A DYING DEMOCRACY

THE POLITICAL COMMENTATORS that grace America's op-ed pages don't usually agree on much. But they do agree, overwhelmingly, that democracy in America isn't working very well. Our elected representatives, the complaint goes, hardly ever show real leadership or move with dispatch. They take few risks. They have become mere slaves to public opinion polls.

Hardly any commentators argue the reverse. In fact, in the United States today, not a single prominent pundit contends that politicians regularly defy what the polls tell us. Yet today, the truth is, our elected leaders *do* often disregard even the clearest public opinion poll numbers. Not all the time, to be sure, but on a predictable basis. In modern America, our representatives regularly ignore polling results whenever these results dismay the rich and powerful. And our representatives move decisively whenever these same rich and powerful want to see movement.

Too cynical a judgment?

In the tumultuous days after the horrible tragedies of 9/11, America's entire airline industry seemed to be tottering at the verge of collapse. Over one hundred thousand airline and travel industry workers had lost their jobs, almost overnight.[1] Americans the nation over clamored for Congress to act.

In Washington, lawmakers noted solemnly that this clamor had been heard.

"We need to secure," House Speaker J. Dennis Hastert pronounced shortly after 9/11, "some strong help for the American workers."[2]

Help from Congress would indeed shortly be forthcoming, but not for American workers. Airline employee unions had assembled a package of proposals designed to provide cash support, job training, and health benefits for the out of work.[3] Lawmakers ignored these proposals. Instead, just ten days after 9/11, they enacted a $15 billion bailout that left airline executives, as a *Los Angeles Times* observer would note, "free to slash more jobs and run."[4] The bailout would include no help for workers who had lost health care, no money for job training, and no extension of unemployment insurance. Airlines, under the bailout, would even be free to duck their severance obligations to laid-off workers.

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Airline executives, for their part, had to agree not to raise their salaries over the next two years to qualify for the bailout's billions.[5] But that stipulation meant nothing, in practical terms, since the bailout placed no limits at all on executive stock option windfalls or any other non-salary category of executive pay.[6]

Airline executives would not be the only corporate leaders who shook their tin cups after 9/11. Shortly after the attacks, insurance industry executives met with President Bush "to press for the creation of a multi-billion dollar government safety net to limit their exposure to future terrorist incidents."[7] The President proved happy to oblige. He would later sign into law, as part of the Homeland Security Act, legislative language that committed taxpayers to foot the bill for billions in insurance company liabilities.[8]

These bailouts for the airline and insurance industries would not stir, in mainstream political and media circles, much in the way of debate. Why bother debating? The bailouts represented nothing new, just American democracy at work. Corporate leaders ask, corporate leaders get.

The telecoms want government regulators out of the way? Fine. The Telecommunications Act of 1996 gives them total freedom to wheel and deal — and set whatever cable TV rates they deem appropriate.[9]

Bankers worried about public outrage over soaring ATM fees? Congress can help. Shortly before century's end, lawmakers put the kabosh on a proposal that would have forced banks to slash ATM surcharges.[10]

Data-entry operations upset about a new federal ergonomics standard designed to protect office workers from "carpal tunnel syndrome" and other Information Age ailments? In 2001, early in the new Bush administration, Congress will smite the new rule down.[11]

Corporate leaders, of course, do not always win what they want in our modern America. They couldn't possibly. Some corporate sectors, after all, are competing against each other for congressional favors. They all can't win. But where corporate interests share common interests, their deepest desires seldom go unfulfilled. And corporations, in the closing decades of the twentieth century, would desire nothing more deeply than lower taxes. They would get them.

By statute, corporations are supposed to pay 35 cents in federal tax on every $1 of profits. In practice, by 2003, they were paying under 15 cents in taxes on every profit dollar, thanks to a friendly Congress that has delivered unto corporate America hundreds of billions of dollars in new and expanded tax-based corporate subsidies.[12]

These sorts of business tax breaks have come to be widely known — and derided — as "corporate welfare." Corporations, by the mid 1990s, were raking in over $100 billion a year worth of corporate welfare, $53 billion in tax breaks and another $51 billion from direct subsidies to industries.[13] The enormity of these subsidies disturbed even some usually pro-business conservatives in Congress.

"I don't think," noted Ohio Republican John Kasich, "we should coddle the rich."[14]

But his colleagues did. In 1995, Kasich tried to cut corporate welfare by $15 billion. The House would vote to axe just $1.5 billion, not much more than 1 percent of the total.

"House Republicans took a hard look at corporate welfare," the *Washington Post* noted, "and decided they liked what they saw."[15]

If American politics were truly "poll-driven," as the conventional wisdom holds, members of Congress would have never dared oppose Kasich's proposal for modest cuts in corporate welfare. After all, as polls showed well *before* Enron hit the headlines, most Americans do not trust corporations. In one 1996 poll conducted for *Business Week*, only 4 percent of Americans felt large corporations really cared "about what's good for America." And two-thirds of those surveyed, 67 percent, told pollsters the "government should use higher taxes to penalize companies that eliminate jobs, close plants, or pay their executives extremely high compensation."[16]

If American politics were simply poll-driven, legislation to implement penalties against misbehaving corporations would have sailed through Congress. But no such legislation would even reach the House or Senate floor. And that would not be because Congress was too busy working on other initiatives that Americans cared about more. Lawmakers have spent the last quarter-century ignoring almost everything average Americans care about.

Pensions? After Enron's collapse, and the evaporation of millions of dollars from employee 401(k)s, Americans expected government to make some effort to make their retirements more secure. But the post-Enron Congress "shunned even modest protections like rules to require companies to make promised severance payments or to let workers elect representatives to the board of their 401(k) plans."[17]

Education? Parents with kids in schools with leaky roofs want help making school buildings safe, clean, and up-to-date. By the late 1990s, the typical school in the United States had seen forty-two years of service.[18] Giving every child an appropriate learning environment, the American Society of Civil Engineers estimated in 2001, would cost the United States $127 billion.[19] Congress has made no move to appropriate any of that.

Health care? Americans, polls show clearly, worry constantly about affording quality care. But lawmakers have made no moves to give Americans what all other industrial democracies already have, a system that guarantees everyone access to affordable care.

America's political leaders, early in the 1990s, always had a ready excuse whenever an impertinent voter would ask why Congress couldn't act to insure all Americans against illness or repair leaky school roofs. The nation, the answer went, simply couldn't afford the cost, not with the federal budget running in the red. By the late 1990s, that excuse would no longer be credible. At century's end, the federal government was running huge budget surpluses, not deficits, and so were state governments. Surely the time had now come for investing in America. But the time had not come. America's working families would still not see any action on the concerns they told pollsters they cared most about. Not from Republicans. Not from Democrats. By 2000, despite bountiful budget surpluses, government investments in education, research, and infrastructure had dropped, as a share of gross domestic product, 63 percent from their 1980 level.[20]

Not all lawmakers, of course, would sit silent through all this.[21] But those who dissented would find themselves overwhelmed by corporate cash.

"We have come to the point," political reform advocates Ellen Miller and Micah Sifry would note, "where we have what amounts to a 'coin-operated Congress.'"[22]

And plenty of coins were flowing in. In 2001, the health care industry alone spent $235 million making its case to Washington politicos. Corporate America's nine biggest sectors, that same year, together invested $1.27 billion to nudge American democracy their way, forty-seven times the outlays made by all America's trade unions combined.[23]

Deluges like this, repeated year after year, would not guarantee the wealthy and powerful victories in every battle they engaged. But they would always bounce back, and quickly, from any setback. In 1993, for instance, the new Clinton administration squeaked through Congress a modest increase in the top income tax rate on high-income households, an increase that infuriated America's deepest pockets.[24] Lawmakers shared their outrage. To show how much, they would go after the IRS, first by holding a series of high-profile hearings that portrayed IRS agents as bullying stormtroopers, then by pushing through "reforms" and budget cuts that crippled the government's ability to audit high-income tax returns.[25] The end result? In 1999, for the first time ever, poor taxpayers were more likely to be audited than wealthy taxpayers.[26] Over the course of the 1990s, Syracuse University researchers would later note, IRS audit rates on America's wealthiest taxpayers actually dropped 90 percent.[27]

For the lawmaking friends of America's rich and powerful, a defanged IRS would not be enough. In 2001, after the ascendancy of George W. Bush, they would rush to pass the largest tax cut for the wealthy in American history.[28]

This first George W. Bush tax cut would have little to offer the vast majority of American taxpayers, the men and women who make up the bottom 80 percent of American income-earners. As a group, these middle- and low-income Americans pay nearly twice as much in Social Security and Medicare payroll taxes as they pay in income taxes.[29] But the 2001 tax cut would cut not one dime from payroll taxes. Instead, the act would set in motion the repeal of the estate tax, a levy that only impacts America's richest 2 percent.

