

X. Too Late for America?



Needle In the Vein of American Politics

What is the root of the national malaise detailed here, and what is required to restore American economic parity, the middle class, and the nation's international self-respect? Let us answer these questions by first distilling the train of events that has reversed the direction of middle class economic mobility over the last thirty years.

Beginning with the Reagan administration and continuing through the last Bush regime, tax cut after tax cut disproportionately favored the super-rich. At the same time, they and the largest corporations began lobbying Congress for ever more tax and other loopholes to benefit themselves. The lobbying was lubricated by increasing amounts of "campaign contributions" to which many Members of Congress became addicted to finance their ever more costly re-election campaigns.

To continue receiving the campaign contributions, Members of Congress have had little choice but to favor their wealthy benefactors who have now bought a voice in the Congress that the middle class has no hope of matching. The tax cuts, loopholes, favored treatment and other convenient legislation purchased by the wealthy and large corporations created a financial bonanza of historic proportions for them that may or may not have been specifically intended to hold back the middle class and poor but overwhelmingly has had that effect.

This has resulted in a current situation in which half of Americans now own next to nothing, more households live below the poverty line than in any other income category, nearly all of the gains from increased productivity over the last generation have gone to the very wealthy, and the bottom ninety percent of American families have involuntarily transferred three-quarters of a trillion dollars to one-percenters. After the large banks and financial institutions brought on the crash and Great Recession in 2008, disparity accelerated during the recovery during which all of the nation's economic growth went to the top seven percent while the rest of Americans saw their net worth actually drop.

A middle class being sapped economically has meant a very slow economic recovery because personal consumption—the primary engine of the United States economy—is sapped accordingly. United States school test scores, infant mortality, maternal mortality, life expectancy, per capita income and other indices of national wellbeing have slid down the international scale until in some ways the United States is now no better off than many poor countries. The most shameful outlier of slipping national competitiveness is health care where one-percenter middlemen are allowed to rake in eight-figure salaries, the United States spends twice the share of gross domestic product as any other nation to prop up this larceny, and, unlike any other industrialized nation, millions are left uninsured.

That the vast majority of Americans are ignorant of these trends and of their own pockets continuing to be picked is owing in part to elected officials sent to Washington who aren't about to bring up the situation for fear of overturning their gravy boats. Because too many Members of Congress and a string of recent presidents could not afford to be elected without continuing their bargain with the Devil taking money from special interests, expecting them to illuminate and solve pernicious economic disparity amounts to asking addicts to kick their own habit without help. The needle of corruption is too deep into the veins of Congress and presidents, and the money addiction too strong to hope for that. As for the third branch, Republicans on the Supreme Court now gleefully facilitate the agendas of the super-rich.

A generation before early twentieth century economic disparity began to be corrected in the 1930s, Helen Keller despaired at the social and economic inequality of 1911. Wrote the astonishing Keller—blind, deaf and mute since infancy—"The country is governed for the richest, for the corporations, the bankers, the land speculators, and for the exploiters of labor. The majority of mankind are working people. So long as their fair demands—the ownership and control of their livelihoods—are set at naught, we can have neither men's rights nor women's rights. The majority of mankind is ground down by industrial oppression in order that the small remnant may live in ease."

By 1968 when she died at eighty-eight, she no longer had to say this. Keller lived long enough to see Social Security, the GI Bill, racial integration, Medicare, Medicaid, repeal of immigrant quotas, innumerable technological advances, the pill, hearing aids, the beginning of equal treatment of women, programs to alleviate poverty, thirty years of progress against economic disparity, and the birth of a wide prosperous middle class that could afford to buy their own homes, put three square meals a day on their tables, and send their children to college.

But if Keller had lived another fifteen years, she would have seen the beginning of George Packer's unwinding of the American Social Contract, the middle class, and the nation's once-high international standing of its citizens' wellbeing. Now a century after her expression of grief, Helen Keller would have to press it again. For the sake of this amazing American who witnessed a strong measure of economic justice during her lifetime, she was better off leaving us when she did, spared further despair for her countrymen.

