

Obama Versus Irresponsibility: Can Moderation Triumph Over Greed?

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Whatever the uncertainties and even the disenchantment brought about after just one year in office, Barack Hussein Obama still appears today as the only responsible decision-maker with the authority to get us out of various current catastrophes (be they economic, social, environmental, military or cultural). What is notable about Obama, however, is that his recent actions have neutralised the very electoral enthusiasm that brought him into office. The question, in this, is if he's astutely betting on the long-term or whether this is simply an error of judgement in the face of fierce conservative opposition. In other words, should Obama have taken the money at once, and run to give it to the poorest (an inverted model of what Nicolas Sarkozy did in France on his own election night, holding a lavish party for Paris' elite at Fouquet's palatial hotel on the Champs Elysées), or will it prove wiser to try and rebuild a consensus based on social equality and what George Orwell called 'common decency'? Whatever the answer, the fact is that at the precise moment he became a global political star, Obama chose not to exercise the full power that his position and celebrity afforded. He has not, for example, formed a partisan government (naming the hawkish Hillary Clinton as his Secretary of State or Tim Geithner who had been a deputy to Larry Summers and Robert Rubin, two of the architects of the Clinton deregulation movement), nor has he profited from any period of grace by passing sickness-benefit laws for the millions of out of work Americans. Of course, these first months have certainly not been without results – a desire to fight against tax havens, equal openness and equal firmness regarding countries like Israel and Iran and the idea of limiting the salaries of directors whose companies have been saved from bankruptcy by the American state – but it is enough to read the regular editorials by Paul Krugman in The New York Times to see the extent to which the president is making haste only very slowly.

Ultimately, and underpinning all economic debate, the biggest obstacle facing this 44th president of the United States will be of an ideological order, for, since the fall of the Soviet system, the refusal to look reality in the face no longer defines the Left but rather the Right. It was by closing his eyes to the creation of a parallel, unregulated financial system that the American legislator led us into this situation. What's more, the risks were known, since the regulation of banks was first put in place following the financial crisis of 1929. The refusal to take these risks into consideration comes from the fact that the richest fraction of the population no longer has any grasp on reality because their property and income are so high as to become abstract figures with no value in themselves, to the extent that all that matters is their limitless growth. In this regard, the key indicator is the salary of the directors of the 100 biggest American companies, according to figures provided by the Federal Reserve Bank of New York. During the years of America's strongest economic growth, from the end of the Second World War up until the 1970s, the salary of these directors represented 40 times that of the average salary of a full-time worker. At the beginning of 2000, this figure jumped to 367 times the average salary, and as the greed of these directors has grown, the figure now stands in excess of 400 times the salary of an average worker. We should fully understand the significance of this figure – it is not simply a case of

being 400 times the salary of a factory packer or a cleaner, but 400 times the salary of a worker who is already well educated and in charge of certain technical operations (duties that any director would find difficult to comprehend let alone execute).

One example of just such a CEO would be Noël Forgeard. Director of EADS, the European aircraft manufacturer, Forgeard managed to leave this company while pocketing colossal sums (a €6 million redundancy payment in addition to a €2.4 million bonus – figures in part generated by fairly crass insider dealing) all the while claiming ignorance of the fact that EADS' production of Airbus components was being delayed by two years due to the 'difference in software' between fabrication units in Hamburg and those in Toulouse (each facility was apparently using mismatching versions of the CATIA design program). What competence, what dignity can this man claim in the face of such basic failures? Again, the case of Forgeard is just one example among many, but his is significant because it concerns a flagship of European industry, and a business partially funded by public money. The more you investigate these escalating salaries (and even higher pay-offs), the more you see that CEO salaries bare no reflection to the actual contribution a director might make to the fortunes (successful or otherwise) of their companies. And this is for a reason, because the real occupation of these corporate directors is in managing their own careers – that's to say, in organising the network of boards of directors who reciprocally grant themselves such salaries. But this greed, this loss of any benchmark and of all inhibition as to the appropriation of someone else's fruits of labour is only possible because it is accepted by the corporations and by the public at large. This strange consensus is the result of a whole collection of causes, but high up amongst them is the question of digital technology.

Let's be clear, it is not the technologies themselves that are the problem here, but a mode of production and distribution which has normalised a paradigm of behaviour: irresponsibility. When you buy a car, the consumer has the choice of a huge range of competing companies, whose products, though complex, are very reliable – you expect the engine to run whether the temperature outside is –20 or +40, even if you've changed the tyres or the battery. With computers, the bodies in charge of fair trading in the US and Europe have accepted that the key components inside a computer – the micro-processor and above all the operating system – are entirely controlled by worldwide monopolies who can offer no guarantee that the thing will actually work. And so the door is open to all kinds of shortcomings.

