

The many losers of winner-take-all-politics

Dennis Coday | Jan. 12, 2011



The weeks since the November elections could be a case study in the premise of Jacob Hacker and Paul Pierson's latest collaboration, *Winner-Take-All Politics: How Washington Made the Rich Richer -- and Turned Its Back on the Middle Class*.

In November and December -- two years after the collapse of financial markets and with the experts arguing over whether the economy was still declining or was in a jobless recovery -- the center-stage political fight was not so much whether or not to extend tax cuts to the richest Americans, but how fast those cuts could be renewed.

The tax cuts were approved despite a president and a majority in Congress pledged to opposing them and polling data showing that most Americans opposed them.

How this could happen is the story of *Winner-Take-All Politics*.

Since this book was released in September, the authors' statistics on the growing economic inequality in the United States have been much cited. Between 1979 and 2006, the average post-tax household income -- including benefits -- of the wealthiest 1 percent increased by 256 percent (that is, from \$337,100 a year to \$1.2 million a year). The poorest households saw an increase of 11 percent (from \$14,900 to \$16,500); and middle-class homes saw an increase of 21 percent (from \$47,900 to \$71,900). Of course, this came about for middle-income households because two adults began working outside the home and individuals were working many more hours per week.



Such economic imbalance is dangerous to our democracy, Hacker and

Pierson argue, a danger first spotted by our founders, who were not radical egalitarians, but political and

economic pragmatists. The New World had land -- the critical economic resource of their time -- in abundance. This abundance produced a distribution of property much broader than that found in the class-bound Old World. And many of the founders were convinced that preservation of this broad distribution was not just good in itself, but essential to the institutional functioning of democracy. ... These were the Scylla and Charybdis of democratic capitalism: on the one side, mob rule by propertyless democratic majorities; on the other side, oligarchic rule by the affluent.

Hacker and Pierson's reading of American political history sees a back-and-forth battle between the affluent and the not-so-affluent, with the affluent victorious for the last 35 years.

The affluent have used their money and power to get even more money and power. By buying the best lobbyists, they have dismantled the union-oriented Democratic Party coalition that kept inequalities at bay from the 1950s to the early 1970s, and they swayed middle-class voters to support policies that actually hurt the middle class.

This didn't just happen, Pierson and Hacker show. It was well planned and well financed.

One quick example: The organizational counterattack of business in the 1970s was swift and sweeping -- a domestic version of Shock and Awe. The number of corporations with public affairs offices in Washington grew from 100 in 1968 to over 500 in 1978. In 1971, only 175 firms had registered lobbyists in Washington, but by 1982 nearly 2,500 did. The number of corporate [political action committees] increased from under 300 in 1976 to over 1,200 by the middle of 1980.

Following the financial meltdown of 2007-2008, with Congress and the American people bent on financial regulatory reform, the affluent brought all their power to bear. In 2009, banks, insurance companies, realtors and investment firms hired 940 lobbyists -- more than 70 former members of Congress -- who reported spending \$3.5 billion. Commercial banks alone gave \$50 million to lobbyists in 2009. Finance firms gave \$78 million to political campaigns in 2009.

Americans for Financial Reform, an ad hoc coalition of labor, consumer and civil rights groups, scrapped together \$2 million to counter the financial industry juggernaut.

A key message of Pierson and Hacker's book is that the economy is constructed by government action and inaction. The economy is not in its current state because of global economic trends, they write. We have brought this on ourselves. Choosing to keep government out of economic activity -- such as nonregulated derivative markets -- is as much a political choice as passing tax cuts that enrich the already wealthy. Until we clearly see that, Pierson and Hacker argue, many of the most effective reforms will evade our sight.

Yet in this message is also hope.

Because it is domestic politics, not global economic trends, that matter most, the future is within our control. This is the truly good news that this book delivers. As hard as winner-take-all politics will be to change, the economic developments that precipitated our present crisis represent political choices, not technological imperatives.

Making government more responsive to the middle class will not be just a political achievement, it would reshape the economy, they write.

They propose no magic bullets and promise that reversing the 35-year trend will take a long time. Their remedy is citizen action.

Reformers will meet "entrenched, resources-rich opponents," the authors warn. "Those who take on the entrenched defenders of the status quo will need more than luck, bravado and derring-do. They will need more than wise and charismatic leadership. They will need organization."

"A vibrant, dynamic capitalism requires the guidance that only a vibrant, dynamic democracy provides," they write.

Anyone wanting to take on "winner-take-all politics" should find ready allies in U.S. Catholics. Catholics have both the intellectual grounding and institutional structures for this fight.

The core of the U.S. bishops' 1986 pastoral statement "Economic Justice for All" presents a framework to battle winner-take-all politics. The bishops called for a "new American experiment" of equitable participation by all in the country's economic life.

The bishops wrote:

- Economic rights are fundamental human rights, as much as are freedom of speech and religion.
- Employment is "the most urgent priority for domestic economic policy."
- The minimum wage must be a living wage.
- Family life and education must have priority, and the impact on the family must be a basic norm for evaluating economic policies and decisions.
- Antipoverty policies must aim at strengthening family life and enabling the poor to have a share in and power over economic life.

It might be time to revisit and revise this document.

Through its extensive Catholic Charities USA network, the U.S. church has institutional experience of working with the poorest people in our society. In September, more than 700 Catholic Charities delegates from nearly all U.S. states put that experience into action. They swarmed Capitol Hill looking for congressional cosponsors of their National Opportunity and Community Renewal Act, a bill that could transform the way federal, state and local poverty relief programs operate.

It was the first time in its 100-year history that Catholic Charities has proposed its own legislation to Congress. The bill introduces a modest national pilot program, new model experiments in 10 communities around the country in which traditional government antipoverty programs are replaced by a more flexible and comprehensive approach. If the pilot programs succeed, they can be rolled out into more communities.

The Catholic Campaign for Human Development has a 40-year history of helping people organize for their own community and economic development. Its time-tested methods are readily adaptable to the political and economic needs of the embattled middle class.

It's a model of citizen action that could begin to chip away at winner-takes-all politics.

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