

Anti rich sentiment growing globally

GIH: The sentiment against the so called 1% is growing, as the gap between the 'rich' and 'superrich' has gone parabolic. The majority of the world's wealth is now concentrated in the hands of a few thousand people. Questions are now being raised about how they are helping the economy, as the velocity of money is an all time low, and the Fed's QE program seems to have little effect on the real economy (but it has helped the 1% inflate their portfolios one more time.)

The co-founder of one the nation's oldest venture capital firms fears a possible genocide against the wealthy. Residents of Manhattan's tony Upper East Side say the progressive mayor didn't plow their streets as a form of frosty revenge. And the co-founder of Home Depot recently warned the Pope to pipe down about economic inequality.

The nation's wealthiest, denizens of the loftiest slice of the 1 percent, appear to be having a collective meltdown.

Economists, advisers to the wealthy and the wealthy themselves describe a deep-seated anxiety that the national – and even global – mood is turning against the super-rich in ways that ultimately could prove dangerous and hard to control.

President Barack Obama and the Democrats have pivoted to income inequality ahead of the midterm elections. Pope Francis has strongly warned against the dangers of wealth concentration. And all of this follows the rise of the Occupy movement in 2011 and a bout of bank-bashing populism in the tea party.

The collective result, according to one member of the 1

percent, is a fear that the rich are in deep, deep trouble. Maybe not today but soon.

“You have a bunch of people who see conspiracies everywhere and believe that this inequality issue will quickly turn into serious class warfare,” said this person, who asked not to be identified by name so as not to anger any wealthy friends. “They don’t believe inequality is bad and believe the only way to deal with it is to allow entrepreneurs to have even fewer shackles.”

And so the rich are lashing out.

In the latest example, Thomas Perkins, co-founder of legendary Silicon Valley venture capital firm Kleiner Perkins, wrote a letter to *The Wall Street Journal* over the weekend comparing Nazi Germany’s persecution and mass murder of Jews to “the progressive war on the American one percent, namely the ‘rich.’”

He went on to say he feared a progressive “Kristallnacht,” referring to the 1938 German pogrom in which nearly 100 Jews were killed and more than 30,000 arrested, a dark omen of the murder of 6 million that would follow.

People, to put it mildly, went nuts.

Even Perkins’s old firm disavowed him and his comments and said he no longer has anything to do with the company. Perkins then went on Bloomberg television, ostensibly to apologize for the remark. But instead he doubled down on the analogy, saying “when you start to use hatred against a minority, it can get out of control.”

Perkins was not the first wealthy investor to invoke Nazi Germany as a warning over current attitudes toward the wealthy. In 2010, when Obama suggested raising the tax on “carried interest” earned by private equity executives, Blackstone CEO Stephen Schwarzman said, “It’s a war. It’s like

when Hitler invaded Poland in 1939.”

Obama still hasn't managed to persuade Congress to hike the 20 percent rate on carried interest even though most on Wall Street expect to lose the perk at some point. Schwarzman eventually apologized for his Hitler remark.

More recently, the *New York Post* dedicated considerable ink to complaints from residents of the Upper East Side that newly elected progressive mayor Bill de Blasio directed plows to avoid the neighborhood as some kind of revenge for their wealth and support of de Blasio's opponent.

“He is trying to get us back. He is very divisive and political,” Upper East Side resident Molly Jong Fast told the *Post*. “By not plowing the Upper East Side, he is saying, ‘I'm not one of them.’”

The mayor dutifully trundled up to the neighborhood to admit mistakes in plowing but strongly denied any ulterior motive.

It doesn't end there.

Ken Langone, a wealthy investor and co-founder of Home Depot, recently told CNBC that the Catholic Church in New York might see a decline in donations if Pope Francis did not tone down his comments about the dangers of economic inequality. “You want to be careful about generalities. Rich people in one country don't act the same as rich people in another country,” Langone said.

New York Times columnist Paul Krugman this week wrote that even plutocrats who manage not to invoke Nazi Germany “nonetheless hold, and loudly express, political and economic views that combine paranoia and megalomania in equal measure.”

