

Wealth v. Democracy
CGS talk
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- I. Introduction
 - A. The battle for the soul of America is one of wealth versus democracy, but it is a battle that the left seems unable to fight.
 - 1. Instead, we are caught in attempting to engage in progressive politics in the era of conservatism.
 - 2. How did this happen?
 - B. There is a lamentable characteristic among those on the left to be at war with themselves.
 - 1. The left seems more engaged and desirous to fight rivals than to fight the enemy, whoever that is.
 - 2. Seeking to find the moral high ground.
 - 3. Seeking to define orthodoxy.
 - 4. Seeking to be correct, even if it means being right as opposed to taking power.
 - 5. Or in the anarchistic spirit of many on the left, there is a disdain for power and organization, preferring to utter the mantra that we are simply into consciousness raising or into not wanting to speak with one voice.
 - a. Almost as if we are living not in this world but in another.
 - C. But of course there is a problem.
 - 1. If you say you want a revolution or to change the world, you need to organize, focus, work together, and actually take power.
 - 2. But the left seems incapable of doing that.
 - D. I want to make a simple and central argument today.
 - 1. As the left looks for a rallying point, a key issue to organize people and secure a transformation of the world across man objectives, the issue is really simple: it is about wealth versus democracy.
 - E. The inspiration of my talk
 - 1. Two Supreme Court Justices
 - a. Louis Brandeis
 - b. William Rehnquist
- II. Louis Brandeis and the choice is simple:
 - A. "We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can't have both."
- III. What is the main problem in America?
 - A. Teaching my race, class and gender course at MCTC?

1. Which is the main issue or line of contention?
 - B. American politics
 1. Race, class, gender, region, and religion
 2. Point of conflict and cohesion
 - C. Surveying the left?
 1. People stand up at meeting and declare:
 - a. Racism
 - b. Sexism
 - c. Environment/global warming
 - d. Greed
 - e. Population growth
 - D. Yes all are important, all critical issues, but they all share a singular characteristic or trait—economics
 - E. Racism, etc. sting is because of the economic punch that stands behind it.
- IV. The core problem is political-economic
- A. The core issue is really about the relationship between economics and politics.
 1. The tension between the market and democracy
 - B. Markets and democracy have different goals
 1. Markets
 - a. Efficiency
 - b. Profits
 - c. Wealth maximization
 2. Democracy
 - a. Equality
 - b. Voice
 - c. Majority rule/minority rights
 3. Contrasting notions of liberty
 - C. Sometimes markets and democracy share goals and reinforce
 - D. Sometimes markets and democracy conflict
 1. Daniel Bell—*Cultural Contradictions of Capitalism*
 - a. Efficiency v legitimacy
 - b. It is about structural forces that define a logic
 2. C.B. McPherson
 - a. Democracy and capitalism enhance or encourage different human powers and traits
 - E. The simple answer though is that the issue is of striking a balance or ascertain a way to sort out what markets v. government should do.
 1. My classes at hamline explore this question
 - a. Markets for sail boats not health care
 - b. Markets for video games not food and basic necessities
- V. The Art of separation

- A. Michael Walzer and *Spheres of Justice*
 - 1. The task of Modernity is drawing the walls of separation and deciding on respective spheres of influence
 - 2. Does politics serve markets or vice versa?
 - 3. How far should money or wealth go in determining who has political influence and power in the United States or the world?
 - B. William Rehnquist
 - 1. First National Bank of Boston v. Bellotti, 435 U.S. 765, 825-826 (1978)
 - a. It cannot be so readily concluded that the right of political expression is equally necessary to carry out the functions of a corporation organized for commercial purposes. 5 A State grants to a business corporation the blessings of potentially perpetual life and limited liability to enhance its efficiency as [435 U.S. 765, 826] an economic entity. **It might reasonably be concluded that those properties, so beneficial in the economic sphere, pose special dangers in the political sphere. . . Indeed, the States might reasonably fear that the corporation would use its economic power to obtain further benefits beyond those already bestowed.**
- VI. The core issue is economics and containing the power of wealth in our society
- A. The crash of 2008 only highlighted the crisis that has been building at least for 30 years
 - 1. Rational behavior to speculate and will do so again.
- VII. America Today
- A. The Occupy Wall Street movement has brought into stark focus the reality of class in America with slogans that refer to the “Other 99%.” Similarly, a host of recent Census Bureau and other studies point to the dramatic widening of income gaps and expansion of poverty in America.
 - B. The 2010 Census reported that the richest 5 percent of the U.S. population accounted for 21% of the income, and the top 20% received over 50% of the total income in the country. Compare these numbers to the bottom quintile, which accounted for about 3% of the total income. Congressional Budget Office research found that income gap between the top 1% of the population and everyone else has more than tripled since 1973. After-tax income for the top 1% increased by 281% between 1973 and 2007; for middle class or middle quintile, it increased by 25%; and for the bottom quintile, the increase was merely 16%. Looking beyond income to wealth, the maldistribution has not been this bad since the 1920s. According to the Institute for Policy Studies, in 2007 the top 1% controls almost 34% of the wealth in the country, and half of the population possesses less than 3%. The racial disparities for wealth mirror those of income. Studies such as the Survey of Consumer Finances by the Federal Reserve Board have similarly concluded that the wealth gap has increased since the 1980s.
 - 1. CEO Pay Grew 127 Times Faster Than Worker Pay Over Last 30 Years:

Study according to the Economic Policy Institute

- C. Social mobility in America has ground to a halt. A 2010 Organization for Economic Cooperation and Development study found that social mobility in the United States ranked far below that of many other developed countries. Other studies, including those in 2005 and 2010 from the *Economist*, similarly point to declining social mobility in the United States that makes it difficult for individuals to elevate their socioeconomic status. In fact, there is better than a 95% chance that children will not improve their socioeconomic status in comparison to their parents. Finally, the latest Census figures point to a poverty rate in 2010 of 15.1%, representing a record 46 million people in poverty. The numbers are equally grim for women, children, and people of color in poverty—all record or near record numbers. Few really can move on up to live the American dream.
 - 1. USA Today reports a Pew Study finding economic mobility tied to place in the United States with some states affording greater mobility than others.

VIII. 2012 Elections in a Post citizens United World

- A. The gap in spending and role of wealth in American politics to influence elections

IX. Face it—progressive politics in America looks dead.

- A. No, not socialism, that's been dead almost from the beginning in the United States. Although during the height of the recent recession a Rasmussen poll found only 53% of the population lacked preferred capitalism to socialism. Yet there generally seems little support for workplace democracy and significant public ownership of state owned enterprises that are profitable and run for the benefit of the public. America's version of government ownership is to take over ailing and unprofitable enterprises such as the auto industry or banks, pump billions if not trillions of public dollars into them, and then return them to private control just as they become profitable again. This is not socialism—it is corporate welfare.
- B. The progressive politics that looks dead is good old-fashioned economic liberalism. This is not Bill Clinton liberalism that supported NAFTA and welfare reform and which Mitt Romney recently warmly embraced as the kind of Democratic Party politics he liked. Instead, the progressive politics that appears dead is that of Lyndon Johnson, John Kennedy, Franklin Roosevelt, and even Teddy Roosevelt. It is about the Great Society and the New Deal. It is about redistributive politics that sought to raise those at the economic bottom, narrow the gap between the rich and poor, and wrestle control of political power in the United States from corporations and plutocrats. It was a commitment to believing that the government had an important role in make sure we had a nation that was not one-third ill-fed, ill-clothed, and ill-housed, that kids should not go off to school hungry, and that corporations should not have the same rights as people.
- C. But if Bill Clinton's presidency did not kill off this type of progressive politics, surely Barack Obama has. If Obama did not do it directly, he did so indirectly with the 2010 backlash against him that has done more to kill progressive politics than can be

imagined.

