

Wall Street vs. workers—the class gap widens

Jerry White and SEP candidate for president
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A study released Tuesday confirms that the financial parasites on Wall Street have lost nothing from the wrecking operation they have carried out on the US and world economy. The New York state comptroller reports that Wall Street firms will pay out more than \$60 billion in compensation to their employees, a sum exceeded only in 2007 and 2008, the two years leading up to the financial crash that followed the collapse of Lehman Brothers.

The average pay of employees in the securities industry was \$362,950, up 16.6 percent over the last two years, but such a number is almost meaningless, since it combines the pay of secretaries and the salaries of CEOs. More significant is the rise in the combined earnings of Wall Street firms, up from \$7.7 billion last year to \$10.5 billion in the first half of 2012, with the comptroller predicting at least \$15 billion in earnings for the full year, double the previous one.

For the broader financial services industry, including commercial banks as well as securities dealers, 2012 represents almost a complete restoration of pre-crash profitability. For the 12 months ending June 30, 2012, the six largest US lending institutions—Citibank, Bank of America, Wells Fargo, JP Morgan Chase, Morgan Stanley, and Goldman Sachs—made a combined profit of \$63 billion, the most since 2006. Meanwhile, the six banks announced cuts of 40,000 jobs during the first half of the year.

Some time next year, the combined assets of these six banks will pass the \$10 trillion mark, nearly three times the figure ten years ago. In other words, these six banks command financial resources ten times the size of the federal budget deficit, and comparable to the entire national debt of the United States accumulated over two centuries.

While the income and assets of the financial parasites continue to increase, the real wages of the average American worker are stagnating. A recent report by the

US Bureau of Labor Statistics found that more than half of all workers who have found new jobs since being laid off during the Wall Street crash have taken pay cuts. The majority of these workers took cuts of 20 percent or more compared to their previous wage rates.

According to another government report, the top one percent in American society captured a staggering 93 percent of all growth in national income during 2010, the latest year for which such figures were compiled. In other words, real incomes are stagnating or declining, not just for workers who have lost their jobs since the crash of 2008, but for the working class as a whole.

During the entire three years of “recovery” claimed by the Obama administration, the median household income in America has declined by 4.8 percent, a bigger drop than the 2.6 percent during the two years officially recorded as “recession.” For all Barack Obama’s attempts to blame the economic crisis on the policies of the Bush administration, it is clear that the politicians of both big business parties, Democrats as well as Republicans, are responsible for the deteriorating conditions of life for the vast majority of the American people.

These figures demonstrate the brutal reality of capitalism: the profit system consists, as socialists have long maintained, of the accumulation of ever greater wealth at one pole of society, and ever increasing social misery at the other. Nowhere is this more stark than in New York City, where near-record profits on Wall Street go hand in hand with a tidal wave of homelessness: nearly 15 percent of all homeless people in America are living on New York’s streets, according to a report this week by the Associated Press.

These social contradictions could not be resolved through reformist tinkering, even if the Democrats and Republicans were not committed to ripping up every shred of social progress. They require a bold and revolutionary solution. The working class must take

power, confiscate the wealth of the super-rich, and reorganize economic life to serve human needs and not private profit.

The purpose of the Socialist Equality Party campaign in the 2012 elections is to put this revolutionary socialist alternative before the widest possible audience among working people and youth. Those who are genuinely concerned and justifiably outraged by the gross inequality and social injustice in America should support our campaign and make the decision to join and build the SEP. For more information, visit www.socialequality.com.

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