

The New Financial Aristocracy

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As governments throughout the world close schools, lay off workers and slash support to the poor, old and sick, the financial oligarchy that rules the world increases its wealth and power.

The incomes of the top-earning bank CEOs grew 12 percent last year, according to an analysis of the 15 largest global banks conducted by pay research group Equilar. These executives received an average of \$12.8 million apiece, even though the stock values, earnings, and profits of most of the banks shrank.

Jamie Dimon, the chairman and chief executive officer of JPMorgan Chase, once again topped the list, taking in \$23.1 million, an 11 percent increase over 2010. Under Dimon's watch, JPMorgan recently disclosed billions of dollars in speculative losses.

Governments across the globe have bailed out these banks to the tune of trillions of dollars. They have massively subsidized these giant, privately-owned financial institutions, and they stand ready to rescue them again if and when necessary.

The report on bankers' pay was released only days after Hawaii's governor announced that Oracle CEO Larry Ellison had bought Lanai, the sixth-largest Hawaiian island, for between \$500 and \$600 million. The island's 3,000 residents will be as dependent on Ellison's good will as were the vassals of the Middle Ages to their lord.

Ellison, the third-richest individual in the United States, is notorious both for his extravagance and his petty avarice. In 2008, he won a \$3 million tax refund from the city of Woodside, California after a court ruled that his house, a reproduction of a Japanese emperor's estate that cost \$200 million to build, was worth only \$100 million on the current market.

The court declared that nobody besides Ellison could afford to live in the house, which gave it "limited market appeal," and on that basis lowered the Oracle executive's property taxes.

The taxes that Ellison and his fellow California billionaires avoid paying have contributed to the state's \$15 billion budget deficit, which is now being tackled through cuts in vital social programs that keep millions from destitution.

California Governor Jerry Brown, a Democrat, and the Democratic-controlled state legislature reached an agreement last week on a minimum of \$8 billion in spending cuts. State welfare benefits are to be slashed in half and \$1 billion is to be cut from the state's Medicaid program, \$402 million from state workers' wages, and \$240 million from child care.

Ellison, whose net worth is \$36.5 billion, could write a check to cover the amount of these cuts ... four times over. Then there are the other 99 billionaires in the state.

Another example of the use to which the super-rich are putting their vast fortunes has been captured in a soon-to-be-released documentary, *The Queen of Versailles*. The film recounts the efforts of the billionaire founder of Westgate Resorts (a time-share company) and his ex-model wife to build the largest house in the United States. At 90,000 square feet, the Orlando, Florida mansion includes ten kitchens and a bowling alley.

The palatial Florida home is named Versailles in honor of the palace of Louis XVI and Marie Antoinette. That the royal couple had their heads cut off in the French revolution seems lost on the builders of the new Versailles.

A charming detail revealed in the film about the lifestyle of the new Versailles: the family dogs were never housebroken because a small army of servants was always on hand to clean up after them.

Aristocracy, from the Greek root, means “rule by the best.” However, the financial oligarchy, whose selfish interests determine the policies of the planet’s governments, encompasses the most ignorant and depraved sections of modern society. “Scum separates by floating upward,” said Marx, writing about the speculators and fraudsters of his time.

“The finance aristocracy,” he added, “in its mode of acquisition as well as in its pleasures, is nothing but the rebirth of the lumpenproletariat on the heights of bourgeois society.”

The decades preceding the Wall Street crash of 2008 saw a dramatic enrichment of this social element and the refashioning of politics to suit its needs. The financial oligarchy exercises monopolistic influence over political life, and the police state mechanisms built up since 2001 have been put in place largely to protect its wealth.

The Obama administration itself is one expression of this process. In 2008, Barack Obama received more money from the finance industry than any other candidate in US history. After his election, he proceeded to pack his cabinet with former Wall Street executives. Once in office, Obama made trillions available to the banks and shielded those responsible for the 2008 crash from criminal investigation or prosecution.

The concentration of this great wealth in the hands of a financial aristocracy comes at the direct expense of the rest of society. One in two people in the United States is either poor or near-poor, and median household wealth fell by 39 percent between 2007 and 2010.

Millions struggle to make ends meet, and the increase in the ranks of those living in outright destitution is staggering. The proportion of the population living in “extreme poverty” has grown by 50 percent since 2000, from 4.5 percent to 6.7 percent. To be designated extremely poor an individual has to make less than \$5,851 and a family of four less than \$11,509.

As Mark Twain once wrote, “There never was a revolution unless there were some oppressive and intolerable conditions against which to revolute.”

Every year, trillions are squandered on the yachts, mansions and country clubs of the rich and the micro-economy they create around themselves. Vast resources are devoted to financial speculation, funneled into the Wall Street gambling casino. Putting this wealth to

rational use would go a considerable way toward eradicating unemployment, poverty and preventable disease.

Ending the anarchy and exploitation at the heart of the capitalist system, which find a particularly noxious expression in the concentration of obscene levels of wealth at the very top, would enable mankind to mobilize and develop the productive forces, including science and technology, to vastly raise the material and cultural level of human society and eliminate inequality.

And yet the universal cry in official politics is that “there is no money” to fund social programs or pay decent wages, and that workers, including the poorest and most vulnerable, must “tighten their belts.”

Such is the character of all historically bankrupt ruling classes. The issue is not just their personal wealth, but, more fundamentally, their stranglehold over the productive forces of society. The giant corporations and financial institutions must be taken out of private hands and run democratically in order to rebuild the society the super-rich have ravaged.

Outside of socialist revolution there is no way to curb the political and economic power of the new aristocracy that plunders society for its personal enrichment.

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