Street, P. (September, 2013). No functioning U.S. democracy. *Z Magazine.*

Last July, former U.S. President Jimmy Carter said something that should have been a headline story and a top item on the evening and cable television news. "America does not at the moment have a functioning democracy," he remarked at a July 16 event in Atlanta, Georgia sponsored by Atlantik Bruecke (Atlantic Bridge), a nonprofit association dedicated to ensuring smooth relations between the United States and Germany.

Carter's remarks didn't appear in the U.S. "mainstream" (corporate state) media. They were reported from Atlanta by the German newsmagazine *Der Spiegel,* whose Washington correspondent, Gregor Peter Schmitz, said on Twitter that he was present at the event. "The story," *International Business Times (IBT)* reporter Alberto Riva notes, "did not appear on the English-language section of the Speigel website. It was available only in German."

Carter's remark was a response to the whistleblower Edward Snowden's revelations about the National Security Agency's spying on American and other global citizens. According to Riva, "Carter is so concerned about the NSA spying scandal that he thinks it has essentially resulted in a suspension of American democracy" (A. Riva, "NSA Controversy: Carter Says U.S. 'Has No Functioning Democracy,'" *International Business Times*, July 18,2013).

In the Hands of a Moneyed Oligarchy

But what functioning U.S. democracy was it, exactly, that got "suspended" recently by the NSA? As John Bellamy Foster and Robert W. McChesney noted four years ago, explaining why there would be no New Deal under Barack Obama, "The United States, despite its formally democratic character, is firmly in the hands of a moneyed oligarchy, probably the most powerful ruling class in history" (J. B. Foster and R.W. McChesney, "A New Deal Under Obama?" Monthly Review, February 2009).

By Noam Chomsky's account two years later, writing in the wake of the elite-manufactured debt-ceiling crisis that nauseated the nation and mystified the world, "Corporate power, by now largely financial capital has reached the point that both political organizations, which now barely resemble traditional parties, are far to the right of the population on the major issues under debate" (Noam Chomsky, "American Decline: Causes and Consequences," *Alakhbar English,* August 24, 2011).

Evidence in support of these statements is voluminous. On issue after issue, public opinion is irrelevant (or very close to it) in the realm of serious politics and policy, controlled by the nation's "unelected dictatorship of money (Edward Herman and David Peterson's phrase). Take health care coverage. Most Americans have long favored a single-payer national health insurance plan built on the Canadian model. Their preference for such substantive, seriously social-democratic health reform has found no representation among the corporate- and Wall Street-captive lobbyists and politicians who pushed for big business-friendly versions of "health insurance reform. The version that finally passed in 2009, the so-called Affordable Health Care Act, is a monument to corporate and financial plutocracy. The business right wing FOX News and talk radio propaganda machine calls "Obamacare" socialism. It did not inform listeners that the president's measure is based on corporate-friendly prescriptions developed by the right-wing Heritage Foundation in the 1990s and that Obama's notion of "change" leaves giant insurance and drug companies free to extract massive profits that drive the nation's health care costs to the breaking point.

The U.S. could eliminate its much-bemoaned fiscal deficit by replacing the nation's highly dysfunctional privatized and largely employment-based health insurance system with a universal public model similar to what exists in other industrial nations—with a system that would cut health costs in half and yet deliver superior outcomes. But that's irrelevant under the rules imposed by the reigning "plutonomy," wherein "the financial institutions and Big Pharma are far too powerful for such options even to be considered" (Chomsky, "America in Decline," *New York Times Syndicate,* August 5, 2011).

Deficit Over Jobs

The deficit" is another case in point. The populace tells pollsters that the government's main priority ought to be job creation, not deficit reduction. As *Demos* magazine noted last December 2011 and 2012, polls found that, "the public remained focused on jobs and the economy over the deficit by two-to-one margins or more." Surveys undertaken after Obama's re-election last November found that, "49 percent thought the election was a mandate for job creation while only 22 percent said that the President's mandate was for deficit reduction." NEC's exit poll showed that "only 15 percent of voters thought the deficit was the biggest problem facing the country." A majority supported "spending money to invest in infrastructure/public sector hiring, like teachers and firemen, versus cutting to reduce the deficit."

