

Ten years after the financial crash

Wall Street pay up 13 percent while workers' wages stagnate

Barry Grey
19 September 2018

The Office of the New York State Comptroller reported Monday that both profits and pay at Wall Street securities firms soared at double-digit rates last year and are continuing their spectacular rise in 2018. The report is the latest in a series of financial surveys showing that 10 years after the Wall Street crash of September 2008, the concentration of wealth at the very top of society continues to increase.

Announcing the release of the report, New York State Comptroller Thomas P. DiNapoli boasted, "Wall Street profited every year since the end of the recession in 2009, and compensation last year reached its highest point since the financial crisis."

The average bonus paid to the stock traders and speculators in New York City rose by 17 percent last year to \$184,220, the highest in a decade. The average salary, including bonuses, increased by 13 percent to \$422,500, also the highest since 2008. This figure, well within America's top 1 percent income bracket, is 5.5 times higher than the rest of the private sector in New York City.

Pretax profits in the securities industry totaled \$24.5 billion in 2017, the highest level since 2010. This is an increase of 42 percent over 2016, which saw a 21 percent rise in profits. In the first half of 2018, profits totaled \$13.7 billion, a rise of 11 percent and the highest level since 2010.

The "recovery" from the 2008 crash and the Great Recession engineered by both Republican and Democratic administrations (Bush, Obama and Trump) has been a systematic effort to utilize the crisis triggered by the criminal actions of Wall Street bankers and speculators to restructure the economy for the benefit of the financial oligarchs and at the expense of the working class.

By means of a vast transfer of wealth from the working class to the rich and the super-rich, the losses suffered by the financial elite in the global meltdown have not only been fully recouped, its wealth has been massively increased. In 2008, the 400 wealthiest people in America had a net worth

of \$1.5 trillion. That figure has since doubled to nearly \$3 trillion.

Ten years ago, Amazon CEO Jeff Bezos, today the richest man in the world, had a net worth of \$8.7 billion. It now stands at over \$160 billion, an 18-fold increase.

Workers' wages have stagnated or declined. Between 2016 and 2017 the wage of a typical US worker grew by a negligible 0.3 percent. This year, wages are barely keeping pace with inflation. Meanwhile, according to a report published last month by the Economic Policy Institute, average CEO pay at America's 350 largest companies grew by 17.6 percent between 2016 and 2017. The typical chief executive received \$18.9 million in compensation.

The average CEO in the US now makes 312 times what the typical worker makes, up from the 20-to-1 ratio that prevailed in the 1960s. This means that, on average, a CEO receives in a single day almost as much as the average worker makes in an entire year.

This vast diversion of wealth and resources to the bank accounts of a parasitic elite has untold human consequences. America is today a country where life expectancy is on the decline, infant mortality and maternal mortality are on the rise, drug abuse and suicide are at record highs, major storms routinely devastate entire regions lacking basic infrastructure, and millions of workers are forced to work two or three poverty-wage and often part-time or temporary jobs.

The baseline for workers is becoming the brutal sweatshop conditions of Amazon, which has grown massively since the 2008 crash by exploiting the systematic destruction of decent-paying, secure jobs. In 2018 America there is the growing phenomenon of the homeless Amazon worker.

The growth of social inequality is the result of a bipartisan assault on the working class. The redistribution of wealth was greatly accelerated under the Obama administration, which responded to the financial crash of 2008 by instituting a series of policies whose net result was the greatest transfer

of wealth from the bottom layers of society to the top in history.

These policies included the multi-trillion-dollar bank bailout, near-zero percent interest rates and the money-printing operation known as “quantitative easing.” These measures pumped trillions of dollars into the financial markets and provided the banks and hedge funds with virtually free credit, enabling them to mount new speculative operations similar to those that triggered the financial meltdown and Great Recession in 2008.

The vast inflation of stocks and other financial assets was made possible by the continuing suppression of the class struggle and workers’ wages by the trade unions, which all but banned strikes in the aftermath of the Wall Street crash. Wage-cutting and the growth of low-paying part-time and temporary jobs dramatically lowered the social position of the working class. This was combined with cuts in healthcare, pensions, education, housing, food stamps and other vital social programs.

The orgy of self-enrichment of the financial oligarchy has continued and accelerated under Trump with the enactment last December of a multi-trillion-dollar package of tax cuts for corporations and the rich. Trump’s tax cuts have triggered a new round of mergers and acquisitions, stock buybacks and dividend payments that will increase the wealth of CEOs and investors by an estimated \$2.5 trillion by the end of 2018.

Obama shielded the bankers whose fraudulent activities led to the Great Recession. In 2011, the Senate Permanent Subcommittee on Investigations issued a 650-page report on the Wall Street crash that documented the criminal practices of major banks and the collusion of rating agencies and government regulators. The chairman of the subcommittee, Michigan Senator Carl Levin, told a press conference that Senate investigators had found “a financial snake pit rife with greed, conflicts of interest, and wrongdoing.”

The report was a dead letter from the day it was released. Not a single top banker was criminally charged, let alone prosecuted and jailed. Instead, they were made even wealthier. JPMorgan Chase CEO Jamie Dimon and Goldman Sachs CEO Lloyd Blankfein have both become billionaires, despite playing key roles in creating the sub-prime mortgage Ponzi scheme and then profiting off of its collapse in 2008.

The United States is ruled by a corporate-financial oligarchy, which controls both major parties and all of the official institutions—Congress, the courts, academia and the media. This year has already seen a resurgence of class struggle and a growth of anti-capitalist and pro-socialist sentiment in the working class, not just in the US, but around the world.

The response of the ruling class is two-fold. First is a turn to authoritarian forms of rule, seen both in Trump’s fascistic attacks on immigrants and encouragement of far-right political forces, and the Democrats’ promotion of the FBI, the CIA and the military as the supposed alternative to Trump. There is not a trace of democratic or progressive content in the ongoing political warfare in Washington. Both sides are pro-war, anti-democratic and anti-working class.

The Democrats, for their part, are opposing Trump on the basis of his supposed reluctance to confront Russia militarily and expand the US war in Syria. They are running dozens of former CIA agents and military officers in the midterm elections. Their heroes are the former CIA director and drone assassination mastermind John Brennan and the late war-monger John McCain. They are spearheading the censorship of left-wing and anti-war websites on the internet in the fraudulent name of combating Russian “meddling” and “fake news.”

The other prong of the ruling class response to the growth of working class militancy and anti-capitalist sentiment is the promotion of fake “progressives” and “socialists” such as Alexandria Ocasio-Cortez and Bernie Sanders, and organizations such as the Democratic Socialists of America, which are aligned with the Democratic Party and seek to channel working class opposition back behind that party of American imperialism.

The alternative for workers and young people is being advanced by the Socialist Equality Party, which alone is fighting to mobilize the working class in opposition to the capitalist two-party system on the basis of a socialist program. The campaign of SEP candidate Niles Niemuth for US Congress in the 12th Congressional District of Michigan is aimed at broadening the growth of working class resistance and providing it with an independent and revolutionary program. Workers and youth across the country should support the campaign and join and build the SEP.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact