As economic crisis deepens, rich get richer

Forbes publishes list of 400 wealthiest Americans

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Even as the US careens into its greatest economic calamity since the Great Depression, the financial aristocracy whose parasitism and criminality has brought on the crisis has held its own—and then some.

The recently released Forbes 400 list of the richest Americans shows that the combined wealth of the aristocracy has increased 2 percent, even amidst the financial breakdown and recession of the economy. “In this, the 27th edition of the list,” Forbes glumly notes, “the assembled net worth of America’s wealthiest rose by $30 billion—only 2%—to $1.57 trillion.”

Readers will be forgiven for tripping over the word “only” in relationship to a $30 billion increase in wealth for 400 spectacularly wealthy individuals. This “modest” figure—the increase in wealth for the oligarchy in a bad year—is only slightly less than the federal government has budgeted for unemployment insurance for all of 2008.

The overall wealth of the 400 richest Americans is staggering. There are no multimillionaires on the list; a minimum of $1.3 billion being required to gain admittance, while the *average* net worth is $3.9 billion.

The combined wealth of the richest 400 individuals is $400 billion more than the entire discretionary spending budget for the federal government. It is more than $300 billion larger than the combined 2008 outlay for Social Security, Medicare, and Medicaid. It is more than *15 times* the combined appropriations for education and highways and mass transit.

The personal wealth of the top 400 Americans is more than twice the combined annual GDP of all of sub-Saharan Africa, home to nearly 800 million people, the vast majority of whom live in dire conditions. It is also several hundred billion dollars larger than the GDP of the world’s eighth biggest economy, that of Spain.

The club’s richest member is Microsoft magnate Bill Gates, whose net worth, $57 billion, is greater than the annual GDP of about 120 of the world’s 180 nations.

The year’s biggest winner is New York City Mayor Michael Bloomberg, whose personal wealth increased by $8.5 billion to $20 billion, making Bloomberg the nation’s eighth richest individual.

On Tuesday, without a hint of irony—much less shame—Mayor Bloomberg proposed brutal across-the-board budget cuts for the city of New York. He is calling for cutbacks totaling $500 million for the current fiscal year, to be followed by much steeper cuts in the coming years. Meanwhile Bloomberg, in the course of just one year, pocketed *17 times* what he is now demanding that millions of working people in New York City forfeit in terms of vital services and jobs. Only in America!

However, owing to the turbulence of the stock market, great fortunes were being both made and squandered even as *Forbes* published its list. “The Forbes 400 is a snapshot of estimated wealth on Aug. 29, 2008, the day we locked in prices of publicly traded stocks,” the magazine wrote. “Given how unsettled the stock market is, some of those on our list will become significantly richer or poorer within weeks—even days—of publication. Many, including AIG shareholders Eli Broad and Steven Udvar-Hazy, have lost hundreds of millions of dollars.”

Becoming poorer is of course a relative process; we can be certain that none of the demoted oligarchs faces hunger.

Among this year’s biggest “losers”—and there is a degree of poetic justice in this—are casino moguls. Kirk

Kerkorian has managed to squander $6.8 billion of ill-gotten social wealth, while the fortune of his rival Sheldon Adelson "has fallen $13 billion in the past 12 months—$1.5 million per hour." Adelson has managed to lose more in an hour than most US workers will earn in a lifetime.

That the nation's financial aristocracy continues to gorge itself even as the economy stagnates demonstrates the increasing parasitism of the elite. The wealth of the super-rich is no longer bound up with the growth of the real economy, as it was in the days of Carnegie, Rockefeller, and Ford. Just the opposite is the case. The wealth of the aristocracy is based on the plundering and destruction of the real economy.

A perusal of the basis of the Forbes 400 members' wealth illustrates the parasitic nature of US capitalism. The largest two categories on the list are "finance" with 65 members and "investments" with 51. Among the "sources" *Forbes* lists for these categories are "leveraged buyouts," "investments," "hedge funds," "money management," and "banking, insurance."

The next largest category is "media/entertainment," with 36 representatives among the Fortune 400, followed by the 35 members in the highly toxic "real estate" category. There are 30 members of the Fortune 400 who have reaped their fortunes from "technology," almost all from Internet ventures or computer technology. Twenty-eight more are found in the "oil/gas" category.

Among the Fortune 400 there are 20 in the "retail" group, among them seven members of the Walton clan, owners of Wal-Mart, who collectively have assets of over $100 billion.

It has to be asked: Are there any members of the Forbes 400 actually associated with *producing* commodities or creating wealth of some sort?

There are only 19 members of the 400 in the category called "manufacturing." However, upon inspection we see that this group is comprised of corporate raiders, oil refiners, inheritors, and controllers of holding companies. Only five members of this classification are actually associated with producing a commodity—and four of these produce light consumer goods.

Likewise, there are only 11 members of the financial aristocracy whose wealth has been associated with commodity production in the agricultural sector. But among these, nine are inheritors of the Cargill fortune. Of the other two, one has gained his fortune selling discount cigarettes; another by producing pesticides in Argentina.

There are nine members of the group in the "apparel" category, which is split between those whose wealth has come from retail sales, such as the owners of the Gap clothing stores, and those who have made windfalls by producing consumer goods in low-cost countries and selling the products for inflated prices in the US, such as Phil Knight of Nike.

There is only one member of the "construction/engineering" category, the 321st richest American, Alfred Clark, who has made his fortune by building sports stadiums. The "food" category, of which there are 21 members, is divided among retailers, inheritors, and the owners of single product lines, including the owner of the Slim-Fast empire. There are only three members of the "shipping/trucking/transport" category, and one member of "mining/lumber" (whose wealth came from overseas ventures).

In short, the incredible fortunes accumulated by the American elite have precious little to do with socially useful production. On the contrary, the financial aristocracy has reaped its obscene piles of wealth from the gutting of infrastructure, the shuttering of industrial production, and the impoverishment of working people, the broad mass of the population.