

## A shift of power toward the wealthy

Obama's tax-cut deal signals a future of class warfare in the U.S.

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Global Research, December 14, 2010

[crosscut.com](http://crosscut.com) 14 December 2010

Region: [USA](#)

Theme: [Poverty & Social Inequality](#)

*A shift of power toward the wealthy and corporations is the result of 40 years of conservative and libertarian campaigning, and it's likely to continue.*

It looks like the Bush tax breaks for the rich and very rich are with us for awhile, as the price paid for extending unemployment insurance and sprinkling tax breaks around to everyone else — moves that President Obama hopes will create spending and shift the economy out of neutral. That's the deal, anyway. And it sure proves that what's necessary — or just possible — isn't always good policy.

I don't think it's outrageous to say that. There are strong, relatively broadly supported arguments for extending unemployment insurance. Compassion, helping families stay together, that sort of thing. Short-term tax cuts for people who spend most — or all — of their paychecks will produce the intended effect: consumer spending. (Reduced payroll taxes — lower Social Security trust-fund receipts — leave behind a ticking bomb, though.)

On the other hand, there is no comparable level of need in the rationale for continuing the lowered tax rates at the high end. Trickle-down theory is about it, and that's an argument badly weakened by counter example: times such as the 1990s and most of the postwar period up until the mid-'70s, when robust growth occurred despite higher taxes on higher incomes and corporations.

That the lower Bush tax rates will be retained for awhile yet is nothing more than successful special pleading by the rich and powerful. Of course, that's not news. But step back a moment and consider what that means. What we're seeing is a raw, unhidden, and unembarrassed demonstration of a huge shift in the balance of power in the United States.

This is not just the usual see-sawing of control back and forth between Republicans and Democrats. This is the rich and well-connected, the leadership and powerful interests of corporate America, getting exactly what they want, just as they did under Bush in 2001. Hey, we all want lower taxes (not perfectly true). But we don't always get what we want.

Now, however, with the shift of money and power up the income scale at a new high, the very rich — a group which clearly includes many of today's top corporate executives and certainly those from Wall Street — for all practical purposes may hold the veto power in American politics, able to block any political course not to their liking.

In addition to their raw lobbying power (convincingly on display in the push back against

health-care reform), thanks to the Supreme Court’s decision in Citizens United, corporations can now spend almost without restriction on electoral politics. In fact, given the fiduciary responsibility to their companies’ bottom lines required of corporate officers and board members, they likely will feel entirely justified if not actually driven to spend on candidates who pledge to repeal worker protections and environmental regulations.

The political power shift toward the wealthy and corporations is real, the successful outcome of 40 years of conservative and libertarian campaigning, and it’s likely to continue as businesses and very wealthy ideologues exploit the opportunities presented by Citizens United. It’s hard not to see this trend as a split along class lines, unlike anything seen in the U.S. for more than a century.

Sadly, though, this is the “class warfare” battle of today’s and future headlines, not just a split along class and income lines exposed or exacerbated by the Great Recession. A glance at unemployment rates among groups with [various levels of education](#) reveals a stark disparity between the college-educated and everyone else.

The unemployment rate among workers 25 and older with a four-year college education topped 5 percent (hitting 5.1 percent) for the first time only last month, and it’s been running around 4.5 percent or less for most of the recession. For those with only a high-school diploma, the rate has been steadily twice that, and for those who never finished high school, it’s triple — nearly 16 percent in November.

What those figures say — and this is likely confirmed by readers’ experiences visiting crowded retail stores and high-end restaurants in the Seattle area — is that this actually hasn’t been, and isn’t now, much of a recession for the educated middle class. But for a lot of others, these have and continue to be tough times.

The scary outcome of these unemployment disparities if the Great Recession persists is a new and greater split within the middle class, a gulf between the comfortable and an increasing number of those truly struggling for a little economic security. That’s not the way things have been in the country I remember.

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