The phenomenon is not limited to the U.S. Bankers across the globe who gathered for the World Economic Forum in Davos, Switzerland, last week complained publicly and privately that

in their view vilification of the rich, particularly in the financial industry, has gone far enough.

“Life is hard enough, and I think this constant lecturing on ethics and on integrity by many stakeholders is probably the most frustrating part of the equation. Because I don’t think there are many people who are perfect,” Sergio Ermotti, chief executive of UBS AG, told *The Wall Street Journal*. “We are far from being perfect ... but it’s not going to be very helpful to be constantly bashing banks.”

But perhaps nowhere is the collective freakout more pronounced than the financial capital of the world. Here in New York, even wealthy donors who tend to favor Democrats are deeply concerned about the current political discourse at the city level in which de Blasio wants to increase taxes on the rich, and the national level, in which Democrats have pledged to make the 2014 midterm elections about addressing economic inequality.

“I think this is going to be disastrous for the city,” one top executive at a large Wall Street bank said on the eve of de Blasio’s election. “The people who pay taxes could move out, the businesses could leave. What’s keeping us here?”

At one level, the reaction seems dramatically out of proportion to anything any politician is actually proposing. And recent comments from the super-wealthy can seem baffling – and infuriating – to the vast majority of Americans who occupy much less rarefied air and now have myriad social media forums to castigate what they view as deeply out-of-touch whining from the plutocrat class.

Nothing Obama proposed in his relatively mild State of the Union address would do much to impact the lives of the nation’s top earners. Raising the minimum wage wouldn’t do it. Nor would extending unemployment benefits or instituting universal pre-kindergarten.

Even the president's toughest lines on the issue of inequality were hardly the kind of fire-and-brimstone condemnation that Franklin D. Roosevelt heaped on bankers' heads in the 1930s.

"After four years of economic growth, corporate profits and stock prices have rarely been higher, and those at the top have never done better," Obama said. "But average wages have barely budged. Inequality has deepened. Upward mobility has stalled."

That was pretty much it.

Obama made no call to raise taxes further on the rich, who still enjoy rates dramatically lower than they were through most of the booming 1980s. He did not summon Occupy Wall Street protesters back to the barricades or threaten new actions to bust up big banks.

Meanwhile, de Blasio has no power to raise taxes unilaterally on the rich despite his fiery campaign rhetoric.

On a practical level, the wealthy are jumping at shadows.

"None of the issues currently on the table would have a large effect on the very rich," said Justin Wolfers, economics professor at the University of Michigan. "If there is anything driving this rise in rhetoric, it's that the president pivoted to talking about inequality, which some interpret as taking from the 1 percent and giving to the 99 percent."

People who counsel the wealthy for a living say there is both an unease with growing income disparity and a fear of even greater persecution.

"I think that with Occupy Wall Street there was a sense of the heat getting turned up and a feeling of vilification and potential danger," said Jamie Traeger-Muney, a psychologist whose Wealth Legacy Group focuses on counseling the affluent. "There is a worry among our clients that they are being judged

and people are making assumptions about who they are based on their wealth.”

Much of the current anxiety is also driven by the precarious nature of the recovery from the worst financial crisis since the Great Depression.

The U.S. economy is showing signs of picking up speed with job creation and consumer confidence on the rise. But there is still an enormous sense of national pessimism about the future, as evidenced in the latest NBC News/Wall Street Journal poll that showed 68 percent of Americans believe the country is stagnant or worse off since the president took office in 2009.

And the recent stock market swoon, the bad December jobs report and gyrations in emerging market currencies could convince some wealthy Americans that their pessimism is well-founded and that another economic downturn is not far off – and might carry even greater risks for the rich.

“People are very anxious about the decline in the stock market and feel that this may be just a hollow shell of a recovery, and we may see in the next few years that things really haven’t changed,” said Louis Hyman, a historian of capitalism at Cornell. “They are afraid the critics are right and that inequality really is a driver of all this, and are afraid of what that means for them.”