As *Demos* writer J. Miljin Cha explained, "The 'donor class'—the segment of the population that donates to political campaigns—is disproportionately comprised of affluent Americans." This "donor class" (predominantly from households in the top income quintile), "does not prioritize policies to create jobs and economic growth." It is "twice as likely to name the budget deficit as the most important issue in deciding how they would vote than middle- or lower-income respondents." It strikingly and overwhelmingly rejects federal government action to help create jobs. Just 19 percent of the nation's affluent households think the government in Washington should, "see to it that everyone who wants to work can find a job"—a statement favored by 68 percent in the public. A tiny 8 percent of the wealthy think that government "should provide jobs for everyone able and willing to work but cannot find a job in private employment"—something a majority (53 percent) of Americans support (J. Miljin Cha, "Why is Washington Reducing the Deficit Instead of Creating Jobs?" *Demos,* December 7, 2012).

The "donor class"*has won the policy argument, in defiance of majority sentiments. "Austerity dominates the current political debate" in ways that reflect "the influence of money in our political system...as evidenced in how-, well the interests and priorities of the affluent class are represented in Congressional action—even when they run counter to the wishes of most Americans"—and, we might add, counter to the requirements of meaningful economic recovery (Cha, "Why is Washington Reducing the Deficit?").

We could also mention strong majority (71 percent) support for a significant increase in the federal minimum wage, prevented by a solid bloc of House Republicans and conservative Democrats beholden to the investor/donor class, and for significant gun control legislation, blocked by the lobbying power of the big money gun lobby. Fully 91 percent of Americans polled by Gallup last January supported background checks for all gun sales, to no policy avail in the NRA-controlled U.S. Senate *(Gallup Politics,* January 23, 2013, April 29, 2013; *Huffington Post,* April 17,2013).

Distribution of Wealth

Or take the nation's distribution of wealth. Most Americans favor a Scandinavian allotment wherein the top 20 percent own between 30 and 40 percent of the privately held wealth and the bottom 40 percent have between 25 and 30 percent (Michael Norton and Dan Ariely, "Building a Better America One Wealth Quintile at a Time," *Perspectives on Psychological Science,* 2010). "Taken literally," the Princeton political scientist Larry Bartels notes in his important book. *Unequal Democracy: The Political Economy of the New Gilded Age* (2009), the survey data illustrating these and other progressive majority views imply "an astonishing level of public support for what would have to be a very radical program of social transformation," including the outlawing of inherited wealth and of social and economic advantages based on race, gender, ethnicity, and intelligence.

No such program is remotely entertained by U.S. policymakers and politicians. By the time Occupy Wall Street arose, the 400 richest Americans possessed more wealth than the entire bottom half of the U.S. population—150 million U.S. citizens ("400 Americans Have More Wealth Than Half of All Americans Combined," March 2011, *Journal-Sentinel Wisconsin).* The top 1 percent also possessed as much as the bottom 90 percent (N. Kristof, "America's Primal Scream," *New York Times,* October 15, 2011), a reflection, among other things, of the fact that the lowest two U.S. wealth quintiles (the bottom 40 percent) of the U.S. control an astonishingly paltry 0.3 percent of the nation's net worth, essentially nothing (Norton and Ariely, "Building a Better America").

In July 2012, U.S. Senator Bernie Sanders (I-VT) claimed that six Waltons—five children and one daughter-in-law of Sam and James "Bud" Walton (the founders of Wal-Mart)—now own "more wealth than the bottom 40 •- percent of America."

Sanders's assertion was ruled accurate by the *Tampa Bay Times'* Pulitzer Prize-whining fact-checking website PolitiFact.com, which noted that typical U.S. families lost an astonishing 39 percent of their wealth between 2007 and 2010, with median family net worth falling from $126,400 to $77,300 during those years. Across the same period, the wealth of the Walton family members rose from $73.3 billion in 2007 to $89.5 billion in 2010, a nearly 22 percent increase *(Tampa Bay Times,* PolitiFact.com, July 31, 2012).