It's reached a point where the Microsoft error message has become a kind of banal joke, the faults of its products being so notorious (and this was even before the disastrous launch of Vista). Unlike its rival, Apple, Microsoft has not initiated any major evolution except for establishing the abuse of a dominant world position. (The most astonishing thing is that it has done this while operating from within the heart of IBM, who was itself, at the time of the choice of MSDOS, under strict scrutiny for abuse of dominant position. With the creeping integration of Microsoft, the cat has really been set among the pigeons). Despite this it is very difficult to escape Microsoft's operating system when you buy a PC. We know the hard work of programmers too well to realise that no computer system is totally bug free. But this inherent default in digital technology is amplified by the way the computer and software industry is organised – by any standard of market regulation it seems unacceptable to leave a

component as fundamental as the operating system of 90 per cent of the world's computers in the hands of a single private company. Moreover, the problem is that this model of irresponsibility is spreading throughout the whole global productive and social system. How, for example, can telecom operators continue to guarantee the reliability of their networks when the digital components all along the line are less and less reliable? This phenomenon is made all the stronger by the dismantling of public operators, so that the user can no longer speak to anyone responsible for the service they are subscribing to. In light of the risks hanging over the management of the internet, which all experts agree in expressing major worries about, we could well end up sorely missing the analogue infrastructures and networks that this digitisation replaced.

From a strictly American point of view one can perhaps understand why Microsoft, being a national company, has not had its monopoly dismantled. But from a European perspective the inactivity and toothlessness of the Commission for Free Trade and various nation states is totally incomprehensible when we know that open, free and reliable operating systems are increasingly available to us – for example, they could have followed the lead of the municipality of Munich, which has migrated all of its computers to a LINUX-based operating system. The subservience by the commission can only be explained by the collusion of responsible politicians and large conservative lobbying groups who put pressure on Brussels politics. Need we recall that José Manuel Barroso, great friend of Tony Blair and George Bush, fervent promoter of the war in Iraq, is on the way to seeing his post as head of the European commission renewed? Such collusion is only made possible within the larger hierarchies of a business or institutional model, since in these no one suff on is thus upheld of a technology that functions marvellously, almost automatically, while the average user spends hours trying to make his computer work, or finding some friend or relative to assist him. If the time spent to do this was allocated a normal hourly rate and charged to the computer companies, the industry's profits would simply disappear. Worse still, the technologies themselves are now only available via a maze of commercial offers, through which the user has no means of comparing prices nor understanding the costs that they will bear. And here too the paradigm has spread to all areas, in all countries and in all types of organisation. Accordingly, we find public city transport companies like the Parisian RATP now opening paying help lines so that users can be informed of problems on the network. In short, the worse a service is delivered, the more a customer is charged. Irresponsibility, not to say a total financial racket, is from now on the accepted business model.

It is for the history of ideas and social behaviour to examine in detail when and how such a paradigm of irresponsibility has come about – how, for example, top corporate directors no longer hold any responsibility over their employees? At a certain moment in the last 30 years these CEOs reached a position in which they neither knew nor managed the personnel of the companies they employ. Workforce became a variable financial adjustment instead of a factor of production. This disengagement is a direct result of the enriching of these directors by lowering the highest rates of income tax. For a chief executive who, from 1945 to 1975, only earned 40 times the average salary of his employees, 90 per cent of additional revenue gains would return to the state in taxation. This ensured that the only way of qualifying his success was by the growth and activity of his company, and by establishing a relationship of long-term cooperation at every level of his personnel. As a result, in this period, the economy appeared to work well for everybody.

But since the 1970s countries have started to lower the highest rates of income tax and money has become the sole criterion of social recognition – you are known because you are rich, you are rich because you are known. And the vector of this recognition is the media, the concentration of which stifles any possibility of pluralism and presents as acceptable the explosion of high salaries by popularising sports figures, singers, film stars and even politicians (the principal agenda of a Sarkozy or a Berlusconi is to permanently occupy the media space so that people vote against their own interests). This starification of a very small number of people, the remuneration of whom has no limit, is the second aspect of the way digital technology has spread, and it has done this in a way which collapses all inhibitions in the behaviour of the elite. A qualified physics teacher can only earn a pittance, while any starlet takes in hundreds of thousands of euros. It has reached the point where to become president of the French republic has no worth in itself unless your salary is doubled and your media profile becomes inseparable from that of your celebrity partner, so that the people ultimately are voting for the couple.