Recapitulating the train of events that has debilitated nine-tenths of Americans, first conservative trickle-down economic dogma favoring the wealthy begat the super-rich. All economic gains then flowing to them begat their ability to either fund or destroy the viability of many Members of Congress and even presidents. "Campaign contributions" by the wealthy begat legislation and favors to them further cementing their power. Then heavy money in politics begat the addiction of Congress and presidents who now need one-percenters to survive. Republican members of the Supreme Court fell in line, twice gutted campaign finance reform, reinstated racial favoritism at the polls, and by a single vote threw a presidential election, which, as they had heard promised, led to the Bush tax cuts. Now thoroughly addicted to money, a forlorn Congress is unable to wean itself away from its wealthy paymasters. This stalemate begat the enormous shift of income and wealth from the middle class and poor to the wealthy, the erosion of the middle class, and an increase in the number of Americans in poverty.

So the root problem of out-of-control economic disparity—no secret to anyone who has taken a close look—is a very narrow slice of super-rich influence seekers benefitting from the corruption of too much of their money in politics.

Locked Out?

Let us now inventory what hope there might be for Hope Winters and all of the other Hopes across the country for correction of economic disparity to permit middle class restoration and alleviation of poverty. Obstacles are steep, strong and seemingly insurmountable but there may be an emerging dawn of early light.

Mathematically for disparity to lessen, incomes of the middle class and poor must grow faster than do incomes of one percenters until a fairer measure of parity is reached and then maintained. The fastest way to accomplish income growth for the poor is to boost the minimum wage and then keep its growth on par with other incomes by annual increases keyed to the consumer price index. Though this would help the poor, it would do nothing for the middle class. In their case, help needs to come from restoration of their sharing in their own increasing productivity not now accruing to the middle class but to executives.

Whatever policy prescriptions are used to restore fairer economic parity, they must actuate the underlying remedy of putting returns to labor again equal to returns to capital. This means new or revived policies putting a brake on less progressive tax tables, loopholes, off-shoring and other disparity-inducing schemes concocted over the last thirty years. But such policies will come about only from a federal government uncompromised by purchased influence, and that will happen only when money is taken out of political decision-making, which seems unlikely under present circumstances.

In addition to candidates and political parties, several kinds of organizations are subject to campaign contribution scrutiny by the Federal Election Commission, Internal Revenue Service or United States Department of Labor. These include political action committees (PACs),

nonprofits, labor unions, trade and business associations, and certain unorganized groups. So-called super-PACs permitted in July 2010 as the result of a federal court decision may raise nearly unlimited amounts from anywhere including foreign sources, and spend almost without limit for or against individual candidates or ballot measures. In the 2014 election cycle, super-PACs raised \$296 billion, and in the 2016 presidential election cycle are on track to double that.

After the Supreme Court's 2010 *Citizens United* decision for the first time permitting anonymous campaign donations, a number of associations and ostensible nonprofit organizations have been created specifically to hide the identities of donors. Wealthy donors are now joined by stealthy donors with a good deal of overlap. With *Citizens United*, American presidential and congressional elections have been moved closer to being bought outright, with their buyers hidden in the shadows if they so choose. *McCutcheon vs. Federal Election Commission* in 2014 was the high octane of campaign reform reversal.

The legal avenues to solution of redemocratizing the United States are a Supreme Court reversal, presidential orders, Federal Election Commission decisions, a Constitutional amendment, or Congressional legislation, but each of these is checked at the starting gate.

The Supreme Court is very unlikely to reverse its complicity with big money until it loses its Republican majority, a distant prospect depending on actuarial tables.

Presidential orders pertain only to the executive branch and are therefore limited in trying to effect campaign finance reform.

The Federal Election Commission, a classic example of regulatory capture in which an agency ends up serving the interests it was created to regulate, has already been trumped twice by Supreme Court Republicans. Congressional Republicans for years blocked appointments to the Commission, which is weak and prone to tie votes. Even after Senate Democrats used the "nuclear option" to fill out the Commission in 2013, it remains weak, beholden, with only shaky enforcement powers, and at the mercy of the five Supreme Court Republicans.

A Constitutional amendment to clean up campaign financing would never get off the ground in either the required three-fourths of the states or two-thirds of the Congress as legislators in both places are too beholden to big money that would oppose any campaign reform amendment.

The last official hope for official intervention would be that a money-addicted Congress would, in an act of utter bipartisan improbability, summon the courage to yank the money needle from its arm by passing far-reaching legislation carefully crafted to be immune to court tampering. But there is no sign that Congressional money addiction is going to do anything but get worse, with cure improbable to the vanishing point.

A popular movement? Even with President, press and academia now awakening from their disparity slumber and sounding the tocsin, it is hard to see voter pressure in the making that could prompt effective action from any branch of government. If for thirty years a docile middle class and poor meekly surrendered upward economic mobility and even their children's future, what makes anyone think that their passivity will change now, high stakes or not?