"This is an administration and Congress that galloped to the rescue of the rich," the *Washington Post* would note just after President Bush signed his initial tax cut into law.[30]

Two years later, with the federal budget back deeply in the red, the administration and Congress would gallop again, to the same rescue. The Bush administration's 2003 tax cut would save households making over $1 million a year, on average, $93,530 each off their annual federal income taxes. Households making under $10,000 a year would see, from this same 2003 tax cut, an average annual tax savings of $1.[31]

In 1994, nearly a decade before this second mammoth George W. Bush giveaway to the wealthy, the *National Catholic Reporter* had openly wondered whether democracy in America has passed some point of no return.

"Has greed killed democracy in America?" asked a *Reporter* editorial. "It now appears no bill can make it through the U.S. Congress that does not first and foremost serve the nation's super rich, those 100,000 families or so who annually amass more than $1 million, who run Congress and for whom Congress works."[32]

For this wealthy slice of America, democracy in the United States continues to work well. Our elected leaders do not take their cues from the polls. They take their cues from the wealthy. Some sticklers for political precision have a word for any nation that willingly accepts the rule of the rich. We in the United States, they insist, cannot claim to have a *democracy.* We have become a *plutocracy.* We the people no longer rule.

WEALTH, OUR NATION'S MOST SAVVY POLITICAL THINKERS have from time to time noted, has always played a central role in American political life.

"There are two things that are important in politics," as Mark Hanna, the top GOP strategist of the first Gilded Age, quipped over a century ago. "The first is money, and I can't remember what the other one is."[33]

In Hanna's time, money talked. But money did not totally monopolize the discussion. Throughout the 1890s, Hanna's heyday, candidates without much money — the original Populists — raised issues that challenged corporate power and even won elections. How incredibly distant those days seem today. In twenty-first century America, no candidate without a bankroll can mount a competitive race for a meaningful elected office. In 1976, candidates typically had to spend $84,000 to win a seat in the U.S. House of Representatives. In 2000, they spent an average $840,000.[34]

In contemporary American politics, those candidates who spend more win more. A candidate's odds of winning, researchers have shown, increase in direct proportion to the money the candidate has available to spend. House candidates who campaigned on less than $100,000 in 1992, for instance, did not win a single race. Those who spent between $250,000 and $500,000 won one race in four. Those who spent over $500,000 won half the time.[35] And those candidates who spend lofty sums against opponents less amply funded win almost all the time. In the 1996 elections, House candidates who spent more than their opponents won 90 percent of their bids for office.[36]

Numbers like these, in the 1990s, would make fundraising the most important talent on the political landscape. In 2000, the Democrats formally recognized that reality. They named as chairman of their party an individual whose sole qualification for the honor amounted to his fundraising prowess. The new chair, Terry McAuliffe, had first hit the fundraising big time in 1995. In just over seven months, he raised $27 million for the Clinton-Gore re-election. Two years later, a grateful Al Gore would fly "through the snow to make it to McAuliffe's 40th-birthday bash."[37]

Back in Mark Hanna's day, money could buy votes. A century later, the sort of money that people like Terry McAuliffe could raise was making voting nearly irrelevant. Most elections today are decided not at the ballot box, but by the fundraising that takes place before voters are paying any attention to who the candidates will be. Political observers call this early fundraising the "money primary." The ability to raise large sums of cash quickly and early, analysts Robert Borosage and Ruy Teixeira note, now "separates the serious candidates from the dreamers before voters even learn their names."[38]

Serious candidates give the money primary every ounce of their political energy. Their goal: to amass enough money to scare off challengers. Money has become, explains political scientist Jamin Raskin, a means "to discourage and overwhelm political competition and debate."[39]

In the money primary, no candidate, no matter how well-known, can afford failure. In 1999, Republican Presidential candidate Elizabeth Dole, the most politically viable woman ever to run for the nation's top office, ended her campaign before a single voter in the "real" primaries had cast a ballot. Dole had raised just $1.7 million in 1999's third quarter. George W. Bush had raised $20 million over the same period. Dole had $861,000 available to spend when she quit the race. Bush, at the time, had $37.7 million.[40]

"The bottom line," Elizabeth Dole would note wistfully in her withdrawal announcement, "is money."[41]

Five Republican candidates, in all, would drop out of the 2000 Presidential race before the Iowa caucuses, the traditional opening event of the race to the White House.[42]

"We're turning the nominating process of both parties into lifestyles of the rich and famous," complained Ed Gillespie, a strategist for one of those candidates, Ohio's John Kasich. "Some very good candidates never even got to the point where voters got to say one way or another how they felt about them."[43]

In money primaries, the only people who get to have a say, to "vote," are those who open their wallets to candidates, and those who open up actually make up an incredibly narrow slice of the American public. In fact, notes the Center for Public Integrity, 96 percent of Americans make no political contributions whatsoever.[44] And of those who do make contributions, only a tiny number give enough to merit a candidate's attention at the money primary stage. How tiny? In the two years leading up to the 2002 elections, only a little over one quarter of 1 percent of adult Americans contributed over $200 to a political campaign. Only one tenth of 1 percent contributed at least $1,000.[45]

Those few Americans who do contribute generously to political campaigns, predictably enough, in no way represent a cross section of the American people. In the 1996 elections, notes a Joyce Foundation study, 81 percent of

Americans who contributed at least $200 to a political candidate made at least $100,000 a year.[46] In the general population that year, just 6 percent of Americans earned over $100,000.[47]

For candidates who play the money game well enough to win, the fundraising for the next election starts as soon as they take office. To raise enough money to scare off serious challengers, experts estimate, a House incumbent needs to raise at least $2,000 per day, Sundays included, in the year and a half after getting sworn in.

"We're in an escalating arms race here," Steve Elmendorf, chief of staff to then House Minority Leader Richard Gephardt, explained in 2001. "It would be nice to have a little break so people could do their job before they have to spend all their time calling people, asking them for money."[48]

The people called most often — rich people — have become quite accustomed to chatting regularly with America's most important elected leaders. In 1996, according to a study conducted for *Worth* magazine, 11 percent of America's richest 1 percent met personally with President Clinton. Nine percent of these affluent Americans met personally with his Republican challenger, Robert Dole.[49]

In America today, to be rich is to be chummy — with whatever elected leader you choose. In June 2001, President Bush and Vice President Cheney and several hundred tables full of their favorite deep-pocket friends packed the Washington Convention Center for a fundraising dinner that collected a record $20 million. The banquet tables went for $25,000 each. Each $25,000 check "bought the right to request a particular senator or congressman as a dinner companion."[50]

Senators, congressmen, governors, presidents, most all elected officials of national significance, now spend their days — and dinners — surrounded by men and women of wealth. Should we be surprised that these elected officials occasionally lose a bit of perspective? Take poor Fred Heineman, the former police chief of Raleigh, North Carolina. Heineman, after his 1994 election to Congress, could not believe that some people actually considered him to be a person of means. How outrageous. All Heineman had to live on was his $133,600 congressional salary and $50,000 in police pensions.

"That does not make me rich," Heineman protested. "That does not make me middle class. In my opinion that makes me lower middle class."

And who was middle class?

"When I see someone who is making anywhere from $300,00 to $750,000 a year, that's middle class," Heineman explained. "When I see anyone above that, that's upper-middle class."[51]

In Heineman's world, a swirling universe of dinners and lunches with extraordinarily well-heeled movers and shakers, that sort of income classification made eminent sense. Average voters, of course, approach life from a slightly different perspective. In the 1996 elections, they sent the candid Heineman home.

