INTRODUCTION
A conservative revolt increases economic growth, speeds up the global economy, and exaggerates the gap between the rich and poor.

In the early twentieth century, the “mass man” emerged. He had a commonplace mind. He was a person who was satisfied with material convenience and rested comfortably inert, rather than striving for excellence or accepting authority outside of himself.1 The late twentieth century was marked by what can be called the “revolt of the rich” against any conception of the mass man—whether bourgeois or socialist. This conservative reaction, led by British Prime Minister Margaret Thatcher and U.S. President Ronald Reagan in
the 1980s, celebrated capitalist free markets as the abstract ideal, as the engine of individual mobility and freedom.

Wealthy conservatives used this Anglo-American vision of capitalism to push the world economy and political system toward less regulation and more power for private corporations and individuals. The "revolt" led to the triumph of this liberal, freedom-first capitalism with the end of the Cold War and the emergence of the dot-com boom of the late 1990s. The rich man replaced the mass man as the idol: The young, sovereign multibillionaire in the high-tech sector became the hottest role model. Individual and corporate competitiveness based on private property led the way. The result was a new, high-tech, globalized world of economic Darwinism—the survival of the quickest company to dominate the market. The historical gap between the rich and poor rapidly became a chasm. The speeding up of social and economic life was caused by revolutionary changes in finance, technology, and communication, culminating in a radical drop in the cost of information—what we now call globalization.

Globalization encourages the well-positioned to use tools of economics and politics to exploit market opportunities, boost technological productivity, and maximize short-term material interests in the extreme. The result is a rapid increase in inequality between the affluent and the poor.

But in the process, the wealthy inadvertently undermine their own stability. The gaps between rich and poor have become so extreme in the twenty-first century and the aggressive competitive policies of the wealthy so transparent that the legitimacy of the post–World War II rules of the global economy has been undermined. The continuous decline of respect for the rules of the Bretton Woods agreement, the International Monetary Fund, the World Bank, and the World Trade Organization come to mind. From the domineering excesses of Microsoft to the willingness of Italian Prime Minister Silvio Berlusconi to change laws in order to escape indictment and extend his media empire to the George W. Bush administration's efforts to reform the tax structure to the advantage of the richest 1% of the population, the revolt of the rich is anything but
subtle. Rich, corporate individuals are here to call the tune, and the government should retreat into the background.

Democracy has been hollowed out by corporate plutocracy, media concentration, and the translation of “individualism” into materialistic wealth. The big stakeholders have overwhelmed the small ones faster than ever in the political process. Economic access became the consolation prize. This “privatized” revolution of globalization succeeded to such an extent that a global catastrophe may be in the making if the rich do not change their behavior and create opportunities for the poor to become more self-sufficient. The only ones who ultimately accept the legitimate power of the super-rich individual are other excessively wealthy people who perceive a common bond and, presumably, a network of interests for their own long-term security. Yet the affluent need to have the poor be marginally successful economically for much the same reason that the farmer needs to fatten up his cows before taking them to market. Absolute poverty leads to greater uncertainty and possible chaos. Just consider the shorter life expectancy of the average Russian since the Soviet Union was replaced by the crony capitalism of mafia business elites. Or consider the case of mushrooming poverty, unemployment, and social uncertainty in other “transitional” economies in Eastern Europe, such as Rumania, that serve as illustrations of the broken promises of the triumph of free market capitalism. Finally, consider the expansion of poverty in the United States in the twenty-first century, even as the salaries of chief executive officers (CEOs) of multinational companies continue to escalate.

* * *

Of course, rich individuals and institutions have always dominated, exploited, and “created” the poor. The pharaohs of Egypt used thousands of slaves to build their pyramids. The Taj Mahal in India was constructed by the thin fingers of the underclass. The wealthy and powerful Catholic Church dominated human affairs for centuries and still strives to spread its influence today. The czars
of Russia proliferated thousands of peasants to do their bidding. The maharajas of India pushed the exploitation of human labor to the limit before the nation gained independence, much as American plantation owners did through slavery before the Civil War. Then, of course, came the wealth of the oil cartels—with a shift of control from multinational oil companies to wealthy individual leaders of oil-producing countries, such as Prince Alwaleed Bin Talal Alsaud (still the eleventh richest man in the world in 2002).  

