

# The lamentations of the rich

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22 December 2011

Recent months have seen the eruption of popular anger throughout the United States at the staggering levels of social inequality, with the Occupy Wall Street protests gathering broad popular sympathy and support.

This development, unforeseen and unscripted by the media, has left Wall Street's "masters of the universe" wallowing not only in money, but also in self-pity. What have they done, complain these tender-hearted architects of hedge funds, collateralized debt obligations and countless other forms of financial swindling, to merit such popular disdain? The *Financial Times* web site reported in an article posted Wednesday that the rich are "indignant," resentful of the "class war" rhetoric that is being heard in public protests.

The protesters, they argue, have been misled into believing that higher taxes and the imposition of limits on the accumulation of personal wealth would have any significant impact on the national debt. The attention being given to their multi-million- and even billion-dollar annual winnings, the indignant rich maintain, is without the slightest economic justification.

According to Steven Schwarzman (CEO of private equity/corporate raider firm Blackstone Group), whose net worth is estimated by *Forbes* at \$4.7 billion, "Just raising taxes on the wealthiest two percent, for example, will not reduce a \$1.3 trillion annual deficit enough to restore fiscal balance."

Given the billions that he has raked in on Wall Street, Mr. Schwarzman seems strangely deficient in arithmetic. Prior to the Wall Street crash of 2008, the richest one percent of the population owned approximately \$19 trillion in US financial assets. A moderate surcharge of, let's say, 30 percent would have a rather significant impact on not only US deficits, but global deficits as well.

More radical—and, given the circumstances, fully justified—measures, such as the confiscation of the

personal wealth of the richest 0.1 percent of Americans, would release immense resources to deal not only with deficits, but with the massive social crisis in the United States and throughout the world.

The obscene level of wealth concentration in the United States is the malignant expression of the protracted decay of American capitalism. The super-rich investment bankers, Wall Street traders, and hedge fund operators are nothing more than the personification of the rampant economic parasitism that arose out of this decay. The essence of this parasitism is the ever-greater separation of personal wealth accumulation from the process of production and the creation of real value.

In the era of the explosive development of American capitalism, which began in the aftermath of the Civil War, the great fortunes accumulated by the "robber barons" were associated with a massive growth in the industrial and social infrastructure of the United States. Rockefeller, Carnegie, Morgan and others were rapacious and ruthless; but they could at least claim that there was some progressive social purpose connected to their pursuit of private wealth.

That age is long past. The wealth of today's super-rich is bound up with the destruction, not the development, of the productive forces. The riches of these few depend on the impoverishment of hundreds of millions. In fact, the *Financial Times* reported last week that "the share of US national income that goes to workers as wages rather than to investors as profits and interest" has fallen to its lowest level since the end of World War II. The precipitous fall of the workers' share of the national income below the post-war average translates into an annual collective wage loss in 2011 of \$740 billion—approximately \$5,000 per worker. That staggering amount has been funneled into the salaries and investment accounts of the super-rich.

Despite this fact, the indignant rich argue that it

would make no economic sense to disturb their wealth. But every day, in the United States and throughout the world, the media they own and the politicians they bribe demand and implement cuts in wages and the slashing of budgets that fund essential social services.

The economic and social crisis in the United States and throughout the world cannot be addressed by reforms, such as a change in tax rates, which seek within the framework of capitalism a less irrational distribution of the national income. However justified such a measure would be, if only as an initial step toward more fundamental change, the lords of Wall Street and the corporate conglomerates will not accept any reform that threatens their domination of economic life and pursuit of limitless personal riches. Like all ruling classes whose interests are antagonistic to the needs of society as a whole, they will defend what they perceive to be their interests without restraint and without mercy. This is the social instinct that underlies the lowering of workers' living standards, the systematic erosion of democratic rights, and the ever-more reckless resort to war as a means of securing the ruling elite's global economic interests.

In the course of the past year, ever-growing numbers of youth and older workers have begun to realize that there is a burning need for a profound change in society. The popularity of the call for social equality testifies to the basically socialistic impulse that motivates the growing social movement. Of course, this impulse has not yet assumed the form of a conscious movement for socialism. But as the scale and scope of the social movement expands, the impulse will become a program of action: for the nationalization of the banks and major corporations, the expropriation of economically irrational and socially-destructive personal fortunes, the establishment of workers' power, the ending of capitalism and the creation of a global socialist society.

The super-rich complain that they are confronted with class war? They haven't seen anything yet.

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