How many other "lower middle class" members of Congress feel, like Fred Heineman, put upon financially? We will never know. Most pols smart enough to get elected to Congress are smart enough to keep their financial aspirations to themselves. But not all. Senator Bob Packwood from Oregon, for instance, couldn't help but confide to his private diary his fervent desire for a thicker wallet. Perhaps someday, Senator Packwood wrote to himself, "I can become a lobbyist at five or six or four hundred thousand."[52]

Packwood would have to delay his fondest financial desire.[53] A sex scandal in 1995 would turn his career upside down and inside out — and, in the process, force the public release of his private papers.

The release of Packwood's diary no doubt left more than a few of his colleagues quietly squirming. Packwood, after all, didn't figure to be the only senator daydreaming about the great wealth that might one day come his, or her, way. In a plutocracy, with great wealth all about, most all lawmakers sooner or later come to share the same dreams.

IF THE WEALTHY SAW THE WORLD the same way everyone else sees it, then no one who cares about government of the people, by the people, and for the people would worry one whit about excessive chumminess between pols and plutocrats. But the wealthy do not see the world the same as people of more limited means. In 1996, in a fascinating opinion survey exercise, pollster Celinda Lake would document the difference.

Lake, a widely respected polling analyst, compared the political perspectives of two different random samples, one taken from the American voting public at large, the other compiled from the ranks of Americans who had given candidates at least $5,000 over the previous two and a half years. Half the large donors Lake surveyed were Republicans, half Democrats.[54] What did she find? The large donors Lake queried, by almost a two-to-one margin, agreed that "government spends too much, taxes too much and interferes too much in things better left to individuals and businesses." Only a third of the average voters surveyed shared that perspective. Most average voters, instead, told Lake they believed that "government is too concerned with what big corporations and wealthy special interests want, and does not do enough to help working families."[55]

Lake repeated her survey research four years later and found similarly stark contrasts on one issue after another. One case in point: funding Social Security.

Under current law, all Americans pay Social Security taxes at the same rate, up to a set cap that rises slightly each year. In 2001, all Americans paid a 7.65 percent Social Security payroll tax — the "FICA" deduction — on wages and salary up to $76,200. Those with income over $76,200 paid no Social Security tax on any of this income. In 2001, as a result, someone making $76,200 and someone making $762,000 paid the same exact $5,829.30 in Social Security tax. But the $5,829.30 amounted to 7.65 percent of the $76,200 person's annual salary and less than 1 percent of the $762,000 person's salary.

Before the 2000 election, Celinda Lake asked both of her sample groups, the ordinary voters and the $5,000 contributors, if they favored raising the salary cap on Social Security taxes. Solid majorities of the ordinary voters — a group including Democrats, Independents, and Republicans — agreed the cap should be lifted. Only 24 percent of these ordinary voters opposed raising the cap.

Among the $5,000 contributors, the numbers reversed. The majority of those with an opinion in this deep-pocket sample opposed lifting the cap.[56]

America's lawmakers have studiously followed the lead of these $5,000 contributors. They have avoided any talk of raising the Social Security salary cap. The cap-lifting notion, despite its popularity with rank-and-file voters, remains a non-issue.

In American politics today, on all issues, not just Social Security, our wealthy have come to enjoy almost magical powers. They can make ideas that average people find attractive disappear. In deeply unequal societies, wealthy people always wield these powers. Their regular, ongoing access to elected officials guarantees their world views a respectful hearing. Their distaste for populist approaches makes lawmakers think twice before even entertaining unconventional economic ideas. In time, if wealth concentrates enough, unequal societies become polities where only the world views of the wealthy receive any serious consideration at all. Representative government comes to represent only the rich.

In the United States, the world's most unequal rich nation, rich people would not be satisfied in the 1990s with elected officials who merely represented their interests. They would do their best to do away with the middleman — and represent their interests themselves. They would make remarkable progress.

ON NOVEMBER 8, 1994, Republicans had a very good day. For the first time in four decades, their candidates would gain simultaneous majority control of both the House and the Senate. Two months later, over eighty "freshmen" lawmakers, most of them Republicans, formally began their congressional careers. About a quarter of these newcomers shared a special bond. They were each worth at least $1 million.[57]

By the 2000 elections, six years later, Democrats had regrouped. The new century's first elections ended with Congress almost evenly split between Democrats and Republicans. The elections also ended with more millionaires in Congress. Of the candidates newly elected to Congress in 2000, one third held personal fortunes worth at least $1 million.[58]

Two years later, on Election Day 2002, neither Republicans or Democrats registered any substantial numerical gains. But millionaires did. They would make up, the Associated Press reported, "close to half the incoming members of Congress."[59]

Inside Congress, and outside Congress, American politics seems to be turning into a rich people's hobby. Rich people seem to be running for everything.

In Virginia, cell phone entrepreneur Mark Warner spent $10.5 million of his personal fortune in a losing 1996 Senate bid.[60] Five years later, Warner, a Democrat, emptied another $4.7 million from his wallet. That was enough, with some additional help from his friends, to make him governor.[61] That same year, in 2001, billionaire Michael Bloomberg, a Republican, spent $73.9 million from his own deep pockets to become mayor of New York. Bloomberg spent more on mailings, $16.6 million, than his opponent spent on his entire campaign. He spent more on his election night victory party, $45,000, than the average American family makes in a year.[62]

Not every deep-pocket candidate, over recent years, has ended up celebrating. In fact, healthy percentages of wealthy candidates have lost their election bids. In the 2000 elections, for instance, five of the nineteen candidates who spent more than $1 million of their own money to get elected fell short.[63] Some commentators see in these defeats reassuring proof that, at least in America, democracy still trumps dollars. Other observers of the American political scene beg to differ. Rich people's candidacies, they argue, are having an enormous impact on American politics, win or lose. They point, as just one example, to the 1994 California Senate race.

Into this Senate contest, Michael Huffington, the heir to an oil fortune, invested $28 million of his own considerable fortune, just two years after he spent $5 million to win election to the House of Representatives.[64] This time around Huffington's millions would not be enough, mainly because he came up against a candidate with some significant millions of her own. His opponent, Diane Feinstein, pushed $2.5 million of her family fortune into the race and spent about $14 million overall, enough to emerge triumphant.[65]

But Huffington, even in defeat, had an impact. His relentless barrage of TV ads defined the campaign's political thrust. Day after day, Huffington's ads blasted Feinstein for having voted for "the biggest tax increase in history."[66] Feinstein, in truth, had only voted for the modest tax hike on wealthy incomes that was part of the Clinton administration's 1993 deficit-reduction package. This tax increase had actually raised taxes on only 1 percent of California taxpayers. In her campaign, Feinstein would do her best to explain all this to voters. But she would never feel, despite her eventual victory, that she had truly overcome the tax-hiker stigma Huffington plastered on her.

"It hurt me the way they presented it," she would acknowledge.[67]

Feinstein, a Democrat, would not be hurt that way again. In 2001, the Democratic Party leadership in the Senate opposed the Bush administration proposal to cut total taxes on the wealthy far more than Clinton's 1993 measure had raised them. Feinstein voted for it.

The many millions that the Michael Huffingtons heave into their own campaigns don't just distort how the public perceives taxes and other issues. These millions also raise the overall campaign spending bar. They force other candidates to raise ever more money to stay competitive. Candidates who can't raise these ever higher sums will not be taken seriously, no matter how qualified they may be.

Caleb Rossiter would learn this lesson in 1998, in his race against Amory Houghton, the richest man in Congress. Houghton, a billionaire heir to the Corning Glass fortune, had already won re-election to his upstate New York district five times, outspending his Democratic rivals $2 million to $14,000 in the process.[68] Rossiter, a native of Houghton's district and a respected, experienced advocate for progressive causes, had no trouble winning the Democratic nomination to challenge Houghton's sixth bid for re-election. No one else wanted the honor. But Rossiter felt Houghton might be vulnerable this time around. The billionaire, despite his "moderate" image, had voted to weaken clean-water standards and cut Medicare. If voters could be alerted to positions like these, Rossiter figured, Houghton might have a fight on his hands.

Sounding that alert, Rossiter understood, would take cash, at least "half a million dollars." Rossiter would go at the task of raising that cash with everything he had.

"I spent so much time on the phone trying to get that money that my ears hurt and my soul ached," he later would note.[69]

Rossiter would eventually raise a respectable $250,000, not nearly enough to match what Houghton had available to spend on TV. To try to offset his TV time deficit, Rossiter would devote nearly every waking hour to meeting voters directly. He walked precincts, stood at factory gates, marched in parades. But Rossiter would need more than shoe-leather. To have any shot at topping Houghton, he needed more dollars. The only possible significant source: national liberal advocacy groups.

