Plutocracy in America

Formisano, Ronald P.

Published by Johns Hopkins University Press

Formisano, Ronald P.
Plutocracy in America: How Increasing Inequality Destroys the Middle Class and Exploits the Poor.


For additional information about this book
https://muse.jhu.edu/book/49476

For content related to this chapter
https://muse.jhu.edu/related_content?type=book&id=1918720
THE FRACTURING OF AMERICA

Strong metaphors of society were supplanted by weaker ones. Imagined collectivities shrunk; notions of structures and power thinned out. Viewed by its acts of the mind, the last quarter of the [twentieth] century was an era of disaggregation, an age of fracture.

Daniel T. Rodgers, Age of Fracture

Pundits and social scientists have often doubted that Americans care about inequality of income and wealth—understandably, because citizens’ attitudes toward inequality are complex and often contradictory. So are attitudes toward the rich. In a 2012 survey by the Pew Research Center, 46 percent said that most rich people “are wealthy because they know the right people or were born into wealthy families,” yet 43 percent stated that the rich became so “mainly because of their own hard work, ambition, or education.” A recent Gallup poll found that 54 percent said they believe income inequality is “an acceptable part of our economic system.” On these grounds, the Pew researchers concluded that their findings indicated that “the issue of class conflict has captured a growing share of the national consciousness.”

Really? At one time the phrase “class conflict” contained Marxian overtones of the proletariat rising up against capitalists, and, at a minimum, suggested often-violent strikes, work stoppages, picketing, and militant unionism in pursuit of higher pay, better working conditions, and the right to negotiate with employers. It meant organized labor seriously confronting organized capital for its fair share of the fruits of its labor. Class conflict fed the industrial strife of the
late nineteenth century, marked by huge and often violent strikes. Automobile and steel workers, coal miners, and other blue-collar laborers exuded class consciousness in the fierce sit-down strikes and battles to unionize in the Great Depression of the 1930s.

Now the phrase, along with the much more common, politically useful, and content-empty phrase “class warfare,” has come to mean anything from criticism of the rich to a demand for a tax higher than 15 percent on hedge-fund income—a suggestion that inflames pluto-crats even when proposed by billionaire Warren Buffet. In the Pew Research Center report, “class conflict” is so diluted that it refers merely to an opinion diffusely spread through the American populace. Meanwhile, the term “class warfare” has become embedded in contemporary Republican rhetoric as a way to deflect criticism of tax breaks for corporations and the wealthy and for any other advantage conferred on the “haves.”

That the shibboleth of class warfare actually intimidates many Democrats reflects not just a centrist caution (to put it kindly) but also ignorance of Americans’ attitudes toward inequality. In fairness, researchers have found a pervasive ambivalence in public opinion, what political scientist Larry M. Bartels called a “failure to connect the dots.” In an influential 2008 book, Bartels concluded that while “considerable concern about inequality [exists] among ordinary Americans,” it coexists with “a good deal of ignorance and misconnection between values, beliefs, and policy preferences [that prevail] among people who pay relatively little attention to politics and public affairs, and a good deal of politically motivated misperception among better-informed people.” Recent studies, however, describe a public intensely attuned to inequality of income and wealth and its consequences. Yet poll findings regarding inequality may rise and fall, depending on events and how questions are asked. Inequality nevertheless persists as a debilitating American fracture that rends the social fabric.

**AMERICANS DO CARE ABOUT INEQUALITY**

Americans have always cared about inequality, but their concern has awakened during eras when disparities in income have grown and
intensifies when they perceive that extreme inequality is blocking opportunity. The present is one of those times, as poll after poll since the onset of the latest recession (and note that Bartels’ book was published in 2008) has shown rising levels of disapproval with both inequality and the unfairness of the economic system. In a January 2014 Pew / USA Today poll, 65 percent said they thought inequality had grown in the past ten years, a view “shared by majorities across nearly all groups,” including 61 percent of Republicans. Sharp partisan differences have emerged over how much government should do to redress inequality, but a majority of Republicans favor at least some governmental action to reduce poverty. By a margin of 63 to 36 percent, Americans are of the opinion that the country’s economic system unfairly favors the wealthy.3

“Yet, amidst these skeptical views,” the Pew Research Center report adds, “most Americans continue to believe that opportunity exists for those who make the effort.” Thus the Pew analysis follows a conventional formula of positing an opposition between inequality and a persisting belief in opportunity—a faith that might be regarded as part of the bedrock of American secular religion.

