

SOCIAL CLASS, DEMOCRACY AND AMERICAN POLITICS

The Ascendancy of the Billionaire Club.

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The political climate of 2016 defies traditional politics as we know it. Changes in political trends beg for a critical analysis and raise important questions about democracy. An important question is—Can the United States of America be considered a democracy? Or has it become an economic elite dominated by an oligarchy? The legislative and the executive branches of government are now highly influenced by Wall Street and billionaires. The pride of having a representative government and the balance of power between the executive, legislative, and judicial branches is seriously threatened by the growing influence of these oligarchs (Gilens and Page, 2014).

The economic and political system of the United States is often conceptualized in an idealistic framework. It is often described as a capitalist democracy rather than viewed as a capitalist constitutional republic. Democracy is majority rule and in so many ways tends to be antithetical to the exercise of individual rights. The issue with democracy is that it is a tyranny of the majority. The United States of America prides itself as being one of the few countries where the constitutional republic defends and safeguards the rights of individuals. An oligarchy on the other hand consists of a small group of powerful individuals with tremendous influence and economic power. When the oligarchs become highly influential and then exert pressure and control over the political system and politicians, they destroy the soul of representative government and economic/political freedom suffer.

The next question is—how did we get to the growing problem of the powerful billionaire gaining control of the political system. The more conservative Supreme Court of the United States is often blamed for the creation of the super Political Action Committee (PAC). The controversy argued before the Supreme Court in *Citizens United v. Federal Election Commission* dealt with the issue of excessive influence caused by unlimited corporate donations to political campaigns versus the protection of free speech. The Supreme

Court in its judgment ruled that corporations, like individuals, have the right to contribute to campaigns as an expression of free speech which is protected under the first amendment. The problem with the judgment was that there was no concern regarding the tremendous influence of capital in terms of flooding the airwaves with negative advertisement. Without the control of capital, the opposition is voiceless and marginalized (Kroll, 2013).

Looking back over the years, politics in America during the 1960s centered on pocketbook issues such as taxes and the performance of the economy and not on class divisions. The deciding factor in terms of presidential politics was which candidate had the best economic plan for America and not which candidate had the best plan for the corporate class, the middle class, or special interest groups. The political change began with the election of Ronald Reagan as president. Reagan's fixation on growth through tax cuts, also known as trickle down economics, appealed more to the privileged class than to the low earners. This corporate elite benefitted tremendously from the tax advantages of the trickle down economy and increased the power of the privileged class (Fisher 2015, Boundless, 2015). Simply stated, wealth was appropriated for the upper class in the hope that it would trickle down to the working class and the needy thereby creat-

ing new opportunities for the economically disadvantaged.

A report by the International Monetary Fund questioned and rejected the trickle down economic theory which is still celebrated by the Republican Party and most of the Republican presidential candidates of 2016 using Ronald Reagan as their role model. The argument of the IMF is that if the income share of the top 20% increases, the GDP growth actually declines over the medium term suggesting that the benefits do not trickle down. On the other hand, increasing the income share of the bottom 20% of citizens by a mere one percent results in a 0.38% jump in GDP growth in the following year. Critical to the analysis is that countries looking to boost economic growth should concentrate their efforts on the lower segment of the society rather than creating tax breaks for the top economic class with the excuse of job creation. (Keller, 2015) It is interesting to note that Pope Francis also denounced trickle down economics in a scathing statement, saying that the theory expresses a crude and naïve trust in the goodness of those wielding economic power. It is also significant to note that the findings by the IMF about the top 20% adverse effect on GDP growth was significant at the 90% confidence interval which is a strong statistical indicator of reliability despite the fact that it does not meet the 95% gold standard of social science research (Fisher, 2015, Dabla Norris et al, 2015).

What is becoming obvious is that the top 10% are pulling away economically. Trickle down economics increases inequality through the special benefit for the upper classes. When one considers growth and development, income and education are critical variables. A high level of education tends to be associated with greater occupational prestige and autonomy, but getting these rewards is becoming very expensive considering the high cost of education and burgeoning student loans. Student loans for a large segment of the population can now be described as life time debt. It is hardly a surprise that members of the upper middle class and corporate class tend to have a higher level of education and are more likely to believe in the American dream ethos that hard work gets you ahead.

In 15 states, the top 1% captured 50-89% of all income growth between 1979 and 2007. Some of those states are Arizona with 84% of all income growth captured by the top 1%; Oregon (81.8%), New Mexico (72.6%), and Connecticut (63.9%). From 1979 to 2011, the average income of the bottom 99% of U.S. tax payers grew by 18.9% while the average income of the top 1% grew 10 times as much by 2005. The top 20% of earners in the U.S. in 2010 earned 50% of the total income while the bottom 15% earned less than 4%. In 1979, most American households (59.5%) had earnings that qualified them as middle class. In 2012, the percentage of

middle class families had fallen to 45.1% indicating that the income of American households had become more concentrated at the top. Another way to think about it is that the middle class is migrating to the lower level classes due to income stagnation and increases in the cost of living (Common Dream, 2016).