Rossiter would go ahead and make his case to these national organizations. They would not find that case compelling. Hardly any national groups would give Rossiter any financial support. Giving Rossiter money, they figured, would be lunacy. Rossiter was running against a billionaire. What chance did he have? In the end, Rossiter would have no chance at all. On Election Day, he would be demolished, by 68 to 25 percent.

The liberal political realists in Washington, with Rossiter's defeat, had their judgments more than amply confirmed. They had been right not to waste any of their scarce resources on Rossiter's doomed campaign. They had been, in the rational accounting of modern American politics, absolutely right to dismiss his candidacy. But the absolute rationality of their decision, on another level, merely demonstrated just how irrational American politics had become. Caleb Rossiter sported a distinguished career in unselfish public service. He exuded intelligence and dedication, compassion and commitment. All he lacked was a fortune. To insiders, that made Rossiter a joke, a hapless Don Quixote.

In 1999, a year after Caleb Rossiter's dismal race, journalists found Washington's political insiders hard at work getting ready for the 2000 elections, all doing their best, once again, to win — with wealth. "Both parties," reported analyst Robert Dreyfuss, "are busily recruiting superwealthy candidates who can either self-finance their runs or call on personal networks of rich donors."[70] In Nevada, he added, the likely GOP candidate for Senate would be former Congressman John Ensign, the son of the Circus Circus casino empire. In New Jersey, the Democratic Party's Senate nod seemed to be going to Jon Corzine, a Wall Street executive worth $300 million.

"The two candidates," Dreyfuss reported, "have scared off credible opponents."[71]

On Election Day 2000, both Ensign and Corzine would win.

Not everybody in the two winning parties, the Nevada Republicans and the New Jersey Democrats, felt like celebrating. Some party stalwarts, like Richard Sooy, a New Jersey podiatrist, felt a bad taste in their mouths. Sooy, the previous spring, had been a candidate himself, for a local office. A Corzine ally had offered him up to $50,000 for his campaign — in return for giving Corzine an endorsement in the Senate primary. Corzine would go on to spend more than $60 million, from his own fortune, to win election.[72]

"I'm not a historian," Richard Sooy the podiatrist would later note, "but I don't believe Thomas Jefferson meant for it to be like this."[73]

EARLY IN 2001, about the same time John Ensign and Jon Corzine were taking their oaths to serve in the Senate, a smiling George W. Bush was holding his first cabinet meeting. The new President, a multimillionaire, looked around the table and beheld a truly remarkable sight: a cabinet as close to all-millionaire as a cabinet could be.

Of the eighteen men and women on the new Bush administration cabinet, seventeen held personal fortunes worth at least seven digits. Seven of these each held, in net worth, at least $10 million. The lone non-millionaire, Secretary of Agriculture Ann Veneman, could lay claim to only $680,000.[74]

In the George W. Bush White House, even staffers would have bulging bankrolls. The President's top political adviser, Karl Rove, came into the West Wing with stock holdings alone worth $1.5 million.[75] Impressive. Almost as impressive as some of the incomes made and fortunes held by White House staffers in the Clinton administration. Robert Rubin, Clinton's top economics adviser and later his treasury secretary, earned $26.5 million from his Wall Street firm the year before he joined the White House staff. Franklin Raines, a Clinton pick to head the Office of Management and Budget, earned $12.8 million his last year before joining the Clinton team. Erskine Bowles, who would later become a Clinton chief of staff, came into his White House responsibilities with a personal net worth somewhere between $30 and $60 million.[76]

In modern America, administrations might come and go. Extremely rich people, apparently, would never be far from the action.

And not just in the White House — or Congress. By century's end, America's most affluent had hit the trifecta. They made laws as members of

Congress, they implemented laws from the crowning heights of the executive branch, and they sat in solemn judgment on the laws as justices of our nation's highest court. In 2000, six of America's nine Supreme Court justices held net worths comfortably over $1 million. The financial disclosure form of a seventh, Chief Justice William Rehnquist, left his millionaire status a bit unclear. Rehnquist's filing would note only that he held assets worth somewhere between $525,000 and $1.3 million.[77]

All this wealth troubled some observers. Public officials of great wealth, these observers noted, stood to benefit enormously from the decisions they would be called upon to make in public office. During the 2001 debate over the estate tax, for instance, opponents of estate tax repeal noticed that Bush administration officials pumping for repeal had somewhat of a personal stake in the matter. Repeal of the nation's only tax on the fortunes rich people leave behind at death, critics noted, would save the heirs of Vice President Cheney up to $40 million, the heirs of Treasury Secretary Paul O'Neill up to $50.7 million, and the heirs of Defense Secretary Donald Rumsfeld up to $120 million.[78]

President George W. Bush could, presumably, approach the estate tax question with a more open mind. His heirs only stood to save as much as $9.9 million if the estate tax were repealed.[79]

This sort of cynical conjecture and innuendo, America's most fortunate and their friends believe, totally misses the point. Rich people, they assert, actually improve our democracy when they give of their precious time to serve in public office. Rich people, their champions explain, "cannot be bought." They are, after all, rich already.

This argument often impresses listeners, particularly in locales where headlines about endless kickback and influence-peddling scandals have soured voters on ordinary office-holders of limited means. But simple corruption, in fact, poses *no* fundamental threat to our democracy. Kickbacks can be prosecuted. Bribe-takers can be unveiled. Democratic governments can and do eventually catch up with pols on the take.

Democracy cannot so easily survive the far more significant threat that great wealth poses. Real democracy thrives only where free and open debate engages people's imaginations, only where old ideas are regularly challenged, only where new ideas are always welcome. The presence of great wealth in politics, the domination of great wealth over our political life, endangers this debate.

"Money doesn't just talk in politics," as political analyst William Greider explains, "it also silences."[80]

Our major political parties today, to compete effectively, must either enlist wealthy people as their candidates or enlist the wealth of wealthy people on behalf of candidates the wealthy find credible. In this political environment, ideas that might discomfort great wealth are "effectively vetoed even before the public can hear about them."[81] Those who pay the freight for politics come to define the issues that politics addresses.[82]

These freight-payers, should their definitions be challenged, turn apoplectic.

"This isn't an issue that should even be on the political agenda today," Nike billionaire Phil Knight fumed after critics attacked the sweatshops that manufactured his company's sport shoes. "It's a sound bite of globalization."[83]

Knight would have his way. In the 1990s, the ongoing scandal of sweatshop labor would receive nothing more than sound-bite attention from America's political class.

But Knight and his friends would score a much greater political triumph in the closing years of the twentieth century. They would keep off America's political radar screen an even greater scandal than the reemergence of sweatshops. They would keep off America's radar screen the scandal of rising inequality, the greatest and most rapid redistribution of wealth — from bottom to top — that the United States had ever seen.

"Inequality is at levels not witnessed since before the Great Depression," as analysts Robert Borosage and Ruy Teixeira would point out midway through the 1990s. "Yet neither political party has a coherent argument or agenda to deal with this fundamental dynamic."[84]

The nation's two major parties, throughout the 1980s and 1990s, would treat the widening gap between America's rich and everyone else as a non-issue. Several thoughtful observers figured that top American political leaders would have to ditch, at some point, this see-no-evil attitude. Gaps in income and wealth, these observers believed, were simply growing too wide to be disregarded.

"Sooner or later this country's politics will get back to the core issue: economic inequality," William Greider noted in 1995. "I hope this happens in my lifetime. Actually, I think the subject is bearing down on the politicians faster than they imagine."[85]

"Eventually," agreed commentator Mark Shields in 1997, "public attention must turn to the widening gap in income between those at the very top and everyone else."[86]

But mainstream American politics would never turn to the widening gap, never consider how that gap was impacting America, never contemplate steps that might slow, or, heaven forbid, even reverse America's growing economic divide. America's political leaders would simply never raise any questions about inequality, at least never raise them loud enough for Americans to hear.

Why this reluctance? Big Money, critics charged, had "metastasized" throughout the American body politic.[87] In this sick body, noted physicist Barry Casper, a former policy adviser to Senator Paul Wellstone, democracy was dying.

