

Democracy Itself on the Ropes

If the disease of plundering by elites has spread from private-sector plutocrats to public-sector executives—the first line of defense entrusted with keeping government itself clean—and if even public hospitals can be allowed to become corrupted, then have ordinary citizens already been effectively cut out of the democratic process? Does the citizen have any avenue left to challenge corrupt hospital executives, purchased members of Congress, a politicized Supreme Court, or elite plutocrats who now siphon off all increases in national wealth produced by the other ninety-nine percent? No, ordinary people—this means you, reader—have no recourse say some influential Americans who are in good positions to know.

In writing the Supreme Court's minority dissent in *McCutcheon vs. Federal Election Commission*, Justice Steven Breyer warned that democracy itself is at stake as "The Court majority fails to recognize the difference between influence resting upon public opinion and influence bought by money alone that overturns key precedent, creates huge loopholes in the law, and undermines, perhaps devastates, what remains of campaign finance reform."

Breyer echoes Supreme Court Justice Louis Brandeis who during the financial excesses of the 1920s forewarned, "We may have democracy, or we may have wealth concentrated in the hands of a few, but we can't have both." After the cataclysm of the 1929 stock market crash, American democracy was shocked enough to correct course through New Deal legislation that regulated banks, created Social Security and put people back to work in an array of infrastructure employment programs, all of which put the middle class on a more or less equal footing with money.

Though the president has finally put the problem front and center, and both parties have begun to pay lip service to it, no definitive reassertion by government to correct excesses has taken place going on a decade after the Great Recession began. Thirty years of growing economic disparity have spawned crippling political disparity, leaving democratic government impotent as moneyed interests get what they want as they work as ventriloquists over all three branches of the federal government. Justice Brandeis was the early prophet of this outcome, Justice Breyer the contemporary echo.

In contrasting the paralyzed governments of the United States and the United Kingdom to the failed democracy of ancient Athens, Oxford University's Stein Ringen sees the same conditions now present in the U.S. and U.K. as existed at democratic Athens' demise. Writes Ringen, "It took only 250 years for democracy to disintegrate in ancient Athens. A wholly new form of government was invented there in which the people ruled themselves. That constitution proved marvelously effective. Athens grew in wealth and capacity, fought off the Persian challenge, established itself as the leading power in the known world and produced treasures of architecture, philosophy and art that bedazzle to this day. But when privilege, corruption and mismanagement took hold, the lights went out.

"It would be 2,000 years before democracy was reinvented in the U.S. Constitution. Again, government by popular consent proved ingenious. The United States grew into the world's leading power economically, culturally and militarily. In Europe, democracies overtook authoritarian monarchies and fascist and communist dictatorships. In recent decades, democracy's spread has made the remaining autocracies a minority.

"The second democratic experiment is approaching 250 years but the lessons from Athens are that success does not breed success and that democracy is not the default but a form of government that will disintegrate unless nurtured. In the U.S. and Britain, democracy is disintegrating when it should be nurtured by leadership. If the lights go out in the model democracies, they will not stay on elsewhere."

As Ringen concludes, "In Athens, democracy disintegrated when the rich grew super-rich, refused to play by the rules and undermined the established system of government. That is the point that the United States and Britain have reached."

Breyer, Brandeis and Ringen are joined by a growing chorus of others asking essentially, By moving away from a past when consolidation of elites' power was stoutly fended off by government policy, is the United States threatened with a malicious future of enthroned one-percenters? Stein Ringen puts it plainly: Is American democracy headed for extinction?

In asking why nations fail in their book of the same name, researchers Daron Acemoglu and James Robinson show that the hinge is not culture, weather, geography or certain other factors but failure to practice workable policies based on democracy. They cite the example of democratic Botswana, one of the world's fastest growing economies, in contrast to autocratic Zimbabwe, Sierra Leone and Congo, long stagnated from ineffective government, poverty and all-too-frequent bloodshed. Acemoglu and Robinson show that it is healthy political and economic institutions that bring national development, and that it is the lack of strong institutions—and this dearth almost exclusively—that impedes a nation's social and economic success.

The most vivid example of different national outcomes based on the presence or absence of democracy is the astounding contrast between the two Koreas. Ethnically, South Korea and North Korea are entirely homogeneous with respect to one another, but the poor-versus-rich contrast between the two nation-halves is unparalleled. The now democratic South reconstructed itself after the Korean War into a nation placing heavy emphasis on economic incentives, rewards and opportunity sustained by government accountability and responsiveness. The South famously progressed from the post-war dictatorship of Park Chung-hee into the democracy experienced over the last generation with, ironically, Park's daughter, the democratic Park Geun-hye, now at the helm. (Though the family name is usually Anglicized as "Park," it is pronounced as Park with no "r" sound as I have elected to transliterate it here.)

