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## The Age of the Billionaires

*The Word Neo is Not New*

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Every day I realize more how little we have progressed since the nineteenth century in terms of ideas. Our technological advances dwarf our ability to conceptualize new paradigms. It is as if we are trapped in a twilight zone.

Take, for example, the word liberal. During the 18<sup>th</sup> Century Enlightenment, it meant the secularization of society, i.e., the privatization of Church properties. Today a liberal is someone who is for social justice and a mixed economy – she is for voting rights, abortion rights for women, and government programs.

However, currently the term neo-liberal has crept into our vernacular. This usage is based more on its 18<sup>th</sup> and 19<sup>th</sup> Century definitions than that of the sixties. Today the neo-liberal is for economic liberalization, free trade and open markets, i.e., privatization, marketization and deregulation.

In the 19<sup>th</sup> Century, the positivists advocated a laissez-faire policy toward capitalism, believing that the brightest should be left alone to take society to a higher stage of development.

In Mexico, the científicos (social Darwinists) claimed to be neo-prophets of progress. During the regime of Porfirio Díaz (1876-1910), he and his gaggle of científicos (not to be confused with scientists) privatized the country. It took the Revolution of 1910 to dislodge them.

Since 1940 the Mexican Revolution has been sold out. The neo-científicos are back; this time as heirs of the Mexican Revolution. Mexican President Enrique Peña Nieto is a tragic figure. He is so innocuous that he is disarming, and it is difficult to perceive him as a neo-científico.

And as much as Mexican leaders want to distance themselves from the United States, they end up being Mini-Me. They revere the 19<sup>th</sup> century Robber Barons, the ruthless American capitalists who became wealthy by raping the country; they were free-market capitalists such as John D. Rockefeller, Cornelius Vanderbilt, and J.P. Morgan who used government as their personal piggy bank.

The Robber Barons became so unpopular that they turned to philanthropy to clean up their act. Following the lead of Andrew Carnegie, they put portion of their fortune in trusts. These foundations shielded their fortunes from taxation and over time they evolved.

Today the neo-Robber Barons use these foundations to push conservative agendas, get tax write-offs, and get their Robber Barons' names on buildings.

The rich have always had the money to buy history. After the Great Depression of the 1930s, Allan Nevins and U.S. business historians revised history and re-christened the Robber Baron "Industrial Statesman." Research is not neutral and scholars follow the money.

The neo-liberal model was adopted by the Russians in the 1980s; Perestroika restructured the Soviet economy. The popular thinking was that the Soviet Union economy was counterproductive, and that the path to democracy was giving away the nation's resources, scuttling what was arguably the world's second-largest economy. Democracy meant the making billionaires. So the state gave away its petroleum, public utilities, communication industry, and by 2004, Forbes listed 36 Russian billionaires.

During the same decade, the Mexican economy collapsed. The World Bank's solution was austerity and privatization policies. Again, the standard was the number of billionaires. Mexico where fifty percent of the people lived in poverty by 2012 had 11 billionaires.

A leading beneficiary of privatization was Carlos Slim Helú, who became the richest man in the world — a Mexican business magnate, investor, and philanthropist. As of December 2013 his corporate holdings amounted to US \$71.2 billion. Slim made his money in communications, technology, retailing, and finance.

Slim was a war profiteer of sorts; he bought on the cheap. Unlike the Mexican middle-class his money was sequestered anywhere but in Mexican banks. In concert with France's Télécom and Southwestern Bell Corporation he bought a landline telephone company Telmex in the 1990s from the Mexican government. By 2006, 90 percent of the telephone lines in Mexico were operated by Telmex. His subsidiary a mobile telephone company, Telcel, operated almost eighty percent of Mexico's cellphones.

Some 50 percent of Mexicans live below the poverty line; 17 percent live in poverty. Critics charge that Slim's monopoly prevents the growth of smaller companies, and his monopolistic practices have resulted in a shortage of paying jobs, contributing to migration to the United States.

Every day Slim is becoming more American. He bailed out the *New York Times* with a quarter of a billion dollar loan. Slim contributes billions to high profile foundations such as the Robert Kennedy Foundation. However, Slim does not contribute much to programs that fight poverty because they, according to him, build dependency.

Meanwhile, back on the farm in Bel-Air, California, they are building mansions for the uber-rich. According to the L.A. Times 20 houses of 20,000 square feet are projected: "They're all asking over \$20 million and were all built by speculators to flip...Billionaire entrepreneur Elon Musk paid \$17 million for a 20,000-square-foot Bel-Air manse, then bought the former Gene Wilder estate across the street for \$6.75 million, perhaps to preserve his view." Meanwhile, in 2011, an estimated 254,000 men, women and children experienced homelessness in Los Angeles County.

The potential profit from privatizing higher education has not gone unnoticed. In 2009, the for profit University of Phoenix generated \$3.766 billion in revenues.

The neo-Robber Barons resent paying for higher education. So they have already privatized public higher ed. At California State University Northridge, students forty years ago paid \$50 a semester; today they pay \$3200 a semester. CSUN's blue collar jobs are contracted out; food services are franchised; and the Tseng College, a private college, uses state facilities and state technology. Its president and vice-presidents are paid executive salaries; middle management earns the equivalent of private corporations.

The tale is not so much that the cost of education is higher, proportionately it isn't. The price of education has skyrocketed as state and local financing for higher education has declined at a time that there are more students. The neo-liberal solution is for students to pay the cost of running their neo-Taj Mahals.

The cost of a college degree in the United States has increased “12 fold” over the past 30 years. According to Bloomberg, college tuition and fees have increased 1,120 percent since 1978. Thus, students graduate with huge loans that neo-exploiters profit from.

Former Los Angeles Mayor Richard Riordan wanted to privatize everything in Los Angeles. He even proposed privatizing the historic Los Angeles Public Library. Increasingly, cities across the country are selling city landmarks to pay off their debts so as not to tax the super-rich.

Universities are following this neo-liberal model. UCLA's Anderson School of Management proposed not taking tax dollars. It wanted to privatize and live off grants, and tuition. How convenient, the School's brand had already been established, financed by the People of California.

Public universities such as CSUN are prime targets. Its rolling 360 acre campus has plenty of room to build. The recently constructed \$125-million Valley Performing Arts Center must have caught the eye of Riordans and the Slims of this world. The institution also buys supplies and spends in the hundreds of millions on construction. Privatization would reap another Carlos Slim or two – showing that democracy works.

The corporate rich resent paying taxes for education. They give when they can put their names on buildings. This resentment has been building up since World War II when they made trillions off war profiteering. In contrast, they hypocritically fought the G.I. Bill on the grounds that it would build dependency.

Education was once considered a right. People died for that right. Today it is too costly for corporations that have their money off-shore and can outsource their technical jobs to the Philippines, India and Latin America. In their neo-liberal worldview, there is no commercial value in educating people for free.