"We now have a political system in which a public policy proposal can have enormous popular support and the potential to garner an electoral majority," Casper explained, "but it may not even get a fair hearing, much less a vote, in the Congress or anything approaching adequate coverage in the media."[88]

Can America's body politic be revived? Many activists feel they have the medicine that can do the trick. They call their medicine campaign finance reform.

In a democracy, the people rule. They rule, most basically, by deciding who gets elected to office. In the United States, by century's end, Big Money seemed to be deciding elections, not the people. How could the people regain control? Get tough on Big Money, came the answer from reformers. Shove Big Money out of America's election process.

In the 1990s, public interest activists would work indefatigably to get this message across to the American people. They would finally score, in 2002, a landmark victory when a reluctant George W. Bush signed into law campaign finance reform legislation co-sponsored by his arch Republican rival, Arizona Senator John McCain, and Wisconsin Democrat Russell Feingold. Only once before in American history, back in 1974, had Congress ever attempted such a comprehensive election campaign reform.

The original reformers, lawmakers sickened by the Watergate scandals, figured they had covered all the bases with their 1974 legislation. They had limited contributions. Individuals, under the new reform law, could give no more than $2,000 within a single election cycle, political action committees no more than $10,000. They had also limited expenditures. Their legislation capped how much candidates and their supporters could spend on their campaigns. Big Money, the reformers felt confident, had been checked.

But not checkmated. The new 1974 law would quickly start to unravel.

The Supreme Court took the first hard yank. In 1976, the High Court would rule that the caps on campaign spending in the 1974 reform violated the First Amendment right to free speech. Candidates, the court ruled in this *Buckley* decision, could not be prevented from spending their own money on their own behalf. Nor could supporters of a candidate be prevented from spending whatever they wanted to spend. Any spending limits, the Court determined, would have to be optional to pass constitutional muster.[89]

Candidates and political parties, in the wake of *Buckley*, could now *spend* however much they wanted. But wealthy donors still couldn't *give* whatever they wanted directly to candidates. The contribution limits set by the 1974 reform legislation still remained legally in place. Legally, perhaps, but not practically. By law, political parties could not accept unlimited contributions for campaigns on behalf of specific candidates. But they could accept unlimited "party-building" contributions to strengthen their infrastructure. These contributions, known as "soft money" because they skirted the "hard" $2,000 contribution limit, would soon start soaring. In 1980, at the onset of the "soft money" era, Republicans raised $15 million in soft cash, the Democrats $4 million. Two decades later, in 2000, Republicans and Democrats together raised nearly half a billion dollars, $487 million to be exact, from soft money contributions.[90] More than 90 percent of these dollars, Georgia Rep. John Lewis would note, "came from corporations and wealthy individuals whose interests are often at odds with those of average Americans."[91]

Big Money would find other loopholes to exploit as well. After the 1974 election reforms, wealthy individuals could legally fork only $2,000, per election cycle, to a specific candidate. But corporations could "invite" their executives to "max" out to the $2,000 limit and then "bundle" the resulting checks off to the candidates of their choice.

Corporate special interests and wealthy individuals could also, under the law, finance as many election-oriented TV ads as they wanted, so long as these ads were produced independently of any specific candidate's campaign. This "independent expenditure" loophole, coupled with "soft money" and bundled contributions, would create a new political environment that corporate America quickly came to dominate. In the 1998 election cycle, business interests would outspend labor interests by eleven to one. In just the first year and a half of the 2000 election cycle, business would outspend labor by sixteen to one — and overwhelm environmental groups by even wider margins.[92]

The reform legislation of 1974 had, in essence, failed miserably. Big Money dominated American politics as powerfully as ever. McCain-Feingold, the reform enacted in 2002 to fix the reform enacted in 1974, set out to limit that domination. Soft money contributions to national parties, under McCain-Feingold, would be illegal. Interest groups would not be allowed to flood the airways with TV spots in the weeks right before elections. Disclosure requirements would be tougher. A new era.

"The political landscape," announced a proud Senator Carl Levin from Michigan, "will be filled with more people and less influence, more contributors and smaller contributions, more democracy and less elitism."[93]

"This will be a landmark piece of legislation that I think will be written about in the history books for years to come," added Senate Majority Leader Thomas A. Daschle.[94]

But other observers worried that Congress was just repeating history, not making it. McCain-Feingold, they argued, would not pass what some fair election advocates called the "Fannie Lou Hamer standard." Fannie Lou Hamer had been a civil rights hero, the leader of the struggle that challenged Mississippi's all-white delegation at the 1964 Democratic National Convention. Any campaign finance reform, skeptics about McCain-Feingold argued, would have to make the political system fairer for people like Fannie Lou Hamer — "a poor woman, a person of color, a stranger in the halls of power" — to be considered an important step toward.[95]

McCain-Feingold, these activists believed, did not make America fairer for today's Fannie Lou Hamers, mainly because backers of the legislation, to win passage, had agreed to double the amount of "hard" money wealthy donors can give directly to candidates. In the 2000 federal elections, critics of McCain-Feingold pointed out, soft money contributions had accounted for about a third of all the money spent. The rest came from hard money. If wealthy contributors doubled their hard money contributions in 2004, to max out at the new limit, they would be able to flood the political process with more money than flooded the process in 2000, even with the ban on soft money.

"In short," noted one public interest group, "there will be more money spent after McCain-Feingold than ever before, only now politicians will claim this is OK since it's all hard money."[96]

The ban on soft money, other activists noted, wasn't likely to work particularly well either.[97] The "soft" dollars that had been going to the national parties, they predicted, would simply start going instead to state parties, to more independent expenditures, or to non-party entities known, by their tax code loophole, as "527 committees."[98]

Senators McCain and Feingold, to their credit, had never claimed that their legislation would "solve" the Big Money challenge. Party strategists, McCain had acknowledged, would be hard at work "trying to figure out loopholes" as soon as the bill became law.[99] McCain-Feingold, agreed Russell Feingold after the bill's passage, would have just a "modest impact." Only the "public financing" of election campaigns, he noted, could ever prevent candidates from having to rely on wealthy Americans.[100]

Growing numbers of activist reformers agreed with Feingold's perception. Proposals for publicly financing election campaigns would mushroom in the late 1990s. Two states, Maine and Arizona, would actually enact and implement "Clean Money" public financing systems in time for their 2000 state elections.

In the Maine system, candidates who opt for public financing must agree to limit their spending and not accept private contributions. To qualify for public support, candidates must initially collect a specified number of $5 contributions from voters. If a "Clean Money" candidate's opponent chooses not to seek public financing, to avoid having to abide by spending limits, the Clean Money candidate can receive extra public financing.[101] Arizona's public financing works in a similar fashion.

Both laws are so far proving popular, with more candidates running "clean" in each successive election. And cleanly elected lawmakers in both states say they feel they can legislate without having to kow-tow to special interest lobbyists.

"It is too soon to say that money no longer talks in either state capitol," one observer noted in 2001, "but it clearly doesn't swagger as much."[102]

Is "Clean Money" the antidote to Big Money that American democracy needs? Can public financing of elections offset the advantages that concentrated wealth carries onto the political playing field? Like Senators McCain and Feingold, interestingly, the nation's top Clean Money advocates have never described their reform as a solution that will "solve" America's Big Money problem once and for all. Clean Money systems, these advocates understand, have yet to secure anything close to a solid foothold. Even in Maine, they point out, the public financing dollars available for statewide candidates aren't enough to run a competitive race against opponents who opt not to run "clean."[103]

But Clean Money public financing, even if more adequately funded, would still not level the political playing field. Indeed, note thoughtful reformers, the political playing field will never be level so long as some players — by dint of their bankrolls — remain far bigger and stronger than every other player on the field. In a deeply unequal America, we can change the rules that determine how political campaigns are run. But we cannot prevent the very rich from using their grand fortunes to distort how candidates — and the public — think about political issues.

IN 2002, ACCORDING TO THE ANNUAL GALLUP POLL on education, 3 percent of America's public school parents felt their local public schools were failing.[104] That figure may have surprised casual observers of American politics. Over the previous two decades, after all, the debate over what we ought to do about "failing public schools" had almost completely dominated America's political discourse on education.