But as Leslie McCall has argued in a recent, path-breaking book, Americans care about income inequality because “they view it as an indicator of unfairly restricted economic opportunities,” and when they see opportunity being blocked by inequality, “it intensifies their opposition to it.” McCall’s analysis of decades of survey data led her to conclude that “a substantial share of Americans . . . have long desired less inequality, and sometimes much less.” Many become more critical of inequality when recessions turn into recoveries that are “perceived as benefiting the rich at the expense of the rest of Americans.” And she determined, after a systematic inquiry into the media’s coverage of inequality, that it has been no apologist either of rising inequality or for those McCall describes as “the undeserving rich.” Rather, media reports on inequality have sharpened critical awareness.4

In an early 2009 poll specifically addressing inequality and opportunity, 71 percent agreed that “greater economic inequality means that it is more difficult for those at the bottom of the income ladder to move up the ladder.” Near-consensus has prevailed—97
percent in that poll—that everyone should have equal opportunity to get ahead. These results testify to the persistence of Americans’ belief in opportunity, despite the reality of the United States now having less upward mobility than other advanced nations (see chapter 2). But while most Americans “do indeed have deep faith in the American Dream and in the rewarding of hard work and skill,” political scientists Benjamin I. Page and Lawrence R. Jacobs caution that “we should not automatically assume that this tranquilizes the public against caring about inequality.”

**THE FOUNDERS CARED ABOUT INEQUALITY**

From its beginning in an anticolonial revolution, what made the new United States *exceptional* was its lack of extremes of wealth and poverty, at least among its white European population. Alexis de Tocqueville, a French aristocrat who visited the United States in 1831–1832, wrote one of the earliest and classic analyses of what made the nascent republic so different from European countries. He published his observations in *Democracy in America*, commenting that nothing in the United States struck him “more forcibly than the general equality of conditions. . . . The more I advanced in the study of American society, the more I perceived that the equality of condition is the fundamental fact from which all others seem to be derived, and the central point at which all my observations constantly terminated.”

The American Revolutionary/founding generation valued what de Tocqueville later observed, and they expected it to continue. They were not “democrats” in the modern sense, or egalitarians disposed to erase social distinctions; nor were they unrealistic about the inevitability of inequality. They accepted slavery, as well as limits on who should be regarded as citizens and as members of the polity.

James Madison, the Father of the Constitution, recognized the reality of social distinctions during the ratification debates in the well-known “Federalist Paper Number 10,” where he described the causes of “faction” and “party,” which he thought of as great evils. The causes were “sown in the nature of man,” he wrote, in “different
opinions” concerning religion, government, and society, as well as in the struggle for “preeminence and power. . . . But the most common and durable source of factions has been the various and unequal distribution of property.”

These words are often quoted either to justify the existence of inequality or simply to genuflect to its inevitability. But doing so ignores Madison’s resolute rejection of political inequality, which he tied inextricably to combating extremes of wealth and poverty. True, the clash of different interests was (and is) unavoidable, but in a newspaper essay published in 1792, Madison offered remedies to combat “the evil of parties” (which today might translate roughly into the much-abused pejorative “special interests”).

1. By establishing political equality among all.

2. By withholding unnecessary opportunities from a few, to increase the inequality of property, by an immoderate, and especially an unmerited accumulation of riches.

3. By the silent operation of the laws, which, without violating the rights of property, reduce extreme wealth towards a state of mediocrity, and raise extreme indigence toward a state of comfort [ponder that last phrase for a moment].

4. By abstaining from measures which operate differently on different interests, and particularly such as favor one interest at the expense [sic] of another.

5. By making one party a check on the other, so far as the existence of parties cannot be prevented, nor their views accommodated. If this is not the language of reason, it is that of republicanism.

Thus Madison deemed it possible to prevent an “immoderate, and especially an unmerited accumulation of riches” and to reduce extreme wealth “without violating the laws of property.” If this seems radical—Madison assumed that in the normal course of events, laws would “reduce extreme wealth toward a state of mediocrity, and raise extreme indigence toward a state of comfort”—he later expressed even more startling views on suffrage.
During 1821, as Madison prepared his notes to publish his *Records of Debates in the Federal Convention of 1787*, he confided “his more mature view” that “the right of suffrage is a fundamental Article in Republican Constitutions.” Restricting the right to vote to “freeholders” (owners of land)—a policy Madison once accepted—he now rejected as obviously wrong. “It violates the vital principle of free Govt. that those who are bound by laws, ought to have a voice in making them.”