Today, effecting a kind of intellectual debasement, it is not only that the individuals who occupy the highest ranks of French and Italian society regularly indulge in vulgarities and insults to shore up a world without syntax, a universe with no other rules but their private favours, but that the whole economic system is now totally unbalanced. For the very rich are now so rich that if the US redistributed its wealth it would very definitely change the fate of the whole of its society. As Krugman has written, ‘If the profits of productivity were shared equally across the working population, the revenue of the ordinary worker would today be about 35 per cent more than it was at the beginning of the 1970s.’ (This is another aspect of the way that digital technologies have developed: the vast majority of wage earners have learned how to use computers to increase their productivity, but without taking any benefit.) The added advantage of any redistribution of wealth would also be to relaunch an economy that would be increasingly productive because workers would see their work better valued. And the most astonishing thing in the history of capitalist ideology is that this type of reasoning was actually proposed by the American right-wing philosopher John Rawls (in his 1971 book *A Theory of Justice*) at the very moment when American society was embarking on the inegalitarian route which the whole world is now following.

Without a redistribution of wealth, however, the economic situation in which we find ourselves is one where the impoverishment of a large part of the American population has meant that these people are no longer able to consume as much as advertisers and promoters had hoped. Financial advisors, operating outside of all regulation, have therefore encouraged these families to borrow more, to the point where the debt of American households has now doubled, growing from \$4,000 to \$8,000 million between 1998 and 2008 (regardless of the fact that as a nation the US survives through the credit of other countries – notably China – who keep dollars in reserve instead of buying American goods and services). This is also a consequence of the deindustrialisation of the US and of a model of development essentially based on information technology and services. To cap it all, the ‘weapon of mass distraction’ that is the media has convinced the American people that a war can be financed without falling back on taxes. The budget for this war, which is now migrating from Iraq to Pakistan, passing through Afghanistan, represents a spending of \$17 million an hour during 2009, including the hours of nightfall. But in the words of the fiscal conservatives, we ignore this major cause of

expenditure and we continue to be shocked by the size of the public debt. In France, two years before its bankers had to be saved as a result of their own homemade crisis, and in order to justify ‘social restructurations’, the Prime Minister simply declared the country to be in a state of bankruptcy – a bankruptcy that measured public debt without deducting the value of its assets, as if it were a business drawing up its balance sheet by calculating the amount of its liabilities rather than the difference between assets and liabilities, or between income and expenses. At the same time, though, limitless growth of private debt has always been encouraged, ‘a sign of belief in the future’, explains Sarkozy.

So what is the solution, what should these directors do with all their millions of dollars? From a strictly economic point of view, the US would do well to wait until 2013 before returning to a normal rate of activity on condition, always, that the American president takes the right measures – raising taxation for the highest earners, tighter regulation of the financial system associated with a Tobin tax, and initiating infrastructure projects piloted and financed by the state. This does not prevent Krugman from being worried on a daily basis because, as a good economist, he remembers that the New Deal was not enough to absorb the crisis of 1929 (in 1939, 10 years after the Wall Street Crash, the rate of unemployment in the US was still at 17 per cent, nearly one American in every five. This is because, before the war broke out, Franklin had failed to implement a fully consistent Keynesian policy : the increase of federal spending was partly offset by a decrease in state spending).). It’s terrible to say it, but the thing that ultimately saved the US from its earlier economic crisis was the Second World War, which alone gave Franklin D Roosevelt the means to regulate the economy and validate a rise in taxation for the very rich to 79 per cent. Today the tax rate in the US for the most privileged is only at 35 per cent.

If we want to avoid a return to the darkest hours of our recent past, it is absolutely fundamental to realise that the root of the problem is political. A small faction of highly privileged people have declared war on the rest of society. Here too, though, a bit of economic history can enlighten the situation. For after the Second World War even Roosevelt’s right-wing successors increased taxes on the highest earners to 91 per cent as a result of the Cold War. The economic expansion and well-being in the west from 1945 to 1975 can therefore be seen as a result of the way we subcontracted to the people of Russia and China the struggle that workers had to lead against a dominant class – an argument borne out by the fact that it is only since the Chinese converted to capitalism and the Berlin Wall came down that inequalities in the west have really exploded (or as Krugman has written, ‘One cannot understand the world as it appeared a few years ago without considering the fundamental political fact of the 1990s: the collapse of socialism, not merely as a ruling ideology, but as an idea with the power to move men’s minds’). Not that these countries necessarily created socialism, but the support that their armies could give to any social dissension in the west proved to be sufficiently dissuasive to contain the rush of capitalism. The solution, however, can be found not in some kind of dictatorship of the proletariat or in the full nationalising of the economy (civil bureaucracy poses just as much risk as private deregulation in terms of the efficiency of state public services) but rather in some kind of mixture of individual initiative and collective regulation, the dosage of which should probably vary according to situation and political culture, in a fairly empirical way and at the cost of real social struggle. But this struggle, too, is as old as history. Just look to second-century BC Rome, and two socially-leaning aristocrats – the Gracchi brothers – who proposed the redistribution of patrician land

among the plebeians (a piece of good faith that was not enough to prevent the city's senators taking over the land holdings in question). What followed was that the brothers, Tiberius and Gaius, were assassinated, Cicero went on to invent the most fallacious arguments to justify his immense wealth and the Roman republic entered into a century of civil war, followed by 500 years of dictatorship.

