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The Need to Rid the World of Inequality

Review of The 1% and the Rest of Us

by Kim Petersen / August 10th, 2016

Legalized chattel slavery did not die out because it was an abhorrent system but because the system of wage labour and debt money offered a more effective and useful economy of power for dominant owners.

— Tim Di Muzio, *The 1% and the Rest of Us: A Political Economy of Dominant Ownership*, p 100

Tim Di Muzio, a senior lecturer in international relations and political economy at Wollongong University in Australia, has written a book – *The 1% and the Rest of Us: A Political Economy of Dominant Ownership* (Zed Books, 2015) – that answers so many questions and provides so much relevant background to readily understand wealth and its maldistribution.

Who comprise the 1%? Why is there an income and a wealth chasm and why are the chasms widening? What does the existence of a 1% mean for the 99%?

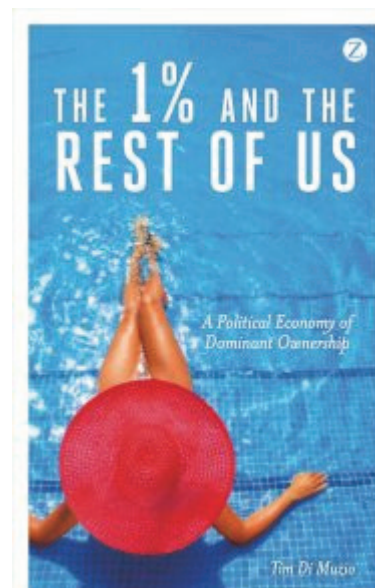
Looking at data from top financial institutions and using the financial nomenclature (high net worth individuals, HNWI, in place of 1%-ers), Di Muzio reveals that the 12 million HNWI on a global scale represent 0.2% of the population (p 32). The HNWI are concentrated on Turtle Island, Europe, and Asia (87%) and are predominantly male.

Di Muzio cites economists Jonathan Nitzan and Shimshon Bichler who define capital as power rather than a mode of production: “... commodified differential power expressed in finance and only in finance.” (p 50) The goal of capitalists is differential accumulation – to primarily increase the wealth gap between themselves and others: i.e., they seek greater wealth inequality. (p 49) For this reason, the capitalist system cannot rid wealth inequality or significantly reduce the inequality. (p 48)

Why this pursuit of differential accumulation? Di Muzio writes it is pathological: “this addiction for wealth and power is destroying the planet for future generations.” (p 9)

At the corporate level, the goal is the same: to gain a larger share of the wealth pie than competitors. (p 63)

Chapter 2 provides a solid overview on the capitalist mode of power: commodification, legalizing organizations



as firms, and capitalizing income streams; finance: the bond market (of the government bond market, Nitzan and Bichler are quoted: “the first *systematic capitalization of power*, namely, the power to tax. And since this power is backed by institutionalized force, the government bond represents *a share in the organized violence of society*.” (p 77); the stock markets that “largely serve as the state-protected markets by which dominant owners organise and redistribute ownership claims to money and power.” (p 81); real estate; commodity and derivatives market; the foreign exchange market whose “gradual emergence ... has facilitated the transnationalisation of dominant ownership and the capitalisation of power” (p 85); the money and spot markets; central and commercial banks; tax havens (“the private economy of the 1%, the corporations they own and the illicit traffickers in arms and drugs.” (p 102).

How has this come about? “The market and price system were imposed on humanity not as a matrix of choice but as a mechanism of domination.” (p 134)

Di Muzio writes of the oligopoly of credit rating agencies whose conflicts of interest make them “prone to malfeasance and fraud...” (p 89). It brings to mind the mindboggling scene at Standard & Poor’s credit rating agency in the movie *The Big Short*.



Di Muzio takes aim at governments that go into hock to private banks instead of just creating the money. (p 96) This is especially questionable since banks are not beholden to the public benefit. (p 97-98)

The author notes how control over the money supply became privatized. “The first thing owners capitalise is the power of the banks to issue money as interest-bearing debt. This, of course, is based upon an exclusion: no one else is permitted to issue money.” (p 137)

What is the origin of the system of differential accumulation? *The 1% and the Rest of Us* puts forward the “convincing hypothesis” propounded by environmental author Richard Manning that hunter-gathers transitioned to farming as part of a struggle for power. (p 105)

Di Muzio is critical of political economics – which began as the “discourse of the 1% and its functionaries” – and its preminent proponent, Adam Smith. For example, Smith “cannot admit the true origins of unequal property stems from the violent exertion of power and the royal grant or sale of lands.” (p 126)

In chapter 4, the inequality is laid bare: the top ten percent own 85 percent of the world’s wealth, the bottom 50 percent scarcely one percent. The 1%-ers have almost 40 times more than the bottom 50 percent. (p 153) Di Muzio finds there is “no convincing or ethical or philosophical justification for such obscene levels of accumulation and inequality.” (p 153)

A principle of the French philosopher Jean-Jacques Rousseau holds that “no one should be allowed to appropriate the labor of others or be forced to alienate his own.” (p 173)

The author also tackles intellectual property which is held to be baseless since “anyone who creates a new invention or stumbles upon a new discovery owes an unpayable debt to the communities of the past and present.” (p 180)

This refutes the superman theory of wealth creation. (Brian Miller and Mike Lapham thoroughly debunk the great-man theory in their book *The Self-Made Myth*. Bill Gates Sr even writes a foreword affirming the thesis.) Moreover: “Dominant owners are not rich because of special talents or superhuman traits but because they own income-generating assets that do not come from their labour.” (p 189)

The problems caused by inequality are many and dangerous. Among them are in the inequal use of energy, anti-democracy (“Any country that has a banking system owned by a small minority cannot properly be called a democracy.” p 202) and the fact that the 1% control state violence.

Most importantly, Di Muzio provides ten priorities to confront the inequality and its concomitant inequity. Among them, briefly, are gaining control of the monetary system, banning all money from politics, abolishing the patent system, demilitarization, and a guaranteed income for everyone. Solidarity is a must warns Di Muzio, “... as long as the 99% remain fragmented and disorganized, the 1% will continue to rule by advancing their interests in accumulating more symbolic power.” (p 204)

The 1% and the Rest of Us distills the concepts of capitalism, political economy, finance, inequality, the profligacy of the 1%-ers, and much more in morally coherent chunks of need-to-know information. It is a superb book.

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