinion column drafted for *BusinessWeek* magazine in February 2006 he wrote: “Inequality is not a bad thing in a free market economy; indeed, it’s essential if we’re to benefit from the incentives and efficiencies that make the market so effective a producer of wealth.”

If Barney Frank is a capitalist, as he proudly proclaims, he has become one thanks to his political career in the Democratic Party. His most recent financial disclosure forms indicate a net worth in financial assets of well over \$1 million, with an extensive portfolio of investments.

His relations with Wall Street’s largest banks and finance houses have stood him in good stead. According to the Center for Responsive Politics, he pulled in \$1.8 million in campaign contributions in the run-up to the 2006 election. He is well on his way to substantially topping that figure in the present campaign season, recording \$1.2 million in contributions by the end of March. Securities and Investment firms were responsible for \$164,600 of that money, real estate interests for \$156,401, law firms for \$130,768, insurance companies for \$117,674 and commercial banks for \$74,350.

In return, he has dutifully defended these massive financial interests, acting as a key architect of the government bailout

of Bear Stearns earlier this year and now the plan to prop up the mortgage finance giants Fannie Mae and Freddie Mac with unlimited cash from the federal Treasury.

But even given these financial-political relations, Frank's blunt defense of inequality is a significant testimony to the state of the Democratic Party and American liberalism.

"Equality is not a good thing." Such a statement stands in diametrical opposition to a long and central tradition in American political thought that—however much it was violated in practice by chattel slavery and the workings of the capitalist system—held equality to indeed be a "good thing."

For Thomas Jefferson and the other founders of the American republic, inspired by the revolutionary spirit of the Enlightenment, the equality of man was not just a "good thing" but, as Jefferson wrote in the Declaration of Independence, a self-evident truth.

Abraham Lincoln went further, taking equality not only as a self-evident truth, but as a proposition that had to be proven in bloody struggle, a transcendental goal to be realized by American society in a "new birth of freedom."

In the depths of a Great Depression, Franklin Delano Roosevelt delivered his "rendezvous with destiny" speech to the 1936 Democratic convention, again invoking these profound political traditions, while flaying the "economic royalists" of Wall Street as the reincarnation of King George III.

"For too many of us the political equality we once had won was meaningless in the face of economic inequality," Roosevelt said. "A small group had concentrated into their own hands an almost complete control over other people's property, other people's money, other people's labor—other people's lives. For too many of us life was no longer free; liberty no longer real; men could no longer follow the pursuit of happiness."

Roosevelt spoke as a highly class-conscious representative of the American capitalist class, who sought to save the system from the threat of social revolution by implementing social reforms and imposing certain restrictions on the predations of his own class. That was in a period when, even in the midst of the greatest collapse of capitalism to that point in history, American capitalism retained immense financial reserves and benefited from the most advanced and powerful industrial base in the world. The decayed state of American capitalism today, with its massive deficits and shrunken industry, is a far cry from that of Roosevelt's day. This immense decline in the objective position of American capitalism is the most important factor in the repudiation by American liberalism of any reform agenda.

The inequality outlined by Roosevelt more than 70 years ago has today become even more extreme. It has indeed

proven a "good thing" for those at top of the economic ladder, who have amassed obscene fortunes through a vast transfer of wealth from American working people, the overwhelming majority of society.

The share of the national income monopolized by the top 1 percent is now higher than at any time since 1928, not only before Roosevelt, but before Herbert Hoover. Since the end of the 1970s, the top 1 percent has seen its income rise on average by nearly 240 percent, while the majority of the population has seen its real income stagnate or decline.

Yet neither Frank nor any other leading Democrat is sounding an alarm against today's "economic royalists" or "malefactors of great wealth." Instead, they present themselves unabashedly as their representatives and defenders.

Frank's embrace of inequality as a positive good under conditions in which millions are being thrown out of foreclosed homes, seeing their incomes ravaged by soaring gas and food prices and facing the threat of employment is the end product of a protracted and deep decay of American liberalism.

The immense growth of social inequality is at the root of this process. It is to the top 1 percent that Frank and the other leading Democrats are politically oriented. They speak for the privileged social layers—of which they are a part—which have seen their personal wealth balloon at the expense of society as a whole.

The ideal of equality—openly repudiated by the Democrats—is today inseparable from the fight of working people to defend their living standards and basic rights against the attacks being carried out by the corporations and the government. This struggle can be advanced only through an irreparable break from the Democratic Party and the building of a new independent political movement of the working class fighting for the socialist reorganization of society.



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