What has changed since the late twentieth century is the sudden explosion of extremely rich individuals who were previously ordinary, middle-class citizens. Even more staggering is that in this era of the “knowledge economy,” many young entrepreneurs dropped out of college only to become extraordinarily wealthy by creating, catching, or benefiting from what would become the dot-com venture capital wave (Bill Gates of Microsoft, Michael Dell of Dell Computer, and Richard Grasso, who headed the New York Stock Exchange). Those with access to private property and credit as well as educational and job opportunities could use the information technology (IT) revolution to maximize their economic advantages to the point that a surprising number of them became billionaires before they were 40 years old.

The IT revolution was funded by the Pentagon, which sought to create a fast system of communication that the Russians could not access—the Internet. The resulting spread of digital literacy throughout the American population was done “on the cheap” through the one-time speculative investment extravagances of the dot-com boom. That is, young Americans could “free-ride” on the public IT infrastructure, become computer literate quickly, and take full professional advantage of the unique dot-com venture capital-led boom of the late 1990s as a “learning-by-burning” training experience. By the time the European and Japanese populations joined in, the boom was half over, and venture capital was drying up. Nevertheless, billionaires emerged in these countries from the high-tech stimulated stock boom following the end of the Cold War, including Karl and Theo Albrecht and Johanna Quandt of Germany, Liliane Bettencourt and Serge Dassault of France, Gerald Gosvenor and David Sainsbury
of the United Kingdom, Silvio Berlusconi and Luciano Benetton of Italy, Amancio Ortega and Rafael del Pino of Spain, Ernesto Bertarelli and Walter Haefner of Switzerland, Ingvar Kamprad and Hans Rausing of Sweden, Mikhail Khodorkovsky of Russia, and Nobutada Saji and Yasuo Takei of Japan. Meanwhile, over 99% of the people of Africa and South Asia had not used the Internet by the beginning of the twenty-first century.\(^3\)

The aim of the emerging rich was their own individual sovereignty, that is, control over a private realm of their own making. Money was just an indicator of status. By 1998, the 225 richest individuals in the world (including 60 Americans) had a combined wealth of over $1 trillion—equal to the annual income of the poorest 47% of the world’s population. The three richest people had assets exceeding the combined Gross Domestic Product of the 48 least developed countries!\(^4\)

Status was measured by the ability to set one’s own rules, to call one’s own shots, to create one’s own world. Those survived best who came first to the market with innovation on a global scale large enough to outpace or out-compete all other competitors. Unions shriveled. Power shifted from governments to multinational corporations. Private capital flows replaced public aid flows. The status and power of corporate CEOs displaced the status of government ministers and policy makers. Average CEO pay in the United States rose 571% between 1990 and 2000, while average worker pay rose 37% in the same period.\(^5\) Social welfare benefits were cut back while public services were privatized—including even prisons.

The objective of the revolt of the rich was to reduce government to the function of law and order at home in order to protect existing contracts (not owned by the poor), to increase defense spending, and to shift incentives toward total freedom for “the market.” This political shift positioned the highly trained and well-connected with financial security for life, but the life chances of the overwhelming majority of people left over were delegated to the market’s roller coaster.

For our purposes, the rich will be defined as those who clearly have more in assets and income than they require to cover the lifetime
needs of their households and those of their extended families. We will use the American standard of a rich individual as a general point of departure here because by 2002, fully 227 of the richest 500 billionaires in the world were American citizens.²

The super-rich are those who have 1,000 times or more in assets and income than they require to satisfy their families’ lifetime needs. The poor are those without the income or assets to satisfy their own households’ basic human needs, such as food, water, shelter, energy, education, and medical treatment.