- X. Look at where American politics is today.
- A. A 2009 Gallup poll pegged 40% of the population as describing themselves as conservative, nearly twice the 21% labeling themselves as liberal. In 2010 the numbers were 42%-20% conservative and liberal, and one can only speculate what they are today after the November, 2010 electoral rout of Obama and the Democrats. Since then Republicans have taken effective control both in Washington, St. Paul, and across the country. Obama is practically immobilized by the TEA Party, Mark Dayton gets nothing his first year in office then supports corporate welfare for the billionaire Vikings owner. Across the country in places such as Wisconsin Governor Walker stomps on union rights and may well be the first governor in history to survive a recall election. Yes unions did win some victories in Indiana and elsewhere, but they are on the defense.
 - B. Progressives are on the run everywhere. It is not just on matters of public policy such as with taxes, government regulation, and health care, but also in the rhetorical battle for the hearts and minds of the people. You can't even call yourself a liberal anymore without being red baited. Thus the reason for switching to the term progressive. Conservatives have successfully labeled as left or socialist anyone who does not agree with them. During the Republican primaries Bachmann called fellow party members "frugal socialists."
 - C. Watch cable news (not just FOX) or surf the web, crack pop conservative ideas dominate. Ron Paul pleads for a return to the gold standard, Michelle Bachmann blames Obamacare and Wall street reforms for the crash in the economy (even though neither have really taken effect for the most part). The recession of 2008 is the fault of the government and not greedy bankers and speculators, Keynesian economics to stimulate the economy is wasteful, consumer protection is bad for business, and the Supreme Court's *Citizens United* expanding corporate free speech rights to dump unlimited money into the buying of elections is good. Oh, and vaccines cause mental retardation and global warming does not exist. Main stream media seems afraid to put real progressives on the air and what passes as progressive on MSNBC is watered-down and defensive.
- XI. How did it happen?
- A. There is no one cause but there are several reasons.
 - B. First, what Obama and progressives have failed to do is craft a narrative supporting their views. TEA Party activists and conservatives have the narrative of individual freedom—markets are good and government is bad. Government suppresses personal freedom and markets promote it. Never mind that corporations tell more people what to do with more of their life at work than the government ever does or could. That's corporate freedom. Conservatives have made free choice their buzz word and equality a dirty one. Progressives have no overarching rhetoric and narrative to support their world view. "Hope" and "change" may be great election slogans but

they do nothing for governance. The closest one has to a progressive narrative out there is from Occupy Wall Street about the “other 99%.” Yet OWS is so fragmented it lacks a central policy message upon which one could govern. Progressives need a winning narrative that appeals to Americans and which dictates a governing philosophy.

- C. Second, Obama was not really a liberal but his rhetoric looked it. He ran promising change. The reason why so many are disappointed in him is not that he was too far left but that instead he failed to deliver on his lofty promises. At inauguration Obama had a window to change America but he flinched. Carpe diem was not his motto.
- D. Third, progressives lack guts to fight. Look at Obama last year during the debt deal stand off or Dayton and the government shutdown. Both finally caved in. Why? Democrats (and one should not confuse the party with progressivism) believe that they are the caretakers for government. They believe that they need to be responsible and not run the risk of shutting the government down for fear of how it would ruin the economy or hurt people. But conservatives know this and take advantage of the Democrats willingness to blink. But by blinking the Democrats are screwing over poor people and the economy slowly by giving ground one inch at a time and they seem unable to recapture it. Until Democrats fight and show conservatives they are willing to shut the government down and hold conservatives responsible they will never win. Missing is the courage of their convictions.
- E. Fourth, conservatives understand how to make structural reforms and policy changes that both benefit their supporters and enhance their power. Tax cuts and cuts in regulation are simple ways to benefit supporters, but there is more. Voter ID disempowers their opposition, attacking union rights undercuts labor support for Democrats and opposition to business in the workplace, and gutting regulations on money in politics strengthens corporations and rich individuals.
 - 1. Obama’s biggest mistake in his first two years was his failure to act accordingly. Instead of health care reform he should have used his sizable majorities in Congress to support the Employee Free Choice Act to strengthen unions, adopt national legislation banning voter ID and permitting day of election registration in federal elections, and adopting real Wall Street and bank reforms that would have limited their power, including reauthorizing Glass-Steagall.
 - 2. Moreover, Obama should have first done something to help homeowners and workers get their houses and jobs back. Reward supporters up front and they are with you for life. Furthermore, when the Supreme Court issued *Citizens United* Obama could have issued an executive order barring corporations from bidding on federal contracts if they make political expenditures. Or he could have ordered the Securities and Exchange Commission to issue rules requiring shareholder assent before companies make political expenditures. Finally, to break the back of conservative news he could have embraced a reinstatement of the Fairness Doctrine to require the media to offer diverse view points. But he did not do any of this? Why?

- F. This is the last problem. Democrats now feed at the same trough as Republicans. Obama took more money in 2008 from Wall Street than any other presidential candidate in history. Democrats are increasingly as dependent on big corporate and individual donors as Republicans and just as bought and paid for.

XII. Conclusion

- A. Core battle
 - 1. Core battle is wealth versus democracy
- B. Common cause days aid it was role of money in politics
 - 1. Archibald Cox
 - a. The rules of campaign finance are the rules that determine the rule of politics.
 - 2. Core issue is placing limits on the rule of money not just in politics but in society in general
- C. The structural forces and logic of markets are what is driving so many of the problems we see in our society.
 - 1. The goal has to be to subordinate markets to democratic decision-making.
- D. Great concentrations of wealth does not fit into democratic theory and practice. Progressives must develop a united practice that seeks to define and limit the ability of money and economic power to affect choices in our society.