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Examining the currently popular theory on the advantages of concentrating wealth in the hands of the few.

- One frequent justification for wealth concentration is that it allows for large initiatives which people with only resources enough to meet their daily needs or desires could not or would not initiate.
- The related argument is that money in the hands of the rich creates jobs.
- Traditionally, it might be argued that that function belongs to the collective society, which in a democracy would mean the government.
- The drawbacks to large government initiatives have been seen in the Soviet Union where the government planned everything. When bad decisions are made, everything goes bad.
- The Soviet Union ran aground largely because there was centralized control of the economy by a small, closed circle of autocrats. Recently, we've seen a similar phenomenon in the US where a cabal of unchallenged NeoCon zealots have imposed their vision of the world on both foreign and economic policy, ignoring input from academia and a rich assortment of agencies developed through the nation's history to provide intelligence and analysis. The consequences have not yet played out but the catastrophe in Iraq and the Middle East may be but a foretaste of the future.
- Another argument for concentrated wealth runs that the entrepreneurial class has a demonstrated ability to make good economic decisions, which a majority of the populace does not. Therefore, the elected representatives of that populace are likely to reflect that inferior ability to make good economic decisions.
- A further argument could run that achievement is rewarded by wealth, and that extreme wealth is exchanged for power in a variety of ways. One is the ability to buy influence in the government through its legislators; another is through charitable giving, which through the tax deduction mechanism, channels a sizable portion of the nation's total resources to causes directed by the (wise) rich and powerful rather than by the less gifted masses.
- As an architect, I've seen sizable projects initiated by both private and public investors and there have been good and bad from both sectors.
- It is true that a great deal of what we consider art in architecture has been commissioned by very wealthy individuals, sometimes as dictators, kings or popes, sometimes as simply rich people basking in their wealth. While private initiatives may favor art, public initiatives more often favor noble functions. (Both sides of this observation have been savaged in recent years, from the artless McMansions of tasteless young Wall Street billionaires to the socially disastrous housing projects erected by well intentioned government agencies in the 60's and often razed only a few decades later.)
- Let's consider the nature of needs and how they relate to work. Our needs can be reduced to a few basic categories such as: food, shelter, transportation, health care, education, security and art. These might be viewed as in descending order of importance but they are all essential to life as we know it. Some are important to assure the provision of our other needs. Transportation becomes essential if we don't grow our own food or improvise our own houses, and education assures that we know how to grow food and build shelters. If we were to provide for all our

needs by ourselves, we would either have to work a great deal indeed, or have slaves. Thomas Jefferson lived as well as imaginable by the self-sufficient model, and although he did have slaves, he died bankrupt. We have found that by doing some tasks for other people, we can rely on them to do other things for us, and ideally it works to our mutual benefit. This is usually what we mean by work.

- A few decades back, there were many arguments made that most work would become unnecessary, as mechanization would do most of the tasks. This discussion frequently bypassed the issue of how income or buying power would be distributed once much of the work was rendered unnecessary. It now seems that many people are working harder and longer than ever while many other people cannot manage to work at all. Does that make sense?
- We need to work for things to get done, and in order to provide for our needs. The system doesn't seem to be functioning very well at either end, both due to vast discrepancies in the work we do and in the income we receive to satisfy our needs. Much that needs to be done is not getting done and the basic needs of many people are not being met. While food seems to be abundant in the US (quantitatively over-abundant although not necessarily of adequate quality), housing, education and health care are being priced beyond the means of a large and growing percentage of the American public.
- The term "market failure" has arisen to describe activities that are not being provided in the market economy. The most commonly discussed example at the moment is the failure of the market to address the costs of environmental pollution and climate change. The escalation of costs of education, housing and health care should also be regarded as market failures.
- Since many of our needs are not being adequately provided, there is clearly work to be done. In 2005 the percentage of the US GNP derived from payment for work was the lowest since 1929, something like 45%. The argument of concentrated wealth creating jobs seems a bit absurd when so much of the effort at creating jobs seems to be directed at creating the perception of need, i.e. stimulating the desire for new products. This might be good for some aspects of the economy but in an increasingly crowded world where refuse is piling up at unprecedented rates and energy and natural resources are being consumed at unsustainable rates, much of this appears to be irresponsible.
- The idea that the entrepreneur is the most valuable member of society is an unquestioned assumption of today's Marketeers. We would question it. What is the central trait of entrepreneurs? They are risk takers. They are also people with initiative. Every society needs risk takers. Initiative and the willingness to take necessary risks are prerequisites to success in all fields of endeavor. Carried to excess, risk taking becomes simple gambling. Are gamblers to be considered the most virtuous or useful of citizens? A society in which large investors become a sacred and privileged class, while those who perform real work, people such as doctors, educators, researchers, lawyers, artists, musicians, architects, carpenters, engineers, plumbers, road builders, policemen, firemen and soldiers, struggle to meet their basic needs, does not strike us as the ideal for a democratic nation.
- Assuming that people with initiative and the willingness to take reasonable risks toward the success of their activity constitute the driving force in a successful economy, then it would seem that the social and economic environment that would stimulate the appearance of such people should have a few basic characteristics. First, that potential investors should have both something to lose and something to gain; secondly, that the risk of loss is not so absolute as to discourage all but the

insane; third, that similar opportunities are open to a wide range of people so that a real and balanced competition can arise; and fourth, that there not be a separate class of potential entrepreneurs who have so much wealth that risk is a relatively meaningless concept to them. If people do not benefit from their efforts, whether such efforts be in the form of work or of risk-taking, they are not likely to make very major efforts. On the other side, if they are so well-off that economic risk has no meaning, they may be willing to take risks driven by little more than vanity or whim. More often, great wealth seems to inspire the lust for yet more wealth so that greed becomes the driving force behind subsequent investment. Great concentrations of wealth also mean a concentration of power, the power to make decisions with regard to investments that affect the entire society. We have already acknowledged the drawbacks to centralized control of the economy in Soviet-style governments. Is there reason to believe that putting the control of the economy into the hands of a greed-driven handful of individuals, responsible to no one, will lead to a better result?

- We seem to have a contradiction in all of this, as is common in nature and human affairs. On the one hand, people will work hard and take risks for their success if they have the chance of being rewarded for their efforts and their sacrifice. Their success often brings rewards to the society at large. Great Britain's post-war brain drain and related social malaise is a classic example of the dangers of not rewarding success. However, if personal success grows to an enormous scale, the wealth accumulated passes on to a line of successors who may also inherit the talent and drive of the original striver, but more often will not. Such people will have neither the need to risk nor the need to work, and they will eventually erode the conditions, which we posited for the appearance of people with unusual initiative.
- The understanding of the contradiction above has led to the graduated income tax and the estate tax or inheritance tax (lately called the death tax by the radical reactionary right). These two tax policies have helped to maintain a balance between the need to reward achievement and the need to limit perpetually increasing inherited wealth and privilege. Their elimination risks undermining the foundations of a democratic society.