Of course, what counts as “poverty” depends on the region and country where one lives. In the richest nation of the world, the United States, the official poverty threshold in 2002 for a family unit of four people with two related children under 18 years old was an annual household income of $18,244, not counting capital gains, non-cash benefits such as food stamps, and assets the family happened to own.⁶ The United States, with a per capita income over $30,000, is in the World Bank’s “high income” country category, a category that includes nations with $9,266 GNP (Gross National Product) per person or above. This compares with the “low income” nations having $799 GNP or less per person annually.⁷

In considering what counts as “middle class,” the middle-class family in America has not done nearly as well as the top 1% over the past several decades. The average annual salary in the United States rose from $32,522 in 1970 to $35,864 in 1999. This is only about a 10% increase over those 29 years. Compare this with the income of the top 100 CEOs, which went from $1.3 million to $37.5 million; or, as economist Paul Krugman has noted, more than 1,000 times the wage of average workers. Indeed, in the United States, the 13,000 richest families have incomes almost equal to those of the 20 million poorest families and 300 times greater than average American middle-class families.⁸ Given escalating health care and pension costs, the middle class in America is closer to the poor than to the top 10% economically (those with annual incomes over $81,000). Not to mention the distance of the middle class from the super-rich, who are located between the top 1% ($230,000) and the top 0.01% (over $790,000 in annual income) in the United States.⁸
What is happening is that economic benefits are accruing in the extreme at the very tip of the upper class, making the many near the bottom poorer and poorer in comparison. The speeding up of this economic polarization is not just the story of individuals but also the story of powerful, international companies that employ and compensate them.

Some of the ways that the rich distance themselves from the poor in this high-speed global game of bumper cars (companies) is that:

1. The biggest and fastest firms prevail.
2. A social reality is created that requires companies to use their goods and services to maximize their power positions.
3. This dominating social reality is targeted with logos or symbols and backed up with sophisticated financing and infrastructure.
4. This cultivated corporate social reality becomes a global reality, a potentially homogeneous blueprint or an almost inescapable channel of doing business.

Microsoft was the fastest big company to seize the global market for computer operating systems, creating a social reality of its own and one that its competitors could not match. Suddenly, customers had to turn in their Apple computers for IBM personal computers that used the Microsoft operating system to adapt to the machines their secretaries used. Intel aimed at the same kind of systematic, aggressive strategy with microchips for computers, using its constant innovative power to drive out lower-quality competition, then slashing prices to increase or maintain its global market share. By an astute marketing campaign (in a world where it costs $3 million a minute to advertise on television during the American Super Bowl football game), the “Intel Inside” logo became a fashion statement, consolidating its market domination.

Ted Turner and Rupert Murdoch used vast global media empires to establish the supremacy of their own networks, deliberately programming social reality for their own productions along the way.
Amazon.com and eBay plowed millions of dollars into their domination of cyberspace, putting local bookstore owners out of business and throwing other small-time competitors into poverty. Well-financed, competitive innovation machines were created that pushed other companies and countries to the wall. Protesters emerged from Seattle on the West Coast of the United States to Doha, Qatar, on the Persian Gulf, proclaiming corporate domination of the world through a homogenous globalization of culture and economics as embodied in the World Trade Organization.

At the national level, *New York Times* correspondent Thomas Friedman called this homogenous blueprint “the Golden Straight-jacket.” The private sector is its primary engine of economic growth, stimulated by low inflation and the privatization of state-owned companies. It also demands efforts at achieving a balanced budget, minimal state bureaucracy, and a reduction of restrictions against foreign investment, trade, and capital flows. In short, all nations that wanted to become competitive had to adapt to the stringent rules of this Anglo-American capitalist model of social reality. The countries that adapt get richer. The ones that don’t become poorer.

What is new in the twenty-first century concerning the gap between the rich and the poor is that it is so thoroughly systemic: Globalization has made isolation from the fast-moving world economic system impossible. The emerging crises impact everyone from California to Madagascar. If the tariff barriers in rich countries just happen to be four times higher for poor countries than for industrialized countries, this is just too bad for Madagascar. Never mind that Africa, partly as a result of these rules, ends up with less than 2% of world exports and imports.

Wealthy states have the resources to adapt quickly, targeting emerging market niches with high-tech corporations and extensive financing. But even the rich do not have the time to focus on anything but the main chance of the moment—or they will risk losing the short-term competitive game. These few market-moving firms and investors help to increase the number of the poor through economic Darwinism, maximizing their own strength, technology, finance, information flows, and managerial skills to such an extent
that increasing numbers of people are thereby marginalized. The many in the shadows fall into poverty through unemployment and find it increasingly difficult in a complex, technological world to be able to satisfy their own basic needs by themselves.

