Strike of the Millionaires

September 24, 2011 by Andrew Kersten

Republican Majority Leader John Boehner (OH) made a startling and astonishing admission on September 15. In a speech, which was billed as a rebuttal to President Obama’s legislative proposal to create jobs in the United States, dubbed the American Jobs Act, Boehner stated frankly that “job creators in America are essentially on strike.” Upon hearing this, my jaw dropped. Surely he was not serious. During the worst economic collapse in nearly a century, could the people with the ability to hire be purposefully not employing workers for political ends? Have major employers locked out workers so that their candidates win elections?

If this is what is going on, the results have been ruinous. Unemployment is extraordinarily high as is the rate of underemployment. Between 1999 and 2010, median household income in my home state fell 14.5%. That number hides great disparities between the social classes. Poorer Wisconsinites have been hit much harder than more affluent ones. In the city of Milwaukee, household income fell by 22%. Whatever trickle-down spending the Bush tax cuts (which have been extended under President Obama) caused had a limited effect. Some millionaires just pocketed the money. Back in June, Arthur Delaney of the Huffington Post reported that while some “patriotic millionaires” had used their tax windfall for their own personal stimulus programs (like new dance floors for their homes or new yachts) others banked the cash. As Paul Egerman, founder of a medical transcription company, said, “I’ve kept it. I have not done anything with that money.”

The strike of millionaires, if that what this is, has been going on for some time and is a broader job action than just the lockout. Recently, Bloomberg News reported that the number of high-income earners (aka, job creators) paying no taxes has doubled. This of course does not count larger corporations who are not paying taxes, who are stashing cash in remote island banking havens, and whose profits are up. Why are profits up? As Harold Meyerson of the Washington Post explains, “profits are up because wages are down.” According to the chief investment officer of JP Morgan Case, Michael Cembalest, US labor compensation is at a 50 year low. Further Cembalest has stated that 75% of the increase in corporate profits have come from the reduction in wages. Workers’ share of the national economy has plummeted and now stands far below fifty year averages. The strike, if that is what it is, has crippled our economy. It has created, in Paul Krugman’s phrase, not another Great Depression, but a “Lesser Depression.”

As a historian, I wonder whether this has happened before. Krugman’s got a point in suggesting that the historical analog may be the Great Depression of the 1930s. Certainly there are plenty of parallels. Then the depression was preceded by a crash in the over-exhuberant, largely unregulated stock market. Our depression was preceded by a crash in the over-exhuberant, largely unregulated financial markets. Both economic crises also coincided with a dramatic and dangerous drop in consumer spending and consumer
spending power. In terms of politics, however, the 2010s does not seem like the 1930s, however — at least not yet. In fact, we Americans seem reluctant to characterize our current political state. Harold Meyerson says that our nation is unlike other capitalist nations like Egypt or Greece where “capitalism is rigged to benefit only a connected few.” He adds, “In America, we don’t do things that way,” though the results might be similar. Yet, he does not know what to call our political economy.

Many who lived during America’s first Gilded Age, however, called it like they saw it. Clarence Darrow’s close friend, Henry D. Lloyd, frequently railed against what he called the “communism of the syndicate.” He was referring to that small group of elites who “under the manipulation of cliques…have become positive agencies of mighty influence, and are the scenes of operations that menace the lives and happiness of nations.” Lloyd also published a perceptive book, *A Strike of Millionaires Against Miners*, about the 1890 Spring Valley, Illinois, labor conflict when mine owners locked out their workers and destroyed a community in the process. George Bernard Shaw was more jocular about it. His 1901 pamphlet *Socialism for Millionaires* discusses the “horrors” and “disadvantages” of the wealthy, “the most neglected class” in society. Sounding a little like Egerman, Shaw wondered what use it was to be so rich if it were possible “to pay for a peacock’s-brain sandwich when there is nothing to be had but ham or beef.” One might as well pocket the money. He fatuously encouraged the rich to organize themselves under their own ideology — socialism for millionaires — and stop supporting the poorer classes beneath them, stop paying taxes, and stop supporting schools and hospitals. Phrases like “socialism for millionaires” and “communism of the syndicate” were popular in the 1890s. Even President Grover Cleveland used them.

So, let’s be our most cynical. Maybe Boehner was speaking the exact truth. What is the goal of this strike of the millionaires? If they are on strike, what do these socialists from above want? One would imagine that they are holding out until we all agree to cut taxes, to privatize public education, to slash aid for health care and retirement, to end environmental protections, and quite possibly to offer up a peacock-brain sandwich.