

# The Capitalist Siege Mentality

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It is told of Rothschild that, seeing his fortune threatened by the Revolution of 1848, he hit upon the following stratagem: “I am quite willing to admit,” said he, “that my fortune has been accumulated at the expense of others, but if it were divided to-morrow among the millions of Europe, the share of each would only amount to five shillings. Very well, then, I undertake to render to each his five shillings if he asks me for it.”

Having given due publicity to his promise, our millionaire proceeded as usual to stroll quietly through the streets of Frankfort. Three or four passers-by asked for their five shillings, which he disbursed with a sardonic smile. His stratagem succeeded, and the family of the millionaire is still in possession of its wealth.

— Peter Kropotkin, from *The Conquest of Bread*

Peter Kropotkin would have found it ironic that, six score years after writing *Conquest of Bread*, the wife of a descendent of the powerful Rothschild banking family would host a conference on economic inequality. Lynn Forester de Rothschild, third wife of Evelyn Robert de Rothschild and CEO of E.L. Rothschild, a financial holding company, invited 250 fellow capitalists to a London conference to promote “inclusive capitalism.” Those invited collectively control \$30 trillion of investment capital or roughly one third of the world’s total. Among those in attendance were Britain’s Prince Charles and former U.S. President Bill Clinton (Rothschild is a friend and past supporter of the Clintons). According to Rothschild, the reason they had all come was a concern that the public was beginning to think that business was not only incapable of solving society’s problems, but was in fact the source of what was wrong. She told one reporter that “Capitalism appears to be under siege.”

Rothschild is not the only capitalist to make such a surprising remark. In January, Tom Perkins, a silicon valley capitalist wrote a letter to the *Wall Street Journal* in which he compared progressives protesting inequality, like those of Occupy Wall Street, to the Nazis who carried out violent attacks on Jews during Kristallnacht.

The phrase “capitalism is under siege” goes back to the banking collapse and financial crisis of 2008, and subsequent election of Barack Obama. Drawing upon the anger of voters, candidate Obama promised change from the financial deregulation policies that had brought on the crisis,

and the government bailout of the banks who were “too big to fail” (although once in power he did little to change such policies).

In the aftermath of the crisis, working families in the U.S. lost trillions of dollars in savings, lost homes or home-value, lost jobs, and saw their pension funds looted – all due to capitalist financial speculation. Yet the wealthy individuals, who caused the crisis, saw their lost wealth restored and even made money in the bargain as they used government bailout money to buy up smaller not-too-big banks and other firms for a fraction of their value. Naturally the working class majority is upset, but in the absence of worker-run organization, working people have not been able to do much about it, except vote against one pro-capitalist party or the other pro-capitalist party.

The capitalists who attended the Inclusive Capitalism Conference know that things could change if some palliative measures are not taken. For most it was a matter of perception. Christine Lagard, head of the International Monetary Fund, said that the purpose of “inclusive capitalism” is to “restore faith in the financial system” by showing a concern for long-term growth over short-term profits. Other capitalists suggested that the investors need to be more concerned about the environment and good treatment for workers, as well as the middle class. For the most part it was a call for voluntary philanthropy, not regulatory reform, much less anything to do with wealth redistribution. Perhaps the most honest statement made to a reporter from NPR was that made by Scott Winship of the capitalist think-tank, the Manhattan Institute: “It sort of surprises me that you have a bunch of people in the investment community who view this as having a significant return on investment in some way, whether the return is in people patting them on the back and saying, ‘Thanks for caring about us,’ or in actual changes to policies.”

“Inclusive Capitalism” is an oxymoron, like “military intelligence,” “tough love” or “compassionate conservatism.” Capitalism is by its very nature, exclusive. Economic competition is the means, but monopoly is the goal. As Peter Kropotkin pointed out, capitalism is a form of warfare. The objective is neither equality nor liberty. The objective is to make others work as slaves, so that their sweat and sacrifice enriches the masters, who could never accumulate vast wealth from their own labor.

What has changed since Kropotkin’s time is not the nature of capitalism. What has changed is the extent to which the capitalists now depend upon the state. Had it not been for the financial role played by the various governments in bailing out the capitalists in time of economic crisis, the international economic system would have collapsed in 2008. The question is, if the working class must give up their own meagre resources to save the wealthy during economic crises, why keep bailing the capitalists out? Like the feudal aristocracy of the 18<sup>th</sup> century, is it not time to stop supporting these idlers in the 21<sup>st</sup> century?

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