In that discourse, most grassroots American educators shared a common perspective. To fix failing schools, they believed, you start with qualified teachers. You give these teachers small classes so they can give students individual attention. You give them supportive principals, time to plan lessons and collaborate with colleagues, and an opportunity to impact the decisions that affect learning. And you recognize parents for what they are, a child's first teachers, and treat them with respect. Do all this, grassroots educators believed, and "failing" schools will significantly improve.

These prescriptions, of course, raise countless questions. Just how small do classes have to be? How can schools effectively attract and retain quality teachers? What can schools do to help time-squeezed parents become involved in their children's education? To improve education, questions like these need to be thoughtfully discussed and debated. Throughout the 1990s and into the new century, unfortunately, America's mainstream political debate would give these sorts of questions little attention. Instead, in state after state, lawmakers and voters would find themselves preoccupied with an entirely different proposition, the notion that public schools can best be improved by giving parents taxpayer dollars, or "vouchers," to send their children to private schools.

Where did this voucher notion come from? Not from teachers or principals. Not from educational researchers. Not even from dissatisfied parents. None of these groups shoved vouchers into the political limelight. The shove would come instead from the upper reaches of America's economic firmament, from some of America's deepest pockets.

These zealously wealthy individuals came to the debate over education with an ax to grind. Public education, by its very existence, violated their sense of free-market decency. Public schools, as Wall Street financier Theodore Forstmann put it, were merely "monopolies" that "produce bad products at high prices."[105]

Over the course of the boom years, wealthy ideologues like Forstmann would pay any price necessary to thrust an alternate vision of education onto America's political agenda. Public tax dollars, they argued, should not subsidize "monopolies." Parents should be able to "choose" where they send their children to school. They should be able to spend public tax dollars to pay private school tuition.

No single individual would do more to advance this notion of taxpayer-subsidized vouchers for private school tuition than billionaire John Walton, heir to the Wal-Mart fortune. Walton would pump $250,000 into the 1993 ballot initiative that would have, if passed, created a voucher system in California.[106] That measure didn't pass. California voters drubbed it, by 70 to 30 percent.[107] Walton would not be deterred. He pumped still more of his fortune into a 1998 Colorado initiative that would have let parents take a tax deduction for private school tuition.[108] Voters drubbed that idea, too, 76 to 33 percent.[109]

But billionaires seldom have to take "no" for an answer. Two years later, Walton shipped still more dollars to Michigan, where Dick DeVos, son of Amway co-founder Richard DeVos, was trying to get voters to buy his version of Walton's California voucher plan.[110] Voters still weren't buying. They rejected vouchers by 69 to 31 percent.[111]

Walton and Wall Street's Ted Forstmann, even before the Michigan vote, had realized that they needed to do more than wage referendum campaigns to gain public support for vouchers. In 1998, Walton and Forstmann would each invest $50 million from their own personal fortunes to underwrite private school tuition for kids from low-income families.[112] The goal: to gin up a demand, among poor people, for publicly financed vouchers for private schools.

This new effort would not make the impact Walton and Forstmann hoped. Veteran advocates for inner city parents refused to be bought. In 1998, the NAACP would go on record against all voucher-type initiatives.[113] In 2000, NAACP activists in California helped defeat still another statewide voucher initiative, this one bankrolled by Silicon Valley venture capitalist Timothy Draper, who had spent $2 million to put vouchers on the statewide ballot.[114] Voters would crush Draper's initiative, 71 to 29 percent.[115]

No matter. Deep-pocket voucher proponents would keep up the pressure, out of their own wallets and out of the budgets of the foundations they controlled. The $2 million seed money for the first national group promoting vouchers would come from the Walton Family Foundation, the "philanthropic" arm of the Wal-Mart fortune. Out of other foundations would come subsidies for think tanks and special university centers that churned out an endless stream of voucher-boosting reports and press releases.

By 2002, Walton and his wealthy friends had little to show, by some measures, for their decade of effort. Voters had repeatedly rejected vouchers, by wide margins, in every voucher referendum. In only two states, Florida and Colorado, and two cities, Milwaukee and Cleveland, had lawmakers voted to establish voucher programs — and only on a limited basis. But by other measures, perhaps more significant measures, the wealthy champions of private school vouchers had achieved considerable success. Their legal teams had scored, in June 2002, a major victory when the U.S. Supreme Court ruled that taxpayer-funded vouchers for religious school tuition do not violate the

Constitution. Their unrelenting referendum campaigns, though all losers, had drained millions of dollars and thousands of volunteer hours from groups supporting public education. And their ad campaigns — the biggest a $20 million blitz announced by Ted Forstmann in 2000 — had begun to soften up the opposition to vouchers in public opinion polls.[116] The wealthy zealots opposed to public education, in a sense, had succeeded. They had redefined America's political debate on education, altered America's political climate.

The climate change that men like John Walton engineered on education would not be unique. Over the closing decades of the twentieth century, America's wealthy would significantly transform America's political climate on issue after issue.

Social Security, for instance, used to be known as the "third rail" of American politics. No politician would dare suggest meddling with the basic inner workings of America's most popular social program. But Wall Street, by the 1990s, had come to see a reason to meddle. If Social Security could be "privatized," if dollars withheld for Social Security could be diverted into stocks, bonds, and mutual funds, Wall Street would have the ultimate cash cow. If just 2 percent of the dollars withheld for Social Security were instead invested in Wall Street securities, the resulting fees and commissions for Wall Street banks and brokerage houses would total $10 billion a year.[117]

Wall Street-subsidized think tanks would spend the closing years of the twentieth century convening conferences and churning out reports that sang the glories of privatizing Social Security.[118] The steady drumbeat of their underlying message — you can't count on Social Security — would eventually convince large majorities of American young people they would never live to see a Social Security check. In fact, Social Security faced no debilitating crisis. The system, independent experts agreed, "could operate without any changes at all — no cuts in benefits, no additional revenue — until 2041."[119] And the system would face virtually no shortfall at all, even then, other analysts pointed out, if the bottom two-thirds of Americans "had the same share of national income in 1998 that they had in 1978."[120] Rising inequality, these analysts noted, meant fewer dollars for the Social Security trust fund, since high income above the Social Security salary cap weren't subject to any Social Security payroll tax.

These facts would not matter much in the public debate over Social Security, not when the movers and shakers behind the push to privatize Social Security had tens of millions of dollars available for spreading Social Security doom and gloom. Their privatizing push would seem, by century's end, unstoppable. Even Clinton administration operatives started hinting about compromises that would start funneling Social Security tax dollars into Wall Street's outrageously eager clutches. These compromises, in the end, would not be struck. The sudden burst of the stock market bubble, starting in 2000, would shunt privatization off the immediate political agenda.

But the privatizers, observers figured, would be back in force. And they would likely dominate the political debate over Social Security once again, even if rigorous campaign financing reforms became the law of the land.[121] In an America top heavy with concentrated wealth, even with Clean Money-type reforms in place, think tanks subsidized by wealthy ideologues would still be pumping out white papers.[122] Top corporations would still be offering plum positions for ambitious political leaders with careers in temporary holding patterns. And, perhaps most significantly of all, America's media empires would still be making celebrities out of flacks for the wealthy's pet causes.

"FREEDOM OF THE PRESS," the irreverent journalist A. J. Liebling once quipped, "is guaranteed only to those who own one."

A half century ago, few Americans affluent enough to own a press actually owned only one. America's newspapers and magazines, and television and radio stations as well, would belong for the most part to ownerships of multiple media properties. Still, throughout the 1950s and 1960s, independent media voices could and did arise. Journalism, for most of the twentieth century, would always sport at least some owners who considered their media properties a sacred public trust. These owners would take seriously their responsibility to keep Americans informed and alert. Not all, or even most, owners would feel that sense of responsibility. But that didn't matter. Widespread competition between media ownership groups tended to keep individual media outlets honest — or at least give readers and viewers someplace else to go if they weren't.

