Of Turtles and Fence Posts

Kevin Carson

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There's an old saying that when you see a turtle on top of a fencepost, you know it didn't get up there on its own. In the official capitalist ideology — especially the version that prevails in neoliberal America — great wealth is seen as the reward for superior entrepreneurship, foresight and personal drive. As Austrian economist Ludwig von Mises put it in a fan letter to Ayn Rand, "You have the courage to tell the masses what no politician told them: you are inferior and all the improvements in your conditions which you simply take for granted you owe to the effort of men who are better than you." But it turns out that the great majority of billionaires, far from being the Promethean geniuses celebrated by Mises and Rand, are a lot more like turtles on fenceposts.

A report by Oxfam economist Didier Jacobs, "Extreme Wealth is Not Merited" (November 2015), found that 74% of billionaires got their wealth in industries whose profits came mostly from economic rents (that is, the use of monopoly power to charge higher than the natural market price that would have been necessary to incentivize bringing goods to market). Jacobs says such monopoly profits are concentrated in industries that "depend heavily on the state whether through government procurement, licenses, or subsidies," industries like finance that profit from imperfect information, and industries like IT and entertainment characterized "by the combination of intellectual property and so-called 'network externalities.'"

Although Jacobs mentioned "subsidies," in my opinion he didn't put nearly enough stress on the extent to which extractive industries like minerals, oil and factory farming depend on outright theft and looting of land and resources around the world, especially in countries of the global South where corporate holdings date back to colonial times and plantation farms and mines may even have been built by slave labor.

And the 74% figure, which is based on an industry-by-industry analysis of how corporate business models extract super-profits externally from consumers or the state, also ignores the ways — common to all capitalist industry — in which employers extract wealth internally from unequal bargaining power over workers. The wage system was founded, historically, by the forcible separation of the peasantry from their customary rights in the land. This has been supplemented in the following centuries by countless other monopolies and privileges, whose function is to protect capital from the need to compete with the option of self-employment or independent subsistence.

Another study by the UN ("Natural Capital at Risk: The Top 100 Externalities of Business," *Trucost*, April 2013) found that almost no industry would be profitable if it were forced to fully account for the pollution and other environmental costs it imposes on the public.

So if you want to frame things in terms of the "makers vs. takers" distinction popularized by the Tea Party a few years back, the billionaire coupon clippers and senior corporate management who own most of the world's wealth and receive most of its income are overwhelmingly takers. And the main function of government is to help them do the taking.

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