

THE ORIGINS OF TOTALITARIANISM: INTERLUDE ON THE TEA PARTY

As I noted in this post, Arendt says that the great frauds and swindles of the 1870s led to the rise of Antisemitic political parties in Germany, Austria and France. The Grindungsschwindel in Germany and Austria involved public offerings of investments in what we would call start-ups corporations in railroads, mining, steamships, docks, and so on. The perpetrators were capitalists and aristocrats. Jews were implicated only as financial facilitators. The big losers in these scams was the lower middle class, according to Arendt.

However, another group of people besides noblemen, government officials, and Jews were seriously involved in these fantastic investments whose promised profits were matched by incredible losses. This group consisted mainly of the lower middle classes, which now suddenly turned antisemitic [sic]. They had been more seriously hurt than any of the other groups: they had risked small savings and had been permanently ruined. There were important reasons for their gullibility. Capitalist expansion on the domestic scene tended more and more to liquidate small property-holders, to whom it had become a question of life or death to increase quickly the little they had, since they were only too likely to lose all. They were becoming aware that if they did not succeed in climbing upward into the bourgeoisie, they might sink down into the proletariat. Decades of general prosperity slowed down this development so considerably (though it did not

change its trend) that their panic appears rather premature. For the time being, however, the anxiety of the lower middle classes corresponded exactly to Marx's prediction of their rapid dissolution.

The lower middle classes, or petty bourgeoisie, were the descendants of the guilds of artisans and tradesmen who for centuries had been protected against the hazards of life by a closed system which outlawed competition and was in the last instance under the protection of the state. They consequently blamed their misfortune upon the Manchester system, which had exposed them to the hardships of a competitive society and deprived them of all special protection and privileges granted by public authorities. They were, therefore, the first to clamor for the "welfare state," which they expected not only to shield them against emergencies but to keep them in the professions and callings they had inherited from their families. Since an outstanding characteristic of the century of free trade was the access of the Jews to all professions, it was almost a matter of course to think of the Jews as the representatives of the "applied system of Manchester carried out to the extreme," even though nothing was farther from the truth.

This rather derivative resentment, which we find first in certain conservative writers who occasionally combined an attack on the bourgeoisie with an attack on Jews, received a great stimulus when those who had hoped for help from the government or gambled on miracles had to accept rather dubious help of bankers. P 36-7, fn omitted.

The Marxist class analysis doesn't fit our social structure today, but translate the lower

middle class to the mid- to upper middle class, and the parallel couldn't be more clear. The big losers in the Great Crash of 2008 were the top part of the middle class, who were losers in the stock markets, and perhaps even lost their homes, and many of whom, particularly those over 50, lost jobs. The rest of the middle class saw their pensions pounded down by Wall Street. Then the rich led an attack on public pensions, and other pensions, further wounding the middle class. There's one scene in *The Big Short* where one of the characters points this out. Many people I knew referred to their 201K plans, and others talked about the number of years they would have to work to make up for their losses. As a bankruptcy lawyer, I also saw a number of people who had to file to protect whatever they had left. Not all but many people in similar situations were ready to blame someone besides themselves for trusting the stock market and the economy.

The Tea Party manipulators found a scapegoat: the people who took out mortgages from Countrywide, New Century, WaMu, Taylor Whitaker and Bean, and all the rest of the scumballs. They successfully deflected attention from the people who actually caused the Great Crash: the packagers, the rating agencies, the brokers who sold the garbage, the fiduciaries who stuffed the garbage into mutual funds and pension plans, the bankers who loaded up on it. The banks and their servants blamed the poor slobs who bought houses they couldn't afford, the strippers in Las Vegas who had 5 houses and a condo (per *The Big Short*), the families with two jobs and good credit who borrowed to renovate their homes and then lost one or both jobs. You know them, they're your neighbors. The bankers even got one of their own on the Financial Crisis Inquiry Commission, Peter Wallison, whose dissent became the defense of the cheats and frauds. And Obama and his Treasury Secretary Geithner and his Attorney General Holder and the odious Lanny Breuer foamed the runways for the banks with the lives of millions of formerly middle class people, and excused the bankers with their false

explanation of the difference between fraud and greed.

In the DotCom Bubble, the damage fell mostly on upper middle class people who thought they needed to bolster their retirements, or who were sold garbage by sleazy brokers, or for whatever reason. Then they got hammered again by the same people in the Great Crash. Today, their funds are being stuffed with unicorns and other fictional creatures.

On January 2, 2011, I wrote a post titled "What We Lost Because Obama Didn't Prosecute Banksters". I argued that people who didn't know better would believe those lies from the financial empire, and that perp walks and trials would enlighten those who could be enlightened. Obviously that isn't everyone. But there is no doubt the Tea Party would have had a much harder time getting started if the bankers were being carried off on tumbrils.

Just as the financial scandals of the 1870s started political parties aimed at someone besides the perpetrators, the financial scandals of the 2000s led to the Tea Party, which aims its rancor at people who weren't the cause of the crisis. History doesn't repeat itself, but it sure seems self-similar.