Inequality v. Democracy

The United States' current stunning level of inequality—more comparable to Latin America and Africa than to Western Europe and Japan—is not simply a reflection of plutocracy. It is also a self-reinforcing cause of top-down governance for and by the few. Morally problematic in and of itself, extreme inequality makes functioning democracy impossible. As the venerable wealth and power critic George W. Domhoff explains on his website Who Rules America?: "Wealth can be seen as a 'resource' that is very useful in exercising power. That's obvious when we think of donations to political parties, payments to lobbyists, and grants to experts who are employed to think up new policies beneficial to the wealthy.

"Wealth also can be useful in shaping the general social environment to the benefit of the wealthy, whether through hiring public relations firms or donating money for universities, museums, music halls, and art galleries...certain kinds of wealth, such as stock ownership, can be used to control corporations, which of course have a major impact on how the society functions...[and] just as wealth can lead to power, so too can power lead to wealth. Those who control a government can use their position to feather their own nests, whether that means a favorable land deal for relatives at the local level or a huge federal government contract for a new corporation run by friends who will hire you when you leave government."

Disparity on the current U.S. scale undermines meaningful popular governance, something that has been well understood by leading Western and American thinkers, activists, and policymakers from Aristotle and Thucydides through Thomas Jefferson, James Madison, Henry George, Upton Sinclair, John Dewey, Eugene Debs, Louis Brandeis, Franklin Roosevelt, Martin Luther King, Mario Savio, and Noam Chomsky. Brandeis's statement in 1941 that we must choose between democracy on one hand or "wealth concentrated in the hands of a few" on the other hand, arose from a venerable understanding that disproportionate political, cultural, ideological, and policy influence inevitably flows to those who possess large concentrations of money, capital, and worldly goods while those with little of those things exercise little power in the absence of remarkable mass solidarity and organization. For this basic reason, "you can't sustain a democracy in an oligarchy" (Chris Hedges, "America is a Tinderbox," Real News Network, July 19, 2013).

The control of politics and policy through campaign contributions is especially advanced in a time when, as Jimmy Carter noted last July (just days prior to his comments on the NSA and Snowden) "it's almost impossible for a candidate...to be considered seriously as a candidate to represent the Democratic or Republican parties as nominee if you can't raise $100 million or $200 million from contributors, many of whom know that they are making an investment in how they are going to be treated by the winner after the election is over." The nation's system of un-checked political contributions amounts to the "legal bribery of candidates," Carter said (Ray Henry, "Jimmy Carter: Unchecked Political Contributions are 'Legal Bribery'," *Huffington Post,* July 17. 2013).

"Failure by Design"

In 1916, the great American philosopher John Dewey calmly observed that U.S. politics was "the shadow cast on society by big business." Things would stay that way, he predicted, for as long as power resided in "business for private profit through private control of *banking, land,* industry, reinforced by commend of the press, press agents, and other means of publicity and propaganda" (John Dewey, *Democracy and Education,* New York, 1916).

It might seem that Dewey spoke too soon. Between the 1930s and the 1970s, a significant reduction in overall economic inequality (though not racial inequality) and an increase in the standard of living of millions of working class Americans occurred in the United States. This "Great Compression" occurred thanks to the rise and expansion of the industrial workers' movement (sparked to no small extent by Communists and other radical left militants), the spread of collective bargaining, the rise of a relatively pro-union New Deal welfare state, and the democratic domestic pressures of World War II and subsequent powerful social movements. Still, core capitalist prerogatives and assets—Dewey's "private control" and "business for profit"—were never dislodged, consistent with New Deal champion Franklin Roosevelt's boast that he had "saved the profits system" from radical change. The gains enjoyed by ordinary working Americans were made possible to no small extent by the uniquely favored and powerful position of the United States economy (and empire) in the post-WW2 world.

