

Plutocracy in America

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The approaching elections will test the power of an American plutocracy --- government of the rich, by the rich, and for the rich --- to counter the challenge posed by the election of Barack Obama. The Supreme Court's decision in the Citizen's United case, permitting corporations to draw directly on corporate funds to support political campaigns, was a powerful blow on behalf of a supremacy that is exercised by persons and institutions possessing great wealth who have succeeded in subordinating the US government to their own purposes. As in the current campaign, champions of the plutocracy have used their media power to promulgate anti-government doctrine, hoping to cut off the general public from the only avenue of power that is capable of requiring that the public interest be served. A notable demonstration of their success is the tea-party movement, which is a raucous expression of populist rage against current political and economic conditions.

Tea-party rage is not directed at the source of the problem, however, but at the only available remedy, namely an activist government pursuing appropriate regulation of competitive markets and taking action to alleviate the burdens now borne by the public at large. As Jane Mayer discloses in a recent New Yorker article, the tea-party movement receives covert funding and guidance from the Koch brothers, the richest men in America after Bill Gates and Warren Buffett (New Yorker, 8/30/10).

The financial meltdown of 2008 revealed the power of the international megabanks, with their armies of lawyers, academics and lobbyists, to formulate and enact legislation favorable to their interests. Key allies in the White House --- Alan Greenspan, Robert Rubin and Hank Paulson --- likewise played their part. The taxpayer-funded bailout, with the megabanks rebounding splendidly and ordinary Americans facing long-term financial misery, indicates that the lock on legislative action remains firm, as does the influence of insider Presidential advisors --- Larry Summers and Timothy Geithner.

It may be true that certain banks are “too big to fail,” given the dominant position plutocrats have secured for themselves in the financial system. But don't miss the ominous corollary: “too big to fail” means “too big to govern.”

The megabanks take part in a system the Romans called “Imperium in Imperio,” an autonomous state within the state. The top layer of the financial system depends on the larger society, and on the government, but in important respects it has seceded. Freedom from state regulation means obtaining the power of self-regulation, enabling these institutions to foster the dynamics of their own growth without regard for the health of the economy at large. Since the material well-being of the citizenry at large is the proper goal of government action in economic matters, these institutions with their massive special privileges now play a parasitic and destructive role. “Too big to fail” is an intolerable infringement on national sovereignty.

Being global institutions, the megabanks are in a position to challenge the rival sovereignty of national governments world wide. Their champions may pledge allegiance to any number of flags, including the American flag, but their true loyalty goes to the building of a despotic economic system that is not answerable to institutions that represent the people over whom they hold such momentous power.

In the test posed by the current elections, the plutocracy will prevail. It has the advantage of running unopposed, because it is running unacknowledged. Both Democrats and Republicans are cowed into respectful silence, and not just by the megabanks. Pharmaceuticals, agribusiness, insurance companies, oil, coal and defense industries routinely make political investments that grossly magnify the value of their economic investments, and they stand ready to punish any elected official who dares to cross them. President Teddy Roosevelt took the dare, denouncing “malefactors of great wealth,” as he succeeded in rolling back an American plutocracy that was dominant a century ago. If democracy can be restored in America, it will take leaders who know that we can't dismantle the colossus by pretending it's not there.