Disconnected from history by the speed of global competitiveness, the new rich tend to put too much faith in their technology, their organizational structures, and the taken-for-granted stability of their home countries. In a global village, without paying attention to the needs of the masses of poor people—who are having the most children—the wealthy face a looming socioeconomic disaster in terms of their own health and security. The emerging catastrophe could be nothing less than a collapse of the global system—the economic, political, and ecological world as we know it. Globalization—motored by new technology, communication, and the activities and policies of the corporate rich—has created a global speed trap in which neither the rich nor the poor can see a way out. This speeding up of social and economic life increasingly puts the jobless, the sick, and the old at risk.

What are some symptoms of this global speed trap? Productivity growth, while promising economic growth, concentrates jobs where skills are the greatest and costs are the lowest, driving masses of people into unemployment—the unskilled, the mis-educated, and those who want to continue to be highly paid. Beyond the globalization of terrorism, the spread of disease from country to country can happen in a matter of hours; bankruptcy of countries can occur in a matter of days; environmental disasters in a matter of minutes—such as biological, chemical, and nuclear accidents or deliberate attacks, capable of spreading contagiously...The ethical and political legitimacy of the world system is breaking down.

If legitimacy means influence through credible “force and awe,” who believes the United Nations can govern “the world” effectively at the moment? Pressures are building each day on borders as thousands of poor immigrants try to enter wealthy countries in search of opportunities to survive and develop. Meanwhile, counter pressures mount within developed countries to restrict the entry of cheaper highly skilled labor and to put tariffs on incoming textiles, steel,
and agricultural goods—areas critical to economic growth in many developing countries. This dilemma creates odd dances between the unequal partners.

Consider the example of the irregular efforts of the U.S. government to enforce immigration laws at the Mexican border in a way that seems deliberately to let in enough cheap labor to maintain national U.S. economic competitiveness. Technology has pushed productivity to such an extent that it has resulted in a surfeit of goods and services worldwide without enough demand to absorb them. The “supply-siders” won—those radical conservatives who assumed that if the supply of goods and services is increased, demand will automatically follow. Consider the telecom business: Millions were spent to lay fiber optic cable around the world but only 3% of it is being used. Suddenly, there was so much supply and so little demand that the global economy was threatened in many nations with deflation.

As money and trade barriers were torn down in order to increase business, the key to success was to be big, efficient, and fast enough to take advantage of these opportunities. The question of how to distribute such opportunities fairly was largely ignored. No legitimate social barriers were left to constrain greed, particularly in the U.S. economy, where there was no greater power in the world to suggest or enforce limits. In fact, greed became a virtue. Translated by technology into the language of “speculative risk,” status was measured by the extent your salary exceeded any possible future need, by the number of people who worked for you, by the ranking of your country or company in terms of global market share, and by economic size. Bigger and faster were always assumed to be better—regardless of the social or environmental consequences. This concentration of size, wealth, and speed after the fall of communism in 1989 led to inevitable resistance—particularly after the scandalous excesses of wealth and power emerged from the economic boom of the 1990s. Anglo-American capitalism became a threat to the non-Anglo-American world not merely as a money culture but as an insatiable, technological innovation machine that sought to get all markets of the world to adopt its way of life.
Naturally, this materialistic ideology evoked massive resistance on the part of cultures where economics, technology, and money were not the top priorities. Powerless, some groups resorted to terrorist violence. Others consolidated to defend their social democratic or religious traditions. José Bové became a national hero in France by sacking a McDonald’s restaurant as a symbol of an imperial, fast-food threat. Other cultures were despondent and sank into a recessionary malaise. A coalition of countries against Anglo-American cultural and political domination became explicit with the 2003 war in Iraq. Somehow, the attempt to extend the ideas of “less government, more economic, political, and individual freedom” by force (led, of course, by government) did not export easily into non–Anglo-American cultures. In the same year, another coalition of resistance by 22 developing nations was led by Brazil in a confrontation with the developed country elite of World Trade Organization, the regime responsible for the multinational corporate “law and order” of competition.

In short, the globalist ambition of this revolution of the rich promised much more individual opportunity than it could deliver—particularly in terms of jobs. As a result, the legitimacy of the elites of the dominant government, corporate, and international organizations was undermined. Without legitimacy, that is, massive respect for the force and awe of governing institutions, the international system comes unglued. And the growing gap between the rich and the poor—so glaringly played out worldwide in the media—deepened the global crisis into one of permanent instability and uncertainty.