When that position was significantly challenged by resurgent Western European and Japanese economic competition in the 1970s and 1980s, the comparatively egalitarian trends of postwar America were reversed by the capitalist elites who had never lost their critical command of the nation's core economic and political institutions. Working class Americans have paid the price ever since. For the last four decades, wealth and income have been sharply concentrated upward, returning to pre-Great Depression levels, marking a New or Second Gilded Age that is directly traceable to a number of key policies:

- Letting the value of the minimum wage be eroded by inflation
- Slashing labor standards for overtime, safety, and health
- Tilting the laws governing union organizing and collective bargaining strongly in employers' favor, feeding an epic decline of U.S. union membership, union contract coverage, and labor political influence
- Weakening the social safety net
- Privatizing public services
- Accelerating the integration of the U.S. economy with the world economy without adequately protecting many workers from global competition
- Shredding government oversight of international trade, currency, investment and lending patterns
- The epic de-regulation of the financial sector (above all the repeal during the late 1990s of the New Deal Glass-Steagal Act's separation or fire-wall between investment and commercial banking) along with numerous other industries

- Privileging low inflation over full employment and abandoning the latter as a worthy goal of U.S. fiscal and economic policy
- The slashing of taxes on corporations and the rich. For example, the top marginal tax rate fell from 70 percent under Carter to 28 percent under Reagan and to 35 percent under George W. Bush

As liberal economist Josh Bivens shows in his useful monograph *Failure by Design: The Story Behind America's Broken Economy* (Cornell University, 2011), the problem has not been that that "the economy" has been broken by the "invisible hand" of the market or other forces beyond human control. The real difficulty is that the "human-made" U.S. economic system has been working precisely as designed: to distribute wealth, income and power upward.

Regressive outcomes have been deliberately crafted into a number of key, interrelated, largely bipartisan, and not-so public policies across the long "neoliberal" era (from the mid-1970s to the present) that supplanted the long New Deal Era (mid-1930s to mid 1970s).

No Shift Right in Public Opinion

These and other regressive polices across the long neoliberal era did not reflect any shift of U.S. public opinion from more left to more right. Instead, as the radical economist Richard Wolff notes, "what happened was a relative withdrawal from politics of those groups that favored social welfare and income-redistribution policies (the New Deal 'legacy') and a relative increase in the participation of business and the rich, who used their money to shift the tone and content of US politics" towards the right. As Wolff explains, the working class majority was put back on its heels and pushed out of politics as an increasing upward concentration of wealth increased the business elite's capacity to control politics and that elite's incentive to exercise such control: "In the decades since the 1970s, stagnant real wages, rising hours of paid labor per person and per household, and rising levels of household debt all combined to leave working families with less time and energy to devote to politics—or indeed to social activities and organizations in general. Working-class participation in politics, already limited before the 1970s, shrank very significantly during the neoliberal period. At the same time, the soaring profits of U.S. business and personal wealth of the richest Americans increasingly poured into U.S. politics. In the first place, they had quickly growing resources that allowed them to influence politics to a greater extent than ever before. In the second place, they had greater incentives to do so than ever before.... Rising income inequalities are always issues of concern to those at the top because of the risks of envy, resentment, and opposition. There is always the possibility that the economically disadvantaged will seek to use political means to recoup their losses in the economy. The 99 percent might turn to politics to negate the gains of the 1 percent. Thus, it became—and remains—more important than ever for the 1 percent to use their money to shape and control politics" (R. Wolff, *Democracy at Work: A Cure for Capitalism,* Haymarket, 2012).

Too Powerful to be Nationalized

A leading sign of the success of the 1 percent is that the nation's leading and arch-parasitic financial firms continue to exist on giant and indeed significantly growing scales, even as they have made the argument that they are "too big to fail" and therefore required gargantuan government bailouts when their speculative gambles collapse. As Wolff explains in connection with the 2007-2008 financial crisis: "At the height of post-2007 crisis, major banks demanded and received massive government on the basis of a threat. They were, they insisted, 'too big to fail.' The idea seemed to be that letting them collapse or default would have such devastating consequences for the larger economy that the government had to help them 'in the national interest'.... However, the banks' arguments had two logical implications that had to be blocked from public discussion, let alone action. The first implication was that such larger enterprises should be broken up into smaller enterprises so that the failure of any one would not effectively blackmail the government into costly support.... The second implication that had to be repressed was this: if big banks and other financial enterprises are too big to fail, then perhaps the solution was to nationalize them" *(Democracy at Work).*