Closer to us, in the 1930s Roosevelt used to say that a chief can only follow his troops, and that this shadowing is a condition of his political survival. As a consequence, it is necessary that responsible experts take action to explain without respite the enormity of the stakes which we are confronted with. The domains of this expertise cover all aspects of society and include geopolitics, law, the military, epidemiology even architecture. For in this field, too, it is necessary to begin any analysis with digital technology and its method of diffusion. For example, a tour of several international schools of architecture can only introduce feelings of doubt in the visitor. In these schools, digital technology has come to be associated only with the spectacular architecture of Gehry's Bilbao Guggenheim and what one could describe as a formal curvy-broken style (an imperfect translation of the magnificent Spanish word *curviquebrado*, coined by Juan Antonio Ramírez in his 1992 book, *Art and Architecture in the Epoch of Triumphant Capitalism*) – in essence, bubble forms for bubble economies. What should only be an architecture of exception is now proposed, to the enthusiasm of young students, as the norm. This seems to be at the cost of cultural and social factors of urbanism, and a real interest in the digitisation of conception and fabrication in architecture.

For if the technologies of CAD-CAM could contribute to the improvement of the built environment, it would be by integrating better the process of generating architecture within the manufacturing industry. If the increasingly widespread influence of software now permits the building industry to work on series of objects that are always more varied and fit to particular needs, then the architectural components are going to have to be able to adapt better to the specificity of projects, independent of all formal research. Here, too, it is the very particular fashion of digital technology that explains why we are oriented essentially towards an extravagant aesthetic, directed more towards the emirs of the Middle East and other breeds of millionaire than towards social programmes. We also want to believe that these technologies are totally new and that they disqualify the urban patrimony we are inheriting at the profit of the chaotic proliferation of sprawl (for which Los Angeles is the obvious model). Given this evidence before us, a traditional urban infrastructure equipped with local retail shops and an efficient public transport system is surely better at responding to demographic and environmental challenges than the limitless extension of suburbs designed for the car and sprinkled with towers and shopping malls in the guise of urban centres. Equally, we let it be assumed that these technologies in themselves can be the remedy to the problems of our cities.

Blind to the political source of our urban condition, how can we not see that in France, the endless debate about the suburbs is not a question of order nor ethnicity, nor religion nor identity? We have simply cast out of our society a critical mass of people and forced them to live in deplorable economic conditions. One recent attempt at resolving this problem was a 2001 French law which imposed a quota of 20 per cent of social housing in communities over a certain size. This ruling (known as the SRU law – Solidarité et Renouvellement Urbain) was designed to de-concentrate those families exposed to major social problems and integrate them into more affluent areas. The law, though, is not enforced and a

number of councils prefer to pay a penalty rather than welcome a small faction of low-income residents onto their streets and into their social systems. The result is that paradoxically our contemporary towns and cities are less integrated than the fine bourgeois neighbourhoods they replaced. In the smart districts like the 7th or 16th arrondissements in Paris, the opulent nineteenth-century buildings used to include service flats and the children of employees would go to the same schools as the children of their bosses. This type of urbanism was certainly stratified, but it was still mixed. Today in France one of the communities which most contravenes the SRU law is none other than Neuilly-sur-Seine whose previous mayor, Nicolas Sarkozy, has subsequently rushed to reduce taxes on France's rich by €15,000 million a year. More recently, as president, Sarkozy has declared a policy of zero tolerance for small crimes, and yet he continues to turn a blind eye to any kind of fiscal delinquency – 101 financial enquiries were opened in France in 2006, 88 in 2007, 21 in 2008 and only six in the first five months of 2009. Double standards. Impunity and irresponsibility are thus diffused at the very highest level of the French state.

Set against the Sarkozys, Berlusconi, Blairs and Aznars of this world, and among the current heads of state in either the US or Europe, Obama seems well and truly alone in his ability to lead the fight against the irresponsibility of the ruling elite. And his power struggle with the conservatives can only evolve favourably if responsible experts in numerous areas are behind him, mobilising public opinion independently from the media. But so that the actions of the president can be effective, this support must remain critical, without concessions, and embed itself in the long term. Can moderation prevail over greed? Yes we can. Provided we are ready to struggle for it.