I once worked in Korea for two years advising the government on behalf of my employer, an American foundation, and since my time there have become fond of saying that if you have a tough job to do and you happen to be doing it with a Korean at your side, you lucked out. This is a hard-working, clear-eyed people who deserve every bit of the spectacular economic success it has built. Over the last forty years, South Korea has compiled one of the best records of any nation ever in growth of per capita income and rapid reduction of birth rates, what I worked on while there. Since 1953 when the two Koreas were at the same economic starting line at the end of the Korean War, the North's per capita income has barely risen to \$583 per year and the South's now stands at \$24,328, a ratio of forty-two to one.

The genes are no different north and south of the Korean Demilitarized Zone that cleaves the country in two at its belt line. If given the chance and living under the South's democracy and economic and social policies, North Koreans no doubt would rise as their southern relatives have. But the story of North Korea is all too well known: mass famines, an extensive network of forced labor camps, international isolation, and pariah status at the hand of the severest of dictatorships by an inept family marionette cult controlled by a Stalinist-style plutocracy. The radical differences between the Koreas are due to the presence and absence of strong democratic institutions determining the two nation-halves' utterly contrasting paths.

Growing numbers of American one-percenters and uber-billionaires are beginning to worry. At the 2014 conclave of the World Economic Forum held annually at Davos, a high-end Swiss Alps resort, nearly two-thirds of delegates surveyed said the widening gap between rich and poor is corroding American politics and vice versa. Forum membership consists of the world's thousand largest corporations whose delegates comprise the bulk of annual meeting participants. Also attending in 2014 were forty heads of state or government, sixty-two heads or senior officials of international and non-governmental organizations, two hundred twenty-five from media, one hundred forty-nine university and think tank figures, fifteen representatives of religious faiths, and eleven union heads. The World Economic Forum has been criticized as a grand party thrown by the world's top business people for those they seek to influence, and exists in contrast to the World Social Forum whose membership strikes a

broader balance of occupations, and to Open Forum Davos of the Federation of Swiss Protestant Churches that opens the topic of globalization to the general public.

Some of the World Economic Forum's key funders who are closely involved in setting the intellectual agenda of the annual meetings have been convicted of serious criminal, civil or human rights violations, raising serious doubt about the forum's public integrity on some issues. Harvard political scientist Samuel Huntington who invented the phrase "Davos Man" describes Davos habitués as people who "have little need for national loyalty, view national boundaries as obstacles that thankfully are vanishing, and see national governments as residues from the past whose only useful function is to facilitate the élite's global operations." In his 2004 article "Dead Souls: The Denationalization of the American Elite," Huntington stresses that this chosen transnational existence is something more dangerous than just one-percentism and should be recognized as anathema.

But in 2014, whether from human compassion or to secure their own privileges, Davos Men (there aren't many women invited) cast an apprehensive eye toward economic disparity, particularly in the United States, the main engine of the world economy. Forum participant T. J. Stiles, an American historian and author, warned that globalization has made it easier for corporations to escape regulation and pile up untaxed CEO riches: "Companies haven't just been looking to exert control over regulation, but also to make use of anonymous unlimited donations to try to dominate the cultural landscape. We need to have great wealth and we need to have critics of great wealth."

Forum attendee Joseph Stiglitz, a Nobel economics laureate at Columbia University, emphasized that American democracy is under threat from a system that under-represents 99-percenters. Said Stiglitz, "The extent to which economic inequality gets translated into political inequality depends on the rules of the game. Poor people don't vote and there's a concerted effort to make it harder for them to vote. If you don't have access to good information, you can sell bad ideas just as you can sell poisonous cigarettes or products that lead to obesity."

But Huntington, Stiles and Stiglitz speaking here are among the Forum's few academic invitees, regarded by the Forum's elites merely as pesky ivory tower irritants.

It has now become apparent that disparity fosters resentment, political instability and erosion of democracy. In the United States disparity has already produced party gridlock and the sharpest political polarization since the 1850s, freezing the ability of the federal government to correct disparity and its pernicious effects, and undermining economic growth, social equity and democracy itself. If control of the political system by the ultra-rich continues to block betterment of the rest, the United States will morph into a hereditary plutocracy operating behind a thin façade of democracy.

So at this juncture is the United States still a democracy or not?

Close analysis by Princeton University researchers Martin Gilens and Benjamin Page found that America now much more resembles oligarchy than democracy. Gilens and Page identify members of the new American oligarchy as the rich, the well connected and the politically powerful. Gilens and Page peg their numbers at around 10,000 heads of households, not coincidentally very close in number to the 12,000 of the one one-hundredth of the top percentile of incomes discussed earlier here.

Gilens and Page contrasted federal government policy changes since 1981 with public opinion and found that government followed the preferences of major corporations and their lobbyists far more often than public preferences. They cite examples that background checks on gun sales supported by eighty-three to ninety-one percent of Americans and action on greenhouse gas emissions favored by strong rising majorities still aren't in place because one-percenter "campaign contributions" trump strong public preferences and the powerful get their way in the Congress. As Gilens and Page write, "It's beyond alarming. The preferences of the average American appear to have only a minuscule, near-zero, statistically non-significant impact upon public policy."

That is to say, public opinion—yours—no longer matters.