

How the Rich Distort Politics. “Government by the 1% for the 1%”

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“At some level of extreme wealth, money inevitably corrupts... it buys political power, it silences dissent, it serves primarily to perpetuate ever-greater wealth, often unrelated to any reciprocal social good.”(Farhad Manjoo(1))

Distorting Politics - Dark Money and Oligarchy

In earlier posts I have discussed how powerful companies are able to manipulate politics. This also applies to excessively wealthy individuals. They lobby for policies that benefit themselves, even if they hurt society. They actively work to shrink the role of government in helping the poor, to decrease social security, to cut taxes for the rich, to cut regulation of big business, to allow the environment to be destroyed, and to privatise more and more. They do this by funding politicians who share these views.

They promote ideas that will make the rich richer and the poor poorer, even though they are unpopular with many people. This has decreased the willingness of our political leaders to deal with real problems.(2) Most wealthy people do not care about unemployment, food banks or homelessness. They are more interested in legalising ever more complex forms of tax manipulation.

They spend a great deal of what is known as ‘dark money’ under the radar to influence these politicians.(3) They do it very quietly, with no media discussion, no transparency and no accountability. The billionaire Koch brothers are notorious for operating businesses engaged in corporate wrongdoing. They increase their wealth by doing things that harm society, but they are also notorious for spending huge amounts to manipulate politics. One writer described the events of the last few decades as an:

“audacious project, decades in the making, to fundamentally change the relationship between the people and the government and to do so permanently in a manner that is designed to pin the proverbial pendulum to the right [in favour of the rich] so that it cannot swing back again.”(4)

Many commentators have pointed out that what we have now in Britain and the US is ‘government by the 1% for the 1%’,(5) or ‘by millionaires for billionaires’. This is known as oligarchy. The wealthy try to ensure that political power is aligned with their economic

power. The whole system becomes self-reinforcing. We have a society geared ever more towards the needs of excessively wealthy people, and inequality keeps increasing. We no longer have a functioning democracy.

The propaganda around immense wealth has been very effective:

“They have justified their wealth by describing themselves as wealth creators, brilliant innovators, or world-changers. They also claim that they are necessary to fill the gaps left by incompetent government. What is missing from this is a discussion about their role in destroying the ability of governments to do things.”(6)

The evidence indicates that high taxes and high government expenditure are beneficial to societies, yet the rich continually lobby for lower taxes.(7) Tax rates have generally decreased for the richest people over the last few decades. At the same time there has been an increase in other taxes that affect the poor, such as Value Added Tax (VAT). Tax systems would almost certainly be much fairer if the wealthy weren't so influential in influencing politicians.(8)

The same applies to choices about where governments spend their money. We have seen in earlier posts that governments pay large subsidies to big companies, but there are many other ways for governments to spend money that would be much more useful, such as a properly funded healthcare system, or better social services. Because the rich determine policy, the poor are squeezed in every direction: Lower pay, higher prices, and less support in times of need.

Occasionally we hear discussions about wealth taxes, land taxes or financial transactions taxes. The reason these are not part of policymaking discussions is that the rich successfully keep them out of serious consideration.

Excessive Wealth Undermines Democracy in Poor Countries

The writer, Oscar Wilde, wrote of philanthropists (rich people who use their money for good causes) many years ago:

“They seriously and very sentimentally set themselves to the task of remedying the evils that they see in poverty, but their remedies do not cure the disease: they merely prolong it...the proper aim [should be] to try and reconstruct society on such a basis that poverty will be impossible.”

The same is true today. People with excessive wealth create foundations which allow them to use their power and wealth to influence events overseas. Billionaires such as George Soros fund political groups, but their opinion of what an ideal society might look like might not be the same as that of the local population. They are therefore undermining democracy.(9) The influence of some excessively-wealthy individuals can be so great that it affects global political issues. A report in 2020 showed that 3 billionaires lobbied US President Trump to undermine an important negotiation with Iran.(10)

Other rich people use foundations to try to influence the policies of charitable and international organisations.(11) The most notorious example of this is Bill Gates, and the Bill

and Melinda Gates Foundation. Gates has been manipulating policy on health, farming and education, among other things. Strategies include placing people in international organisations, and gaining privileged access to policymakers.

Gates is influential at the World Health Organisation, and there is a revolving door between his foundation and the big pharmaceutical companies.(12) He provides medicines in poor countries by buying them from those companies, but he doesn't challenge the patent system, which stops poor countries making their own medicines in the first place. His policy recommendations involve ideas like technology in schools, which increases Microsoft profits and enriches himself.