Sentinels of Hope

A growing number of outspoken sentinels might.

Until the survey commissioned for *Running on Empty*, it appeared to me that only a very thin intellectual veneer of academicians, writers and reporters was paying much attention to economic disparity, but the survey showed that typical Americans have a growing awareness with at least some aspects of growing disparity and are now highly opinionated that it needs to be corrected.

The month after it was released in 2014, Thomas Piketty's *Capital In the Twenty-First Century*

ranked number one in sales on Amazon.com among all hardcover books and first also in economic policy, comparative economics and development economics. This kind of smash hit by a dense, essentially academic book only happens if there is white-hot popular interest in its topic. Over the last two or three years, *The Washington Post*, *The New York Times*, *The Wall Street Journal*, *The Week*, *Mother Jones* and a few other major print publications have begun paying closer attention to American economic disparity and producing excellent coverage.

President Obama made correction of economic disparity the centerpiece of his 2014 and 2015 State of the Union addresses, and a few United States Senators have begun to pick up the call. With Obamacare, the President may also take credit for the most effective push-back against economic disparity since it began getting out of hand in the 1980s. Despite the president's accepting money from Goldman Sachs and other major one-percenter donors, he is making good on his promise to attack economic disparity. Three Obama initiatives have in fact rolled back a decade's worth increase in disparity: the 2009 stimulus boosting earned income tax credits, Obamacare, and the modest New Year's Day 2013 increase in tax rates on the wealthy. These three measures have reduced disparity by about eight percent relative to the poor but barely at all for the middle class. It is a start.

In exceptionally explicit terms, Federal Reserve Chair Janet Yellen has joined the call warning that, "The extent of and continuing increase in inequality in the United States greatly concern me. Income and wealth inequality are near their highest levels in the past hundred years, much higher than the average during that time span and probably higher than for much of American history before then. I think it is appropriate to ask whether this trend is compatible with values rooted in our nation's history, among them the high value Americans have traditionally placed on equality of opportunity."

Particularly convincing sentinel voices calling for reform are those among one-percenters themselves. Perhaps most famously, Warren Buffett, CEO of Berkshire Hathaway and the nation's second wealthiest person, has repeatedly proclaimed that it is wrong that his effective tax rate is lower than that of his secretary, Debbie Bosanek, whom he pays about \$60,000 per year. Buffett's call for high incomes to be taxed at higher *effective* rates than lower incomes has come to be called the Buffett Rule.

When *Daily Finance* writer Bruce Watson decided to lift the tent flap to peer inside the one-percenter enclave, he got a surprise with how strongly many wealthy people have begun advocating for changes that would correct economic disparity at the expense of their own fortunes. Watson says that a growing number of the wealthy are not prototypically "arrogant and self-centered, convinced that they deserve their wealth, and blind to their own good luck and the societal support that allowed them to prosper."

Watson cites Jessie Spector who, born into a family fortune and with a choice of cushy jobs available for the asking, went to work at Resource Generation when she graduated from college in 2008. Resource Generation "organizes young people with financial wealth to leverage resources and privilege for social change," a major about-face for rich kid Spector who is now the nonprofit's CEO. Says she, "I am focused on taxation as one key tactic for creating economic justice. It's the best system we have on a scale large enough to create a more equitable society. We need to pay our fair share. The wealthy need to pay much more if we hope to maintain opportunities for everyone in our society. My priorities have been to give money to people who are most directly affected by injustice. I work with *Poor Magazine*, a media group that is organized around economic injustice." The sign here that she carried during Occupy Wall Street puts a fine point on her argument.



Jessie Spector States Her Case

Watson got an earful when interviewing Chuck Collins, director of the Institute for Policy Studies' Program on Inequality and the Common Good. Collins also happens to be a great-grandson of Oscar Meyer and heir to the family's extensive meatpacking fortune. As Collins said of the ultra-rich, "Most realize that their wealth has to do with the society that we live in. Many people in the one percent realize that the economy should not be organized to keep funneling wealth to the top. Do I want to live Brazil-like having to surround my family with bodyguards as we take armored cars from one rich enclave to another? That's kind of where we've been heading for the last thirty years. Do this for another twenty years and you've got another Sao Paulo. In the 1950s and 1960s, we taxed ourselves at a high level and used the money to pay for public investments that made our generation's prosperity possible. Now, however, we're stripping those investments in order to benefit a very small portion of the populace. Are we leaving anything for the next generation? We also need to think about health of the economy. Too much inequality undermines the basis of prosperity."