After examining several possibilities as to how voting might be restricted, Madison concluded: “Under every view of the subject, it seems *indispensable* that the Mass of Citizens not be without a voice, in making the laws which they are to obey, & in chusing the Magistrates, who are to administer them, and if the only alternative be an equal & universal right of suffrage for each branch of the Govt. and a confinement of the entire right to a part of the Citizens, it is better that those having the greater interest at stake namely that of property & persons both, should be deprived of half their share in the Govt. than that those having the lesser interest, that of personal rights only, should be deprived of the whole.”

To be clear, Madison was not recommending restrictions on any class of persons—though he and the other framers of the U.S. Constitution gave no thought that the right to vote might be given to women, African Americans, or Native Americans (and he and other founders were not enthusiastic about the lowest order of white men voting, either). Rather, he preferred in theory that if anyone should be deprived of the vote, let it be the wealthy elite and not the great mass of “middling,” or ordinary, citizens.

Madison’s preference that “the Mass of Citizens” possess the franchise was an issue that divided the framers of the Constitution. But his and others founders’ inclusive vision contrasts sharply with the reality of political voice in the twenty-first century (see chapter 6). Low-income citizens, marginalized minorities, the elderly poor, and others are blocked or hindered in their exercise of political voice. Money rules the political as well as the economic realm, and ordinary citizens do not have the resources to compete with billionaires and powerful corporations. In the simple matter of voting, the affluent enjoy less-obstructed access to the polls on election days, while
low-income citizens encounter obstacles, and the very rich possess an inordinate political voice.

In 2003—well before the economic collapse of 2008, before Occupy Wall Street, and before recent attention to inequality—the American Political Science Association appointed a Task Force on Inequality and American Democracy. In its published report, the APSA committee stated:

Generations of Americans have worked to equalize citizen voice across lines of income, race, and gender. Today, however, the voices of American citizens are raised and heard unequally. The privileged participate more than others and are increasingly well organized to press their demands on government. Public officials, in turn, are much more responsive to the privileged than to average citizens and the less affluent.

“The exercise of political voice,” members of the committee declared elsewhere, “goes to the heart of democracy.”

PUBLIC OPINION

The founders of the American republic viewed public opinion as an indispensable correlate to the system of checks and balances written into the Constitution. As James Madison wrote in 1791, “public opinion sets bounds to every government, and is the real sovereign in every one.” In his 1796 “Farewell Address,” George Washington declared: “Promote then, as an object of primary importance, institutions for the general diffusion of knowledge. In proportion as the structure of a government gives force to public opinion, it is essential that public opinion be enlightened.” Thomas Jefferson’s startling remark about newspapers is well known: “Were it left to me to decide whether we should have a government without newspapers, or newspapers without government, I should not hesitate to prefer the latter.” Newspapers informed the enlightened citizenry treasured by Jefferson, and an enlightened public opinion helped maintain a society free of gross concentrations of power or wealth.

In the twenty-first-century United States, public opinion matters very little, either in the routine functioning of government or on
substantial matters of public policy. In recent decades, members of Congress have grown obsessively dependent on contributors to their reelection campaigns, which are largely corporate interests working through political action committees. Thus there has been “a steady increase in response to the affluent” that is not matched by politicians’ attentiveness to the preferences of the less well-off. Political campaigns have grown astronomically expensive. Politicians need huge campaign war-chests to get reelected; and they respond to the activist millionaires and billionaires, PACs, lobbyists, and special interests that give them money.9

Meanwhile, interest groups, lobbyists, and “astroturf pressure groups” (corporate-funded organizations posturing as grassroots citizens) labor constantly to manufacture public opinion. While the correspondence between what majorities of Americans want and what legislators do has been episodic and never very close, the disconnect has never been greater. A recent study of “who gets what, when, and how” reached conclusions confirming what most average citizens believe to be true: economic elites and organized business groups “have far more independent impact upon policy change than the preferences of average citizens.” Political scientists Martin Gilens and Benjamin I. Page find that the preferences of average Americans are implemented only when they happen to coincide with those of elites. But when “a majority of citizens disagrees with economic elites or with organized interests, they generally lose.” Indeed, the preferences of average Americans “appear to have essentially zero . . . impact upon policy change.”10