Yet the breakdown of the stability of the global system on which the rich (and all others) depend may not be inevitable. Short-term opportunistic perceptions and investments of the wealthy can be rerouted into longer-term opportunities for rich and poor alike. The affluent must not continue to hold back on their spending or to spend on conspicuous consumption in overdeveloped, gated communities or in collectors’ stamps. Protective tariffs against Third World products need not remain as high. The diffusion of attention paid by the World Bank and the International Monetary Fund on too many
targets at once, much less the focus on increasing the debt of those most vulnerable, is not inevitable. Nor is it necessary for the world’s only superpower to keep issues of education, the environment, and the equality of opportunity on the back burner of policy priorities.

The global system has come to a critical juncture. No longer will the rich be able to buffer themselves easily from the poor. Those in the caboose of the train of humanity will spread their germs, their unemployment, and their financial and political problems to the middle-class and first-class cars. Globalization has made this inevitable. If a country such as Thailand or Russia goes bankrupt, stock markets in the United States, London, and Frankfurt tumble. If there is a SARS outbreak in Hong Kong, it arrives in Toronto and New York in a matter of hours. If a chain reaction of bioterrorism occurs in one country, it may erupt in other countries faster than the international community will be able to act to stop the cycle of violence.

The reactionary unilateralism of American foreign policy is a desperate attempt to head off the violent train wrecks that the global speed trap makes inevitable. The final argument always seems to be that there is no time for the slow mechanisms of multilateral diplomacy. The lone ranger must act to seize the stage and snuff out the bad guys before they develop weapons of mass destruction.

Is there a way out of this global spiral of diffusion and disintegration? The wealthy can act now to create opportunities for greater self-sufficiency for the poor. Their contributions can target investments to build environmentally sustainable, competitive, customized “pilot” communities. By doing this through a transparent, non-governmental organization, the rich may be able to bridge the chasm between themselves and the poor while avoiding the corruption of governments and the bureaucracies of international organizations. The affluent may be able to stabilize their own interests as well as the life chances of the less advantaged. Without a systematic, targeted effort on the part of philanthropists, the poorest countries in the world will not have the means to gain access to the education and technology required to compete in the world economy—the key to self-sufficiency. They must have primary education, books, computers to access information, and electricity to run computers. Without
basic information, they cannot improve health care. Fancy clinics will help little without an awareness of simple hygiene, such as knowing to wash one’s hands before eating or understanding how to go about obtaining clean water and air. In Asia—where half of the world’s city dwellers live—1.5 billion residents of cities suffer from air pollution levels above the limits recommended by the World Health Organization, more than 1.5 million people die every year from pollution-related diseases, and 2.3 billion people in the world suffer from diseases related to water problems.12

Collective patterns of behavior of both the rich and the poor must be altered if the divergence between them is to be reduced. Somehow, the “winner-take-all” mentality of many of the new rich must be tilted toward sharing for sustainable development or the earth will become inhospitable for the well-to-do and the poor alike. The dominant model of democratic capitalism appears to be too short-term oriented and dependent on corporate interest groups to be successful on long-term environmental issues. For instance, President Luiz Inacio Lula da Silva, the so-called people’s politician, caved in to the lobbyists of Brazil’s giant state oil company, Petrobas, and supported running gas pipelines through the Amazon rain forest.13 At the same time, in contrast, poor Indian farmers in Bolivia rose up in violent demonstrations against exporting gas from their country to the United States through a port in Chile, resentful that 21 years of free-market reforms have left them with less exports than before.14 The month-long peasant uprising forced the newly elected president to resign and broadcast a warning to elites who would try to globalize too quickly.15 A workable program for environmentally responsible economic growth is desperately needed for the sake of the rich as well as the poor. These examples suggest that such a social transformation may come about only through the trauma of some kind of widespread crisis.

Stabilizing the world system is not a question of lack of knowledge, technology, or financial means but one of political will and economic common sense for the long term. And as we have observed, the wealthy have a greater stake than the less fortunate in stabilizing the global system. Indeed, a large part of the problem is that the
poor have little “ownership” in such stabilization and are, therefore, more open to appeals of extremists who would like to undermine the system.