By century's end, that had all changed. In the early 1980s, media critic Ben Bagdikian had counted about fifty different owners of major media outlets. Twenty years later, merger mania had left only six different ownerships in control of America's most important sources of information.[123] The media had become just another business, and a lucrative one at that. Newspapers, by century's end, regularly averaged profit rates that doubled the *Fortune* 500 average.[124] Top media executives could stand tall in any executive gathering. In 2000, for instance, Gannett CEO John J. Curley took home $9.4 million in compensation and held, on top of that, $112.3 million in unexercised stock options.[125]

Within America's media empires, as in the rest of corporate America, steady doses of downsizing would help keep Wall Street happy and stock prices up. These downsizings would exact a steep price journalistically. In understaffed newsrooms, harried reporters now had little time to do their own digging.[126] The "news," not surprisingly, would lose bite. Across the country, again not surprisingly, ratings for traditional "news" would sink. But these low ratings would engender no soul-searching among media executives. They simply devoted their news programs and pages to non-newsy filler and fluff. Out would go coverage of ongoing political debate. In would come the latest on murder and mayhem. If it bleeds, "news" executives exulted, it leads.

Democracy, America's founders had believed, cannot prosper without free and open public debate. Only a free press could keep a free people free. America's media barons, by century's end, hardly bothered to even pay lip service to this noble ideal. They would feel accountable only to their quarterly bottom line. Not a good situation. But things, some American media critics noted, could be worse journalistically. We could be in Italy.

Italy, by century's end, boasted the Information Age's ultimate plutocrat, a billionaire who had become as familiar as family to every Italian. This media magnate, Silvio Berlusconi, had built a colossal media empire by conniving with politicians to win special favors — and then gone into politics, at least partly to keep prosecutors from nailing him for the favors. Berlusconi carried a host of overwhelming advantages into Italy's political arena. He owned Italy's three biggest private TV networks, its biggest publishing conglomerate, its biggest newsmagazine, two nationally circulated daily newspapers, not to mention Italy's biggest investment firm and most popular sports team.[127] His total fortune would reach, at one point, $12.8 billion, enough to place him fourteenth on the 2000 *Forbes* wealthiest people in the world list.[128]

Berlusconi's national TV networks would give him, in any election campaign, a virtually unbeatable advantage.

"This is the only country in the world," one of Berlusconi's political foes would note in 1999, "where the political parties must pay their political adversary in order to run an election campaign."[129]

In 1994, Berlusconi would be elected Italy's prime minister. He would prove a flop his first time around Italy's political track. But he would be back. In May 2001, Italian voters went to the polls and once again elected Silvio Berlusconi, their nation's richest citizen, to their most powerful office.[130]

CAN A DEMOCRATIC SOCIETY, WITHOUT VIOLATING the basic freedoms a democracy is supposed to hold dear, limit the influence of someone as wealthy and powerful as a Silvio Berlusconi? Several political commentators would find themselves, by the 1990s, grappling with this perplexing question. The *Washington Post*'s David Broder, the dean of America's political commentators, would end his grapple by concluding that "it is damnably difficult to devise a system that will effectively reduce the role of money in politics and still not trample on constitutional rights to express political views."[131]

Damnably difficult indeed. A democratic nation can, quite legitimately, prohibit one person from owning multiple media networks. But a free nation cannot deny a rich person the right to endow a school of journalism — and shape the minds of a generation of journalists. A democracy can choose to limit campaign contributions and still remain a democracy. But a free society cannot prevent multimillionaires from winning friends and influencing people by making generous donations to their favorite charitable causes.[132] A nation committed to free and open debate can regulate TV political advertising, to prevent one side from monopolizing the limited resource of pre-election air-time. But a free society cannot stop rich people from bankrolling think tanks that drown the public debate in misinformation.

In an unequal society, a society dominated by concentrated wealth, democracy will always be "damnably difficult." And we will make no progress toward overcoming these difficulties, the British political scientist Harold Laski argued years ago, until we recognize that the primary problem in a deeply unequal democracy isn't the influence we allow the wealthy to bring to bear on our politics. The primary problem is concentrated wealth itself, the huge gap between the wealthy and everyone else.

"A State divided into a small number of rich and a large number of poor," as Laski noted in 1930, "will always develop a government manipulated by the rich to protect the amenities represented by their property."[133]

To practice democracy, to realize democracy, we need to narrow inequality. That does not mean abandoning efforts to change the political rules. Serious rule-changing efforts, like the continuing Clean Money campaign, *can* throw the armies of great wealth off balance — and, in the process, create political space for working to narrow the inequality that stains our nation. But Americans today are so turned off to politics that campaigns for election reform, in and of themselves, are unlikely to rally the public support necessary to change the political rules significantly. After all, if you believe politics doesn't matter, then why bother to change the political rules?

Generations ago, at several different points in American history, Americans did have a reason for caring about politics. They saw political life as an opportunity to cut the overbearing wealthy down to democratic size and improve the lives of America's vast, non-wealthy majority. If those times ever came again, so would the public support needed to enact real reform in the political rules of the game. Americans would then see a reason for fighting for political reforms that put people before corporate special interests.

In other words, argues analyst Robert Dreyfuss, if we want to see real political reform, we need to refocus America's political debate on the class wars that only the rich are winning. This notion that we need to take on America's wealthy corporate elite, Dreyfuss acknowledges, does not particularly interest mainstream political leaders, "or even some foundations that support campaign finance reform." These foundations would "rather see reform that tinkers with the system, preserving the power of the affluent while smoothing out some of the system's rough edges."[134]

Democracy, these tinkerers assume, can survive amid rampant inequality. But no historical evidence, notes economist Lester Thurow, supports that assumption. Some deeply unequal societies, he points out, have indeed survived for centuries. But none of these societies, not "ancient Egypt, imperial Rome, classical China, the Incas, the Aztecs," ever "believed in equality in any sense — not theoretically, not politically, not socially, not economically."[135]

"Democracies have a problem with rising economic inequality precisely because they believe in political equality," Thurow explains. "No one has ever tried survival-of-the-fittest capitalism for any extended period in a modern democracy, so we don't know how far rising inequality and falling wages can go before something snaps."

And what may snap may well be our democracy.

NO NATION, OBSERVERS LIKE LESTER THUROW SUGGEST, can over the long haul remain both deeply unequal and deeply democratic. Severe inequality and meaningful democracy cannot coexist. But why? The answers may lie in Latin America. Democratic aspirations and deeply unequal economic realities have commingled longer in Latin America than anywhere else in the world.

Great wealth, political thinkers in Latin America have noted, always privileges politically those who hold it. Democracy presupposes legal equality — we're all equal under the law — but wealth makes the wealthy substantially more equal. Carlos Vilas, a political theorist from Argentina, asks us to consider Carlos Slim, Mexico's wealthiest single individual. Slim's holdings have included the controlling interest in Mexico's biggest telephone company, largest bank, and most profitable financial services corporation.

"Are Slim's political power and efficacy restricted to just the ballot he casts every two or three years?" Vilas asks. "Hardly."[136]

But inequality, Vilas argues, creates a danger to democracy that goes far deeper than power imbalances. Democracies, he points out, require citizens. And inequality, most poisonously of all, undermines citizenship.

To be a citizen, in any democratic sense, an individual must have autonomy. You must be free to speak your own mind. Most all nations that call themselves democracies have written the right to speak freely into their basic constitutions. But this right, on paper, does not guarantee an individual the autonomy necessary to speak freely. People who fear losing their jobs should they speak what they see to be truth do not feel autonomous — or free. They feel dependent, on others.

To feel autonomous, and free, individuals must enjoy at least a basic level of economic security. Economic security, in turn, requires certain limits on the behavior of a society's most powerful economic players. If employers are able to threaten to pull up stakes and move elsewhere unless their current communities deliver the subsidies the employers seek, individuals in these communities will not feel autonomous and not behave freely. The decisions they make will be made under duress, not in the democratic spirit of free and open debate. The more inequality, the more duress. The more that wealth concentrates, the more dependent those without it become on those who have it. In the most severely unequal societies, these dependencies force people without wealth onto their knees, turn them into submissive clients looking for powerful patrons.

"Patron-client relations of domination and subordination," notes Carlos Vilas, "tend to substitute for relations among equals."

In environments like this, the most dominated, the most deprived, come to believe that only the most powerful of patrons can guarantee their security. Vilas notes one example among many from Latin American history: In Peru's 1995 presidential election, the vast majority of Peru's poorest people voted for Alberto Fujimori, a power-hungry strongman bitterly opposed by the Andean nation's democratic political parties and trade unions.

