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Panic of the Plutocrats

By **PAUL KRUGMAN**

It remains to be seen whether the Occupy Wall Street protests will change America's direction. Yet the protests have already elicited a remarkably hysterical reaction from Wall Street, the super-rich in general, and politicians and pundits who reliably serve the interests of the wealthiest hundredth of a percent.

And this reaction tells you something important — namely, that the extremists threatening American values are what F.D.R. called “economic royalists,” not the people camping in Zuccotti Park.

Consider first how Republican politicians have portrayed the modest-sized if growing demonstrations, which have involved some confrontations with the police — confrontations that seem to have involved a lot of police overreaction — but nothing one could call a riot. And there has in fact been nothing so far to match the behavior of Tea Party crowds in the summer of 2009.

Nonetheless, Eric Cantor, the House majority leader, has denounced “mobs” and “the pitting of Americans against Americans.” The G.O.P. presidential candidates have weighed in, with Mitt Romney accusing the protesters of waging “class warfare,” while Herman Cain calls them “anti-American.” My favorite, however, is Senator Rand Paul, who for some reason worries that the protesters will start seizing iPads, because they believe rich people don't deserve to have them.

Michael Bloomberg, New York's mayor and a financial-industry titan in his own right, was a bit more moderate, but still accused the protesters of trying to “take the jobs away from people working in this city,” a statement that bears no resemblance to the movement's actual goals.

And if you were listening to talking heads on CNBC, you learned that the

protesters “let their freak flags fly,” and are “aligned with Lenin.”

The way to understand all of this is to realize that it’s part of a broader syndrome, in which wealthy Americans who benefit hugely from a system rigged in their favor react with hysteria to anyone who points out just how rigged the system is.

Last year, you may recall, a number of financial-industry barons went wild over very mild criticism from President Obama. They denounced Mr. Obama as being almost a socialist for endorsing the so-called Volcker rule, which would simply prohibit banks backed by federal guarantees from engaging in risky speculation. And as for their reaction to proposals to close a loophole that lets some of them pay remarkably low taxes — well, Stephen Schwarzman, chairman of the Blackstone Group, compared it to Hitler’s invasion of Poland.

And then there’s the campaign of character assassination against Elizabeth Warren, the financial reformer now running for the Senate in Massachusetts. Not long ago a [YouTube video](#) of Ms. Warren making an eloquent, down-to-earth case for taxes on the rich went viral. Nothing about what she said was radical — it was no more than a modern riff on Oliver Wendell Holmes’s famous dictum that “Taxes are what we pay for civilized society.”

But listening to the reliable defenders of the wealthy, you’d think that Ms. Warren was the second coming of Leon Trotsky. George Will declared that she has a “collectivist agenda,” that she believes that “individualism is a chimera.” And Rush Limbaugh called her “a parasite who hates her host. Willing to destroy the host while she sucks the life out of it.”

What’s going on here? The answer, surely, is that Wall Street’s Masters of the Universe realize, deep down, how morally indefensible their position is. They’re not John Galt; they’re not even Steve Jobs. They’re people who got rich by peddling complex financial schemes that, far from delivering clear benefits to the American people, helped push us into a crisis whose aftereffects continue to blight the lives of tens of millions of their fellow citizens.

Yet they have paid no price. Their institutions were bailed out by taxpayers, with few strings attached. They continue to benefit from explicit and implicit federal guarantees — basically, they’re still in a game of heads they win, tails taxpayers lose. And they benefit from tax loopholes that in many cases have people with

multimillion-dollar incomes paying lower rates than middle-class families.

This special treatment can't bear close scrutiny — and therefore, as they see it, there must be no close scrutiny. Anyone who points out the obvious, no matter how calmly and moderately, must be demonized and driven from the stage. In fact, the more reasonable and moderate a critic sounds, the more urgently he or she must be demonized, hence the frantic sliming of Elizabeth Warren.

So who's really being un-American here? Not the protesters, who are simply trying to get their voices heard. No, the real extremists here are America's oligarchs, who want to suppress any criticism of the sources of their wealth.