Poverty and income inequality are different. What is clear from the above data is that it is not directly related to the issue of poverty, which is the lack of basic needs like food and clothing. Rather disproportionate income inequality leads to higher levels of exploitation and alienation of the lower classes. In 2013, the medium household income for whites was

\$58,270, for Latinos, \$40,963, and for African Americans, \$34,598. Asian household income rose above the tide with an average income of \$67,035 surpassing the median income of all households (The Atlantic, Dec 2014). The political environment of 2016 is quite different from that of 2012 or even that of 2008. The political issues before 2016 were about the usual Republican and Democrat ideological and partisan issues. Issues of social class

were not as visible nor was the issue of billionaires influencing politics. In 2012, Governor Mitt Romney's personal wealth of \$250 million and how he accumulated it were well publicized by his opponents during the Republican primaries and his wealth became a central issue when he became the nominee of the Republican Party. The fear was that Mitt Romney could outspend all of the Republican candidates during the primaries wielding undue influence of wealth in the political process.

Four years later, the political climate is quite different due to unlimited donations to super PACs and politically oriented nonprofits. The billionaires are becoming inextricably linked to the political process and exerting tremendous influence. 2016 can now be referred to as the "Billionaire Primary." When in 2012, Mitt Romney's \$250 million was seen as extreme wealth for a presidential candidate, in the 2016 presidential primaries, we are introduced to Republican candidate Donald Trump who has an estimated net worth of \$4.5 billion. The 2016 primary began with what has been called the "Sheldon Adelson Primary." Sheldon Adelson is the eighth richest American and a member of the Republican Party. Adelson granted audience to the 2016 Republican presidential candidates at a spring meeting of the Republican Jewish Coalition in Las Vegas in 2014. Adelson is a casino and hotel magnate. Among his special interests are to stop internet gambling and to protect the profit margin of his casinos. It is interesting to note that Adelson contributed \$15,600 to Senator Lindsey Graham's campaign and Senator Graham is reportedly preparing a bill to ban internet gambling (Heath, 2015)

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A look at the 2016 candidates' net worth shows Donald Trump (\$4.5 billion), Carly Fiorina (\$58 million), Hillary Clinton (\$45 million), Ben Carson (\$26 million), Jeb Bush (\$22 million), John Kasich (\$10 million), Ted Cruz (\$3.5 million), Chris Christie (\$3 million), Bernie Sanders (\$700,000), and Marco Rubio (\$100,000).

The lineup of billionaires supporting presidential candidates and their net worth is as follows:

Robert Mercer (net worth \$12 billion) is supporting Ted Cruz.

Sheldon Adelson (net worth \$26.3 billion) is supporting Marco Rubio.

George Soros (net worth \$26 billion) is supporting Hillary Clinton.

Alice Walton (net worth \$34.4 billion) is supporting Hillary Clinton.

Others like Rupert Murdoch (net worth \$11.5 billion) supports the Republican Party but did contribute to Hillary Clinton's 2006 Senate race. Robert Mercer is a Tea Party supporter. Paul Singer (net worth \$2.1 billion) is a socially liberal Republican who supports gay rights. Michael Bloomberg (net worth \$50 billion) is an advocate for gun control and supports bipartisan candidates.

What is now called the "Billionaire Primary" is also referred to as patrimonial capitalism where a wealthy few control the core issues of the economy and use their wealth to influence the political system.

Thanks to the biggest wealth transfer in U.S. history, the rich are richer than ever. Also, thanks to the Supreme Court's Citizen's United decision, there is no limit to what super PACs can spend. The fact that trickle down economics did not trickle down to the working class does not mean that there was no trickle down at all. What is clear is the wealth of the corporate and billionaire class is now trickling down into and affecting all sectors of the political system.

Most Americans never heard of the Koch brothers (\$100 billion net worth) but the wealth of the Koch family is trick-

ling down into both national, state, and local politics. The Koch brothers plan to spend \$300 million in the 2016 election. Their goal is to support the Republican Party by embedding staff members in a community, giving conservative advocacy a permanent local voice through field workers who live in the neighborhood year round and who can influence the nuances of local politics. It is interesting to note that the billionaire political activists are the new American oligarchs. Political parties may still be influenced by the public, voters and constituencies, but American oligarchs act in their own self interest without concern for the public sentiment or well-being. They are accountable to no one, and the law makers on their payrolls are more accountable to their billionaire political bosses than to the public.

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