Foundations have been widely criticised for isolated and poorly coordinated solutions; for spreading corporate farming, and opening up African markets to US agriculture and biotechnology companies; for financial arrangements (known as public-private partnerships) that have already been disastrous in rich countries; and for possibly weakening public health systems in developing countries.(13) Many of these policies create downsides for local populations. The focus becomes whatever rich, white donors are interested in, instead of what might be the top priorities for people in recipient countries.

The people who set up these foundations made their wealth by exploiting the economic system to extract wealth from everyone else, and being among the greediest profiteers in history.(14) They are unlikely to be the right people to set up long-term policies for poor countries. Modern researchers have echoed Wilde's sentiment:

“Appealing to the megarich to be more charitable is not a solution to global health problems. We need a system that does not create so many billionaires and, until we do that, this kind of philanthropy is either a distraction or potentially harmful to the need for systemic change.”(15)

Controlling the News - Distorting How We Think About The World

In earlier posts we also saw that the mainstream media in Britain and the US have become a propaganda system controlled by excessively wealthy individuals, or governments. We also saw how the positive presentation of historical wealth by the media plays a propaganda role. Media output is distorted to serve the interests of their owners, which usually means the interests of rich people in general. Even mainstream commentators, such as Paul Krugman,(16) have commented on the extent to which the richest people get to define the agenda. The former US Secretary of Labour, Robert Reich, has said:

“They have employed one of the oldest methods used by the wealthy to maintain wealth and power – a belief system that portrays wealth and power in the hands of a few as natural and inevitable”(17)

All problems, and their possible solutions, are presented within a narrow framework, which fails to question the status quo, to challenge excess wealth, or to question how the economic and financial systems really work. The really important criticisms of the system are rarely discussed. It therefore becomes difficult to understand why many people are poor, or for members of the public to engage meaningfully in policy discussions.

The media reinforces the idea that we should define success by how much money we have.

Discussions about redefining success in other terms, such as happiness, culture, selflessness and helping others, rarely receive mainstream attention.

People Used To Talk About This

The serious downsides of excessive wealth have been known for many years, and measures were put in place to decrease its effects at various times in the past. In the US from 1936-1980 the top tax rate never dropped below 70%.⁽¹⁸⁾ In the UK, the top rate of tax peaked at 98%.⁽¹⁹⁾ It is only in the last 40 years that these downsides have been ignored by most politicians and by most of the mainstream media. They unquestioningly assume that it's ok to have extremely rich people and extreme inequality.

What Can Be Done? Plutocracy Prevention Program

Britain and the US could easily provide a high standard of living, and good quality of life, to all their citizens. Their failure to do so is a conscious choice by the rich and powerful, whose primary goal is manipulating the system to benefit themselves. Some people in the US are beginning to talk about this, with suggestions for income tax rates of up to 70%, and the introduction of taxes on existing wealth of 2-3%.⁽²⁰⁾ These would produce significant revenues for the government, but they are only a small fraction of what is required to eliminate vast concentrations of wealth. Taxing income at 70% still leaves some people with incomes of \$250 billion / year. Wealth taxes of 2-3% would also leave the richest people becoming richer by billions of dollars / year.

These mainstream conversations are a sign of how the range of possibilities that are considered reasonable is limited to fit within the existing framework. The proposals don't get to the source of the problem, which is that the entire economic system is rigged to make the rich richer. If we accept that excessive wealth is harmful to society then we need to transform the system so that the highest incomes drop to a small fraction of what they are now, and remove existing concentrations of wealth.

We would have to change many parts of the existing system. We would have to end all mechanisms that allow powerful people and companies to extract excess wealth from everyone else. The first step is to overcome decades of corporate propaganda, which brainwashes us into thinking that the existing system is reasonable. We have to begin a conversation where all options are discussed, with nothing ruled out because it is difficult. This would include challenging the right of people or organisations to own or control unlimited wealth.

For example, some people recommend an estate tax (inheritance tax in the UK) to reduce inheritances, but this still allows billions to be inherited. Instead, if we had a limit of say £100,000 (or dollars) as the maximum that anyone can inherit in their lifetime, it would transform the situation. Some people have even suggested ending inheritance altogether.⁽²¹⁾ These ideas would require changes to many parts of the legal system, such as trusts, offshore accounts, and control of big companies, but should be discussed seriously.

A complementary approach is to reduce the role of wealth in leading a comfortable life. If the poorest people have excellent, free healthcare, an affordable home, and enough income to do what they consider important, then wealth becomes unnecessary. However, when billionaires manipulate politics, this approach is undermined. We therefore also need

policies to reduce the power and political influence of those with excessive wealth, in order to allow for a much broader, wide-ranging discussion of possible options.

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Notes

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