Majorities of Americans want their government to do more to lessen unemployment, create jobs, and reduce inequality. While “a measurable divide” on governmental interventions exists between Democrats and Republicans, even conservative scholars find a “broader consensus” in the general public regarding the responsibilities of government. “People in the United States want their government to do things. . . . A conservatism that more or less advocates leaving people on their own (libertarianism) is a very tough sell to the public.”11

Page and Jacobs likewise found that “seven out of ten of all Americans, including large majorities of Republicans and of the affluent, told us that they would not like to live in a society in which
government does nothing except provide national defense and police protection so that people would be left alone to earn whatever they could. . . . The idea of government-guaranteed food, clothing, and shelter has been favored by large majorities of Americans since at least 1964, and is embraced across lines of class, race, and party.”

Moreover, despite the antitax fervor whipped up by the Tea Party, majorities of all Americans, including Republicans and the affluent, express a willingness to pay more in taxes for the purposes of supporting early-childhood education in kindergarten and nursery school and ensuring a good education for all Americans.\(^\text{12}\)

But Congress consistently disregards public opinion on major issues. Even before the 2000 presidential election—in which Al Gore, the winner of the popular vote, went down to defeat first in the Electoral College and then by a Supreme Court decision—”solid majorities of Americans” (73% or 86%, in different polls) favored abolishing the Electoral College and electing the president by popular vote.\(^\text{13}\)

In 2001 and 2003, when Congress passed the Bush administration’s tax cuts disproportionately favoring the wealthy (“large, regressive cuts in income and estate taxes”), polls showed that firm majorities of Americans preferred to retain those taxes and use the money from them to bolster Social Security and Medicare or reduce the budget deficit. In 2003, a Harris poll found 65 percent describing that year’s tax cuts favoring the wealthy as “unfair.”\(^\text{14}\)

Before Barack Obama took office and the subsequent passage of the Affordable Care and Patient Protection Act, about two-thirds of all Americans, including a majority of high-income earners and nearly half of all Republicans, favored “national health insurance, financed by tax money, that would pay for most forms of health care.” A majority (54%) even favored “a national health plan, financed by taxpayers, in which all Americans would get their insurance from a single government plan.”\(^\text{15}\) When President Obama and a Democratic Congress took on health-care reform, a single-payer system and an extension of Medicare benefits were taken off the table from the start, in deference to lobbyists from the insurance and drug industries. Then the proposed act went through a messy Congressional process that resulted in a jury-rigged plan closer to that favored by conservative think tanks.
Public opinion also matters little when it comes to the enactment of modest gun-control legislation. In April 2013, just four months after the horrific massacre at an elementary school in Newtown, Connecticut, the U.S. Senate voted down a bipartisan compromise bill requiring background checks for gun purchases on the Internet and at gun shows. While fifty-four Senators voted for the measure, sixty votes were needed to break the Senate filibuster and allow the bill to pass. Polls showed 86 percent or more of the public in favor of the proposed bill, but the gun manufacturers’ lobbyists and militant gun-ownership groups prevailed. Although the mass shooting in Newtown produced only a modest increase in public support for other control measures, 65 percent believed ownership of assault weapons makes the country more dangerous, and 56 percent favored banning bullets designed to explode or penetrate bulletproof vests.16

A March 2013 Gallup poll showed that 72 percent of Americans, including a majority of Republicans, would support a major, federally financed infrastructure-repair program to create 1 million jobs. When the question omitted mention of government spending, those favoring a program similar to the New Deal’s Works Progress Administration rose to 77 percent. Similar majorities favored a federal jobs-creation law designed to produce more than a million new jobs (72% and 75%, respectively, with and without government spending mentioned).17 The U.S. House of Representatives has not considered such measures.