Other foundations are beginning to address rampant United States economic disparity. Notable among them is the William and Flora Hewlett Foundation and its James Madison Initiative. In the Hewlett Foundation's view, "The health of a representative democracy depends on whether its institutions are working in ways that most people find acceptable. It's hard to look at events of the past few years without concluding that democracy in America is in trouble. Surveys routinely find that most Americans think poorly of the federal government and in particular of Congress. Such frustration and mistrust do not bode well for our system of government. Willingness to compromise is in short supply but we believe that philanthropy should play a role in helping to restore it and democratic leadership. Our goal is to strengthen the nation's representative institutions so they can address problems facing the country in ways that work for the American people. Reflecting its Madisonian roots, the Madison Initiative calls upon us to restore pragmatism and the spirit of compromise in Congress, to reform campaigns and elections, and to promote an informed active citizenry."

Visibly topping off one-percenter concern over disparity and the negative image of one-percenters is the wealthiest American. Bill Gates with wife Melinda and Warren Buffett conceived of the idea of the Giving Pledge from "many great conversations" that the three had with other philanthropists in the U.S. and abroad. The pledge, specifically focusing on billionaires, invites the world's wealthiest individuals and families to give more than half of their wealth to philanthropy or charitable causes during their lifetimes or in their wills to help address society's most pressing problems. Though the Pledge doesn't direct itself specifically toward the United States, its need for campaign finance reform or economic disparity, it will probably lend positive results in the U.S.

From the *Running on Empty* survey results, what also now appears to be in play is that the American people's better instincts might prevail and be able to break through the logjam of privilege blockading correction. Just perhaps *Running on Empty* survey respondents are a representative harbinger of a broader awareness welling up in populist opinion.

But the impediment is the old one that voters who would like to see a major overhaul in Congress are usually fond of their own incumbents and prone to send them back to Washington. "Throw them all out but mine" leaves them all in. Further, most political challengers are as beholden to big-money interests as are incumbents, so deposing incumbents usually amounts to substituting a different brand of the same poison, perhaps even greedier.

Among the growing number of economic disparity sentinels, well known and unknown, most noticeable is Robert Reich—standout to progressives, boogeyman to conservatives—who has apparently refashioned his career into the constant forceful sentry warning against the pernicious effects of economic disparity. Keep it up, Secretary Reich.

In fact, America's record of its better instincts rising to command national improvement has been remarkable if sporadic. The American collective conscience, or at least a repeated majority of it, hammered away successfully at slavery, segregation, sexism, religious intolerance, homophobia and xenophobia. Some of this betterment has come through government action:

Brown vs. Board of Education outlawing school segregation, the Civil Rights and Voting Rights Acts enfranchising all Americans, legalization of same-sex marriage shaming homophobia, the Immigration Act of 1965 trumping racial xenophobia.

Sometimes betterment has come about through grass-roots changes in public attitudes: the Underground Railroad, women's rights, a Catholic President, a Jewish Vice Presidential candidate, Buddhist and Muslim Members of Congress, two state Governors who are descendants of Indian immigrants, and growing millions of multiracial families. Though it has been repeatedly blocked by Congressional Republicans, just the push for immigration reform, with national polls now strongly supporting it, combats (once again) xenophobia.

Journalists, academicians, grass-roots survey-takers, growing cadres of young and old one-percenter opinion leaders, an awakening President, pleaders such as Hope Winters, and a concerned writer or two are now hot on the issue of the national corrosion caused by economic disparity and, at its root, corrupt wholesale purchase of privilege legislation.

Just maybe this growing instinct for national betterment is the dawn's early light, will prevail, and will upend the nation-debilitating crime of a narrow elite gorging itself at the expense of an entire great nation that prefers to stay that way. If not, we may be witnessing the twilight's last gleaming for the United States, at least as a democracy.

If reform does come about, it will have to be through a very different Congress subscribing to campaign finance and tax reform, a hands-clean president disposed to sign on, and just one more Supreme Court Justice willing to get outdoors, listen and become refamiliar with his or her own nation. As the articulate disparity analyst Chrystia Freeland puts it, the United States needs a new New Deal.

Do hope for this but don't hold your breath.

A reformed Congress, an un beholden President and the Justices of a politically neutral Supreme Court would all do well to buy RVs, hit the road, hear their countrymen, and relearn the America heard by Vicki and me.

XI. Windows Into America