If we passively accept the assumption that to understand the poor you must first be poor, global disintegration is inevitable. We must try to understand how the rich think, how the poor think, and what common ground they might have that could provide a set of values to help assure a stable world community. We are left with an uncomfortable set of questions, which globalization has made acute.

To attain full development themselves, the affluent must use some of the economic benefits they have received to help develop social solidarity with poorer communities—long-term investment that goes beyond short-term humanitarian aid. Can they afford to continue to ignore such bridging efforts at the increased risk of spreading terrorism, global pandemics, the devastation of tropical rain forests, financial meltdown in the world economy, and even nuclear weapons proliferation? The lack of opportunity perceived by the disadvantaged clearly has something to do with these phenomena. Any individual caught in a cycle of downward social mobility and diminishing expectations now can find access to the technology used for inexpensive bioterrorism, shoulder-launched missiles, or suicide bombing. Money alone will not dissuade potential terrorists. But legitimate economic opportunity and social inclusion might. The well-to-do influence the increase of poverty not just through economic neglect but also through psychological and social deprivation.

The wealthy have new global technological and financial capacities, making it increasingly less justifiable to deprive the disadvantaged of psychological and social support for learning and self-development. To persist in ignoring the poor and their problems will be perceived as arrogance on the part of the vulnerable. There are millions of unemployed, undereducated youth in poor countries who could aim to become either stable, middle-class citizens or desperate religious believers, drug dealers, soldiers of fortune, or terrorists. The path the rich should take morally and in terms of their own individual security in this global village seems to be straightforward.
If the difference in the living conditions between rich and poor is not narrowed but continues to widen, the world will become unstable at an increasing pace. Terrorism thrives not merely on poverty but also among disenchanted students in an era where no positive role models stand out who seem to provide hope for a healthier and more prosperous social environment. Globalization promises prosperity through instant worldwide communication, raising expectations that are bound to be disappointed, leading people to support radical policies. Disease spreads fastest where medical care is least available. Pollution will increase exponentially because people often begin to take it seriously only after a certain level of living standard has been achieved and they no longer have to worry about food, water, medicine, or jobs. These are not just issues of survival but of education—for all social classes. Wherever the rich may be, their social lives are apt to become hectic, isolated, and hard-hearted: Not yet culturally sophisticated enough for a complex global marketplace, they may be surprised at the hatred directed toward them by the emerging middle class in developing countries due to the suffering this former underclass has been through.

If the significant minority who are highly educated in developing countries such as India and China continues to expand while their wages stay down, quality jobs from developed countries will flow to these nations in numbers not yet imagined. This will leave an increasing number of educated workers in rich countries unemployed or underemployed. The need for poor workers to provide cheap labor and to do tasks that the rich prefer not to do themselves—from cleaning, cooking, and serving to child care and secretarial work—has been evident for centuries. Globalization has made the interdependence of rich and poor immediate and compelling. Thus, Ebookers PLC, a travel agency of London, is sending young Europeans to call-center jobs in India for about one fourth the wage they would get at home. If the only way a young person in a wealthy country can find a satisfying future career is to cooperate with people in lesser developed countries, the parents of that child have a huge stake in building strong social, economic, and political ties with foreign nations offering such opportunities. After all,
global opportunity differentiates candidates for success in careers, no matter what the country of origin. Once long-term and abstract, the movement of white-collar jobs to developing countries from developed countries due to globalization has made this job-drain threat a rapidly emerging reality.

Paradoxically, in the long run, the rich will need the poor almost as much as the poor need the rich. Who, for example, will buy the innovations the wealthy would sell? How will the masses of mankind tap into enough financial resources to be able to keep the global economy humming? Not enough people seem to be aware of this natural interdependence. We must widen our perspective and no longer link our own identity merely with the accidental material circumstances that surround us. The initial injustice in life—where you are born and into which family—is a chance event that has nothing to do with merit.

Should your life chances be determined by where you are born? Those born rich are positioned to have more educational, social, and economic opportunities with which to maximize their advantages. In the process, they unwittingly deprive the poor of any chance at equal opportunity. The revolt of the rich, like all revolutions, brings with it a certain pride and feeling of self-righteousness. But self-righteousness makes it difficult to move toward creating a sustainable world of more equitable sharing of jobs and resources. The more palpable global crises become, the greater will be the recognition that opportunities for hopeful life chances must be more justly distributed to include the least advantaged.

References