Public opinion does not function as an informal check on government, as the framers of the Constitution once expected. But the founders were realistic enough to know that public opinion could be manipulated, and they would perhaps not be surprised at the extent to which “political leaders, organized interest groups, large corporations, or others can manipulate the opinions of ordinary citizens.”18 In 1791, scarcely three years into George Washington’s first administration, Secretary of State Thomas Jefferson recoiled from the economic program promoted by Treasury Secretary Alexander Hamilton and approved by the president. Jefferson and his ally in Congress, James Madison, established a newspaper in Philadelphia (then the nation’s capitol) to counter the influence of an existing pro-administration paper.
The degree to which public opinion is informed rather than manipulated today seems to be an open question. Many citizens get information from what the great early-twentieth-century political analyst Walter Lippmann termed the “pseudo-environment.” Too many disheartening polls reveal high levels of public ignorance and misinformation regarding both key issues and the simple mechanics of how the government functions. When that circumstance is combined with the great disparity of resources available to ordinary citizens compared with those exercised by the top 10 percent and 5 percent working through the corporate–financial–political elite axis, the result is even more likely to be manipulation rather than information.¹⁹

Proposals to raise the federal minimum wage from its current $7.25 an hour are another example of an issue with strong public support that has encountered obstinate political resistance in Congress. Nationally, more than two-thirds of Americans approve of raising the minimum wage to $10.10 an hour. In a January 2014 Pew Research Center poll, 73 percent overall were in favor of the raise. Even in the very red and anti-Obama state of Kentucky, 61 percent favored raising the minimum wage, with support highest in the economically depressed counties of eastern Kentucky that have voted Republican in recent elections.²⁰

Most studies of the economic impact of raising the minimum wage have found that it will not cause significant job loss and will boost the economy (see chapter 4). But the Employment Policies Institute, “a widely quoted research center” in Washington, D.C., argues otherwise. (This organization should not be confused with the Economic Policy Institute, a liberal think tank also based in Washington, D.C.) The Employment Policies Institute churns out “academic” reports warning that a higher minimum wage will cost workers jobs and increase poverty. This nonprofit “institute” is run by a public-relations firm headed by Richard B. Berman, an advertising executive whose clients come from corporate America. Berman and Company, located in an office building four blocks from the White House, occupies the same floor as the so-called institute and seems indistinguishable from it. Berman’s firm represents restaurant chains that have been in the vanguard of opposition to a higher minimum wage.²¹

Think-tank studies from the political Right or Left probably do not
matter much in Appalachian counties where decent-paying coal jobs have been disappearing. All their residents need to do for information is to look around and talk to family, friends, or neighbors.

Members of Congress might be more sympathetic to public opinion and the plight of minimum-wage workers if they themselves had experienced poverty or economic insecurity; instead, they are far from it. By early 2014, the House of Representatives—“the people’s house”—reached a milestone. Over half of its members were millionaires; the median net worth of Congressional representatives had risen to $1.5 million. Their wealth distanced them from ordinary Americans, as did their backgrounds. As Nicholas Carnes has shown in *White-Collar Government: The Hidden Role of Class in Economic Policy Making*, “people from what we might call the working class are rare in American political institutions, especially compared to their numbers in the nation as a whole.” Members of Congress, state legislators, and city councilors are likely to come from better-off white-collar families and have a college degree. Carnes found that voting by class in Congress has been “remarkably stable since World War II.” The consequences have been unfavorable to working-class Americans, while “business regulations are more relaxed, tax policies are more generous to the rich, social safety-net programs are stingier, and protections for workers weaker.”

White-collar government usually results in more inequality. But state legislatures that contain working-class representatives tend to enact progressive legislation, such as more spending on social safety nets and higher taxes on corporations. Local governments are even more diverse and the same pattern emerges: “Where workers govern in greater numbers, income inequality is less severe.”

**THE CONSTITUTIONAL STACKED DECK**

Any discussion of inequality cannot avoid mentioning features of the Constitution that do not treat all Americans equally in their capacity as political beings. Created in the eighteenth century as a pragmatic compromise to promote national development, in the twenty-first century it presents barriers to the lessening of economic inequality and its social ills.
The U.S. Senate, a primary locus of inequality, is one of the most undemocratic upper chambers in any federal system. The delegates to the 1787 Constitutional Convention hotly debated granting each state two seats in the Senate. Tradition has it that this feature resulted from a compromise between the big and small states, but in recent years historians have instead attributed it to demands by Southern states for greater security for their “peculiar institution.” Slavery, though never mentioned in the Constitution, enjoyed other protections and advantages as well, such as the provision giving the slave states additional representation in the House, equal to three-fifths of their slave population.

