BlackRock’s Laurence Fink urges CEOs to serve a “social purpose”

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25 January 2018

Laurence Fink, the CEO and chairman of the investment management firm BlackRock, sent his annual letter to CEOs around the world last week.

Fink, who is in Davos for the World Economic Forum which opened on Tuesday, and whose firm manages more than $6 trillion in investments, is clearly worried about the prospect of mass struggles of the working class in response to deepening social inequality and attacks on living conditions and public services. His letter, titled “A Sense of Purpose,” warns his fellow multimillionaires and billionaires to exercise “social responsibility.” Fink himself has a net worth of $340 million.

BlackRock’s investments are greater than the GDP of any nation except China and the United States. They include big shares in major banks such as JPMorgan Chase, Citigroup, Bank of America, Goldman Sachs, Morgan Stanley and Wells Fargo. BlackRock played a major role in the bank bailout of 2008, a role that was widely believed to have violated conflict of interest rules, due to Fink’s close ties to senior government officials.

Fink, a long-time Democrat who has donated to the presidential campaigns of John Kerry, Barack Obama and Hillary Clinton, speaks for that section of the financial establishment worried that Trump’s fascistic appeals and unpredictability will harm the interests of American capitalism and provoke a social explosion.

Along those lines, Fink writes to his fellow CEOs, “The public expectations of your company have never been greater. Society is demanding that companies, both public and private, serve a social purpose.” Fink feigns concern over workers’ retirement funds, infrastructure, automation, climate change and diversity in the workplace.

“In 2017, equities enjoyed an extraordinary run—with record highs across a wide range of sectors—and yet popular frustration and apprehension about the future simultaneously reached new heights. We are seeing a paradox of high returns and high anxiety.”

As Fink knows, this is no paradox at all, under conditions where all the “high returns” are going to the top 10 percent, especially to the top 1 percent and even 0.1 percent.

The talk of “social purpose” cannot disguise the fact that Fink represents a corporate and financial elite that is responsible for the gutting of social programs, accompanied by an unprecedented assault on the wages of unskilled and semi-skilled workers. Eight individuals own as much wealth as the poorest 3.5 billion people on the planet, and the vast majority of the American working class has been steadily losing ground for decades.

Fink has particularly close ties to the Clintons. Cheryl Mills, who is a member of BlackRock’s board of directors, worked in the Clinton White House in the 1990s, and was Hillary Clinton’s chief of staff from 2009 to 2013. Fink was considered a strong possibility for the post of Treasury Secretary if Hillary Clinton had won the presidency in 2016.

None of this, however, prevented Fink from joining Trump’s Strategic and Policy Forum in 2017, where he favored loosening banking regulations and privatizing public assets.

Several months ago, in an interview with *Bloomberg Businessweek* about the since-enacted tax bill, most of Fink’s criticism centered on the corporate tax rate. Like most of the leading Democrats, Fink advocated a major corporate tax cut, if not quite as large as that proposed by Trump. Fink’s proposal was a rate of between 25 and 27 percent, compared to Trump’s 20 percent. He also voiced full support for other parts of the legislation, such as the 25 percent pass-through rate for sole proprietors and partnerships, claiming that it would help small businesses. In actuality it will serve to further enrich corporate real estate developers.

Fink has also backed some of Trump's talk of infrastructure spending, especially the need for the bulk of it to be funneled into the corporate sector. In a letter to his BlackRock shareholders last April, he wrote, "Projects must deliver competitive returns and that will often require efficiencies that can only be achieved through private ownership." In other words, public resources must be put under private control. As in health care and every other area of government spending, it must be used to further enrich the ruling elite.

Fink's tenure at BlackRock has included some notorious episodes. In 2006, BlackRock, in partnership with real estate giant Tishman Speyer Properties, purchased the New York City Stuyvesant Town housing complex. The new owners worked to push out existing tenants as quickly as possible in order to attract residents who would be willing and able to pay monthly rents of $4,000 or more. Following the Wall Street crash of 2008, the owners were unable to make their loan payments on the property, causing them to default and leave the development in limbo, with many residents unsure if they would be able to remain in their apartments. Many of the development's apartments are now being rented at "market rates."

Fink is also the vice chair of New York University's Board of Trustees. NYU has numerous ties to Wall Street, New York City real estate magnates and the military. These connections have fueled a decades-long expansion of the school, including massive salaries and perks for "star" faculty and top administrators. Along with 100 other universities, NYU has used offshore havens to shelter its endowment from taxation.

The Paradise Papers, a collection of 13.4 million electronic documents that reveal the hidden offshore assets of giant corporations and the ultra-rich, connected NYU to a Bermuda-based corporation, Genesis Limited, incorporated since 1980, with multiple university shareholders. The papers also revealed that in 2001, NYU was a shareholder in Arcadia Associates, an entity that folded after three months and was headed by Leonard Stern, after whom the NYU Stern School of Business is named.

The Paradise Papers also exposed the connections of Fink's BlackRock to ten offshore corporations in Bermuda. Two of his fellow members of the NYU Board of Trustees, William Berkley and Joseph Landy, were also linked to offshore accounts.

Berkley has played a leading role in the campaign to privatize public education. Posturing as an advocate of educational "reform," he is a major backer of the charter school movement, using public funds for privately-run schools. He is a member of the Board of Directors of Achievement First Charter schools in New York, Connecticut and Rhode Island.

Berkley also benefits personally from the explosive growth of student loan debt. He is the Director of First Marblehead Corporation, one of the leading American private student loan companies. Today, over 15 percent of Americans are saddled with student loan debt. Of those students graduating this year, the average debt is $37,172 for undergraduates, and significantly higher for graduate students.