Neither of these two solutions suggested by the financial sector's own argument for the epic government bailout of Wall Street (breaking up the big banks or nationalizing them) have been given a remotely serious hearing in the dominant mass media or in the political system. Meanwhile the "moral hazard" of "too big to fail" (the problem that a guaranteed government bailout of giant financial institutions will encourage those institutions to continue undertaking excessive risks) has increased since many of the leading U.S. banks are now significantly bigger than they were in 2007.

Carterland

Curiously enough, the decisive undemocratic shift right in the nation's economic policy started not under the Republican presidencies of Richard Nixon or Ronald Reagan, but under the Democratic interregnum of Jimmy Carter. The neoliberal polices that have loosened financial regulation, undercut social protections, deepened economic inequality, and produced crisis have been a richly bipartisan affair going back to the Carter administration. As liberal political scientists Jacob Hacker and Paul Pierson have noted, in a critique of popular liberal historian Rick Perlstein's book - *Nixonland:* "If one wanted a book titled to capture the great turning point [rightward] in modem American political history, it would *be* more accurate, is less catchy, to call it Carterland, [as] 1977 and 1978 marked the rapid demise of the liberal era and the emergence of something radically different. Tax reform: defeated. A new consumer protection agency: defeated.... Health care reform: defeated. A proposal to tie the minimum wage to the average manufacturing wage to prevent its future erosion: defeated. An overhaul of outdated labor relations: successfully filibustered in the Senate despite the presence of 61 Democrats and a Republican minority containing some genuine supporters of organized labor, not to mention far, far more moderates than in the GOP we know today.....

"....By 1978, at a time of unified Democratic control of the House, Senate, and White House, the precursors of the Reagan revolution were already visible. Congress passed a tax bill whose signature was a deep cut in the capital gains tax—a change that would largely benefit the wealthy. This followed hard on the heels of a decision to sharply raise payroll taxes, the most regressive federal level. These two initiatives—fully a decade removed from the supposed turning point of Nixon's rise—marked the beginning of a [a] pronounced [regressive] reversal in federal tax policy.... At the same time, Congress and the president embarked on a major shift in economic policy, embracing the argument that excessive regulation had become a serious curb on growth...[starting a] deregulatory stream [that soon]...flooded over its narrow banks to become an ever-widening attack on the very idea of economic regulation. Here again the story begins in the 1970s, not the 1980s." (J. Hacker and P. Pierson, *Winner Tale All Politics: How Washington Made the Rich Richer and Turned its Back on the Middle Class,* Simon&Schuster, 2010.)

If Jimmy Carter wants to know why we have no functioning democracy in the United States he should look deeper than NSA phone spying. A serious inquiry into the question would include an honest examination of his own corporatist presidency, itself a fitting prelude to the neoliberal Democratic administrations of Bill Clinton and Barack Obama.

"They're Preparing"

Of course, there's an intimate relationship between the surveillance activities that Carter deplores and the plutocracy he advanced as president. As left author and commentator Chris Hedges chillingly noted in a remarkable interview, "America is a Tinderbox" on the Real News Network last July: "We are being... reconfigured into a kind of neo-feudal society, an oligarchic society where increasingly the bottom two-thirds of Americans are hanging on by their fingertips. You have a shrinking, diminishing middle class and an elite that is...making obscene amounts of money at our expense.... They will push and push and push until there is a backlash.... What we're seeing with the security and surveillance state is a preparation for that backlash—the destruction of civil liberties, which has been brutal, the wholesale surveillance and monitoring of virtually every American citizen, which I think many of us suspected and Edward Snowden...made...palpably real...they know what's coming. The NSA has run all sorts of scenarios on economic collapse, and especially climate change. And they'repreparing."