In 1789, population differences among the states were not very large, about twenty to one, but in 2010 the ratio between the most- and least-populous states had become sixty-six to one. California, teeming with 38 million residents, contains as many people as the twenty-two least-populous states put together. A vote in Wyoming, coming in last with only half a million people, is worth sixty-six times that of a Californian. All federal systems have some degree of unequal representation, but as the eminent political scientist Robert Dahl put it, “the degree of unequal representation in the U.S. Senate is by far the most extreme.” And this bias in the framework of government presently tips the scales toward conservative reactions and inequality.24

The Senate’s undemocratic structure carries over in diluted but significant fashion to the Electoral College, with each state entitled to “a number of electors equal to the whole number of Senators and Representatives” from that state. The Electoral College itself has been a source of controversy and undemocratic outcomes, since the presidency has been won in the Electoral College by a candidate with the minority of popular votes eighteen times from 1824 to 2000—one out of three elections (although several involved third-party candidates).25

The overrepresentation of rural, low-population states, together with the rise of partisan polarization in Congress, has created something of a procedural monster: the filibuster, which is nowhere to be found in the Constitution. Before 1975, if a Senator wished to delay (or derail) a vote on a bill, that person needed to be present and
engage in a marathon of incessant speechifying, a tableau immortalized in the 1939 Frank Capra film, *Mr. Smith Goes to Washington*. At that time, a two-thirds vote was needed to end a filibuster. But after 1975, with the threshold for calling a halt to this tactic lowered to three-fifths, the Senate made it easier to launch a filibuster. Any Senator could initiate one without needing to take to the floor to talk at length; the rules change replaced the “talking filibuster” with a “virtual filibuster.” A senator does not even need to be present to initiate a filibuster, and the three-fifths vote requirement (sixty out of a hundred senators) can keep a law from being enacted, even though a majority (albeit short of sixty) may favor the bill. With sixty votes now usually required to enact important laws, the Senate has become dysfunctional, and the United States grows more unequal as progressive legislation is blocked. Since the Constitution is very specific about when supermajorities are required—for example, the ratification of treaties—the framers clearly did not intend for them to become a routine part of the legislative process.²⁶

The ascent of the filibuster over the past three decades reflects the increase of polarization in America (see chapter 6), and this legislative device both parallels and drives the growth of inequality. From 1920 to 1970 filibusters averaged about one a year. They began to uptick in the 1970s, with Democrats and Republicans (even more so) increasingly invoking them in the 1980s. From the 1990s on filibusters actual and threatened (and obstructionist points of order) have skyrocketed. During President Obama’s first term Republican filibusters broke all records, well over two hundred. Hundreds of bills that have passed the House, many with bipartisan support, have died in the Senate.²⁷ Most of the policy infrastructure that has nurtured inequality of income and wealth, meanwhile, remains in place.

The nationalists who wrote the Constitution had witnessed firsthand “the dangerous consequences of minority obstruction” during the drafting of the Articles of Confederation (1781–1787), when unanimous consent of all the states was needed to do business. Alexander Hamilton, no fan of democracy, nevertheless called a minority’s “negative [effect] upon the majority (which is always the case where more than a [simple] majority is required for a decision)” not a “remedy” but a “poison.” “If a pertinacious minority can control
the opinion of a majority, respecting the best mode of conducting it, the majority, in order that something may be done, must conform to the views of the minority, and thus the sense of the smaller number will overrule that of the greater, and give it a tone to national proceeding. Hence, tedious delays, continual negotiation, and intrigue; contemptible compromises of the public good.”

Perhaps this seems familiar to observers of the U.S. Congress in the twenty-first century.

The “trivialization” of the filibuster in recent decades for merely “partisan and parochial uses” has done real harm to democracy and society’s well-being. The authors of a full-scale study of what was once “a procedural weapon of last resort” maintain that it now “is used in ways that most people would argue are contrary to the nation’s welfare. . . . The fit between a policy outcome on a filibustered measure and the popular will is often merely coincidental.” In terms of perpetuating inequality, the origin of the term seems appropriate: from the Dutch vrijbuiters (“freebooter”) and French and Spanish words originally meaning “robber,” “looter,” and “pirate.”

Small states—most of them heavily Republican—use the U.S. Senate filibuster more often and to their material advantage. In 2008–2010, as the federal government spent billions in stimulus grants to respond to the financial crisis, a disproportionate share went to small states. The top five per capita recipients were states with just one House member. As noted in chapter 3, the states of the Old Confederacy receive far more in federal benefits than they pay in taxes, setting up an exchange between red-state takers and blue-state givers. Nine out of the top ten states that receive more in federal benefits than are paid in federal taxes are small, mostly red states.

Over the past four decades, filibusters have maintained or increased income inequality: in 1978 by epically defeating a critical labor-reform bill strengthening unions (despite a Congress full of Democrats); by preventing action on raising the federal minimum wage over a number of years; by blocking the Clinton administration’s proposed health-care reform in the 1990s; and, in 2009–2010, by taking single-payer health care off the table, preventing the expansion of Medicare, diluting the Affordable Care Act, and weakening regulation of the financial industry. The small-state weapon of
the filibuster in the federal system sabotages representative government and promotes inequality.31

THE DECLINE OF “THE COMMONS”

In a brilliant essay, Jonathan Rowe, a contributing editor at Washington Monthly and Yes! magazines, described “the Commons” as “the wealth of nature and society that precedes both the market and the state. The rivers, the oceans, and atmosphere; the sidewalks and public spaces; the vast array of languages and species; the processes of democracy; the accumulated store of knowledge—these and more make up the foundation of human well-being and, indeed, of life itself.” Although Rowe focused mostly on the “expropriation” of resources, he also pointed to a consequence of the enclosure, or privatization, of “the assets we own” by corporations and the rich: “No less important, the social glue begins to crack.” The “we” disappears. “The fact that rich and poor can stroll together in Boston’s Common or New York’s Central Park is significant both literally and metaphorically.”32

The contemporary extreme of inequality is dissolving the social glue. The poor become walled off in both physical and emotional ghettos. The very rich—the plutocrats—insulate themselves from contact with their fellow citizens and find more in common with the very wealthy in other countries. Indeed, those for whom price is no object abhor mingling with those beneath them, who consist of practically everyone else. Rowe tells of Norbetto Foretti, head of a company that builds yachts for the superrich, who explains why this upper echelon likes the privacy of their floating mansions. “Rich people can go to a beautiful hotel and pay $3,000 a night for a suite,” Foretti said. “The trouble is, when you go down the elevator, you are in the lobby with people who paid twenty times less. My clients don’t like that.”

Increasingly, the superrich are avoiding ordinary Americans by leaving the country. Their departures have increased since 2008, when the Internal Revenue Service clamped down on tax evasion through moving one’s assets overseas. Although small numbers of individuals had been exiting before then, from 2008 to 2009 that figure rose from 231 to 743. American expatriates increased even more
after the 2010 Foreign Account Compliance Act and the UBS scandal that opened Swiss bank accounts to greater IRS scrutiny. Fears of further obligatory income disclosures on tax forms and more-stringent filing requirements—not a rise in taxes—resulted in exoduses of 1,534 of the wealthy in 2010; 1,781 in 2011; 932 in 2012; and a record 2,999 in 2013. Not all of those who are giving up their U.S. passports are superrich; some are responding to “onerous financial reporting and tax-filing requirements” recently imposed by the IRS. Yet the growing numbers of those leaving reinforce Chrystia Freeland’s point in Plutocrats that the über-rich have more in common with the wealthy in other countries than with their fellow citizens and, for some these days, their former fellow citizens. International banks like Credit Suisse, Freeland noted, pay close attention to “the difference between the world’s rising middle class, which remains rooted in and defined by nationality, and the increasingly shared and global character of people at the very top.”

Within the United States, withdrawal from public into private space increasingly takes the form of gated communities. These enclaves were already on the rise in the 1970s, when satirist Edwin Newman lampooned advertising that appealed to home seekers with “exciting living concepts (a bold concept and landmark for our times, where the facilities created a total concept of leisure and an ambience that would become synonymous with my way of life and an integral part of my exciting lifestyle).”

By 2007, an estimated 4 million people (and perhaps as many as 8 million) lived in approximately 30,000 of these private enclaves, which have controlled entrances and their own security systems. Some gated communities emphasize recreational activities (notably golf), while the more expensive and secluded are “prestige” habitats. Although boosters and developers trumpet the blessings of “genuine mutual community, the means they use are sometimes far less communal than controlling.” Edward J. Blakely and Mary Gail Snyder, the authors of Fortress America: Gated Communities in the United States, concluded that these living spaces (and some do look like fortresses) reflect the fact that “America is an increasingly unequal place.” Blakely and Snyder commented that the residents of gated enclaves are engaged in a form of “civic secession.”
In their retreat from wider civic ties, these withdrawers tend to concentrate their loyalties on their circumscribed “common-interest community,” an umbrella term covering “planned single-family home developments, gated and walled communities, condominiums, and housing complexes, all under the aegis of a homeowners’ association.” Society beyond is on its own. For the self-removed, “we’re not in this together.”

In the hills above San Diego, California, sits the affluent town of Rancho Santa Fe (population around 3,100), where the estimated median income approaches $170,000. California has endured a historic drought for three years now, but the lawns, landscaping, putting greens, and horse pastures of Rancho Santa Fe have not thirsted for sprinkling and irrigation water. In September 2014, the town earned the distinction of being the state’s “biggest water hog,” with each household using 584 gallons a day, nearly five times the average for coastal Southern California. During the preceding year, the district’s use fell 1.5 percent, compared with 10.3 percent statewide. (To be fair, Rancho Santa Fe had cut its use by 20 percent since the last drought in 2007.) Ironically, shortly after a New York Times story drew unwanted national attention to Rancho Santa Fe, new numbers from the State Water Resources Control Board showed the enclave had dropped to third place in California water consumption, behind Palm Springs and a wealthy area above Anaheim. In general, upscale compounds in Los Angeles typically used more water and cut back less during droughts, according to a study by researchers at the University of California, Los Angeles. High-income households ignored fines and increased water bills, while in low-income neighborhoods in East Los Angeles, residents used fewer than 50 gallons per day. Poorer people using less water may not necessarily be more public-minded than richer people using excessive amounts, but the contrast fits with findings that the more wealth families accumulate, in general the less concern they have for others.

Increasingly, the affluent can buy not just extra water in a drought but a range of special services unavailable to those without resources. The Affordable Care Act has helped to accelerate the rise of “boutique doctors” or “concierge medicine” (the latter term applying to the viewpoint of physicians). By paying a yearly
fee, ranging from lows of around $1,500 to $25,000 or more, patients can escape crowded waiting rooms, and days or weeks of delay for an appointment, with same-day access available by phone. In Louisville, Kentucky, Dr. Robert Ellis used to have 8,000 patients, spending very little time with each one. Now he has just 600, and he says that people who are busy or chronically ill benefit the most from paying his yearly fee. (Of course, they are also affluent.) Concierge medicine is growing fast, rising by 25 percent between 2012 and 2013, with 4,400 physicians classified as boutique doctors. They are happy to be avoiding third-party insurers and paperwork, and their patients enjoy immediate access, while critics wonder what will happen to everyone else.  

For Harvard University philosopher Michael J. Sandel, concierge medicine is one symptom of a broader pattern that has changed the United States from having a “market economy” to a country that is a “market society.” “We live in a time when almost everything can be bought and sold”—even places in line. Motorists in some cities can pay to drive solo in fast lanes restricted to high-occupancy vehicles; lobbyists use line-standing companies, who hire homeless people to wait in line overnight on Capitol Hill, to get them into a Senate or House hearing room; amusement parks sell passes to allow customers to jump the queue, and first-class and business-class air travelers have long been able to board before everyone else. Sandel also mentions the number of private guards, now consisting of twice the number of public police officers, hired by security firms in the United States and Britain, a reflection in part of the rise in gated living spaces.

One wonders what Sandel would think of recently launched enterprises in San Francisco that use apps to auction off public parking spaces—"Monkey Parking"—and make reservations at popular upscale restaurants and then sell them at premium prices to bidders, who go to the restaurant under a false name. This sophisticated form of scalping only benefits those who can afford it and has spread across the country to the East Coast.

In a society where practically everything is for sale, inequality deepens, and “life is harder for those of modest means.” Sandel adds that the commodification of everything corrodes values and social
relations, since “a price on the good things in life can corrupt them.” He does not begrudge the ability of the rich to purchase expensive toys like yachts and sports cars, “but as money comes to buy more and more—political influence, good medical care, a home in a safe neighborhood rather than a crime-ridden one, access to elite schools rather than failing ones—the distribution of income and wealth looms larger and larger.”

As money continues to buy almost *everything*, equal opportunity declines and inequality rises. A market society acts as a powerful solvent to “social glue,” that is, Americans’ sense of their imagined community. The public interest and a feeling of community diminish, and values become distorted, in a society defined by who can buy what, where the wealthy purchase ever more privileges—like those enjoyed by an aristocracy—unavailable to the great majority of Americans.