In societies deeply split by income and wealth, people also become less and less able to visualize life on the opposite side of the economic divide. People at the bottom increasingly identify only with kith and kin, their own narrow religious or ethnic group, not with any broader community. People at the top, meanwhile, increasingly pledge allegiance to the corporate entities that provide them wealth, not the society they share with their less fortunate neighbors. Amid these social dynamics, all sense of "shared belonging" to a single common society tends to fade. Democracy, to thrive, needs this sense of shared belonging, the conviction that you and your adversary, however much you disagree, share some elemental basic interests. In severely unequal societies, few feel these common interests. Democracy withers.

Historically, Carlos Vilas observes, Latin America's two most consistently democratic nations — Uruguay and Costa Rica — have also been Latin America's two most equal nations. Contemporary public opinion surveys, he adds, show "the greatest preference for democracy" in these two countries "and the greatest tolerance for authoritarian rule in Brazil, Guatemala, Paraguay and Ecuador, where wealth is concentrated in the hands of a small percentage of the population."[137]

In the United States, our level of inequality has not yet reached Guatemalan levels. But our inequality is already encouraging the same anti-democratic habits of mind scholars like Carlos Vilas have identified and explored in Latin America. In the United States, as in deeply unequal nations elsewhere, the wealthy become accustomed to getting their own way. These wealthy can buy, outside of politics, everything they want. Why, they wonder, can't they buy what they want in politics?

Sometimes, if wealthy enough, they can.

In 1997, Microsoft co-founder Paul Allen, already the owner of the Portland Trailblazers pro basketball franchise, expressed an interest in purchasing Seattle's pro football team, the Seahawks. But billionaire Allen wanted some help from taxpayers — and insisted on a new stadium and a host of other revenue-producing enhancements. To help state lawmakers see the wisdom of providing this help, Allen would spend $1 million on lobbyists. The lobbyists would do their job well. They convinced lawmakers to hand Allen $300 million in state subsidies and another $300 million to cover interest and finance charges for a new stadium. Taxpayers, under the deal the lawmakers signed off on, would pick up almost all of the tab.[138]

But the deal, under Washington State law, would have to be approved by taxpayers before any dollars could change hands, and this requirement left Allen and his lobbyists more than a little apprehensive. They feared that voters would reject the deal they had brokered if the deal's opponents had until the next Election Day in November to mobilize. The solution? Allen's lobbyists wrote into the stadium subsidy package a provision calling for an early special election five months before the normal Election Day. That unusual timing, they figured, would keep turnout low and deny opponents the time they needed to organize. The lobbyists would turn out to be right. Allen would win his new stadium.

"Microsoft millions," one computer industry trade journal would later note, had turned "a state into a banana republic where election laws can be altered to suit one person's interests."[139]

Not all wealthy people, of course, behave so selfishly self-centered in the political arena. Phenomenally wealthy people do sometimes take actions and positions that actually place the public interest first. Cable TV impresario Ted Turner would perform, for instance, a series of highly publicized good deeds over the course of the boom years. In 1997, after what he called "a spur of the moment decision," he decided to donate $1 billion to the United Nations over the next ten years.[140]

"The federal government, the state government, the municipal government — they're all broke," Turner had noted the year before. "All the money is in the hands of these few rich people and none of them give any money away. It's dangerous for them and for the country."[141]

Other supremely rich people felt similarly. Billionaire currency trader George Soros spent the 1990s underwriting democracy-building projects. Jon Corzine, the Wall Street multimillionaire New Jersey voters elected to the Senate in 2000, would speak out strongly as senator against the repeal of the estate tax, America's only tax levy on concentrated wealth. In this effort to save the estate tax, he would join with Bill Gates Sr., the father of the wealthiest man in the world. Gates Sr. would emerge, in 2001, as America's most visible public advocate for taxing accumulated fortunes.

Could wealthy people actually be good for democracy? To anyone watching wealthy people like Turner and Corzine and Gates Sr. in action, that almost seemed to be the case. Here were truly "autonomous" people making decisions, taking stands, as public-spirited as anyone could ask. What could be wrong with that?

In a democracy, a great deal.

Democracy is about we the people making decisions, not about hoping that people of great wealth and power do the right thing. Bill Gates Sr. and the other wealthy people who joined his call to save the estate tax do most certainly deserve the thanks of all people who care about fairness. Without their intervention, in the winter of 2001, a permanent repeal of the estate tax would have sailed through Congress. But the powerful impact that fairness-minded wealthy people made on the estate tax debate dramatizes exactly what's wrong with our democracy, not what's right. Lawmakers paid no attention to the case against estate tax repeal until several rich people started making it. America's media considered estate tax repeal a boring done deal until the daddy of the world's richest man raised his voice in protest.

In America, wealthy people make things happen, or stop things from happening, as the case may be. That's plutocracy, not democracy. Plutocracy can sometimes deliver up a result average people value. But so can monarchy. We the people of the United States made a choice, a long time ago, to practice democracy. We have practiced democracy for over two hundred years. Maybe someday we'll get it right. But that day will never come, the evidence suggests, until we have a less, a significantly less, unequal nation.

BUT YET, SOME MIGHT OBJECT, what about America's foundations? Our nation currently hosts hundreds of forward-thinking foundations, each one originally endowed by a rich person's grand fortune. These foundations are funding innovative approaches to public policy problems. They are nurturing cutting-edge ideas and initiatives that our lawmakers seem much too timid to explore. We wouldn't have these foundations if we didn't have wealth that had concentrated at some point in the past. If we took steps as a society to prevent the concentration of wealth in the future, wouldn't we be throwing out the baby with the bath water? Wouldn't we be undermining our common good if we discouraged the concentrations of wealth that bankroll foundation endowments?

We could note, in response, that foundations are as likely to subvert as promote the public good. Foundations founded by wealthy right-wing ideologues do regularly — and massively — bankroll initiatives that serve only to advance special, not common, interests. But the problem with treating foundations as a reason for tolerating, or even welcoming concentrations of wealth, goes far beyond the machinations of right-wing zealots. Foundations, the public-spirited and the mean-spirited alike, have a much more debilitating impact on our democracy. They bias our democratic political discourse — against a careful consideration of how we are impacted, and hurt, by concentrated wealth.

America's foundations, explains foundation analyst Mark Dowie, depend for their funding on an unequal distribution of America's wealth. They generally do not, as a consequence, "directly address the injustices created by disproportionate wealth."[142] They sidestep, not confront, inequality, and that sidestep, notes Dowie, reflects the "central contradiction of foundation philanthropy."

Mainstream foundations, adds economist Robert Kuttner, can articulate wonderfully about "social-change goals" that "are impeccably liberal — empower the poor, clean up the environment, improve the welfare of children — but the political dimension leaves many senior foundation executives uneasy."[143] They assume, notes Kuttner, that "social problems have technical solutions," that research, if rigorous enough, will somehow result in social change. Almost universally, they simply would rather not dip their toes in political waters and risk causing waves that might unduly upset America's powers that be. And that reluctance is "reinforced by the composition of mainstream foundation boards, which tend to be patrician and corporate."

Some foundations, to be sure, do break beyond these limits. Kuttner himself helps edit a magazine, *The American Prospect*, that owes its capacity to challenge concentrated wealth in no small part to foundation support. But activists for a democratic society, Kuttner suggests, will never make adequate progress expecting “large private fortunes,” however noble their originators may have been, “to underwrite progressive politics.”[144]

If we are to have systemic reform in our democracy, we have no choice but to cut to the chase and confront power and wealth. A democratic society does not wait for crumbs to fall from rich people’s tables. A democratic society identifies the public interest, through free and open debate, then moves to meet it. And that will mean, more often than not, having to advocate steps likely to discomfort those with wealth and power.

As “nice as it is that Bill Gates gives money to libraries,” notes Randy Cohen, the resident ethicist at the *New York Times*, “a decent country would tax Microsoft at a rate that lets cities buy their own books.”[145]

IN ANY COMPLEX MODERN NATION, identifying the public interest can be incredibly difficult work. Inequality makes this hard work all the harder.

“The wider the disparities in Americans’ economic circumstances,” as Harvard political analyst John Donahue has pointed out, “the more their policy priorities are likely to diverge, and the harder it becomes to stake out common ground.”[146]

The public agenda that does get set, in an increasingly unequal America, most often reflects the interests of those at the top end of those disparities. Average Americans know that — and resent it. In 1996, 60 percent of Americans agreed that public officials don’t care much about what they think.[147] In 1960, a considerably more equal time, only a quarter of Americans held to this alienated perspective.

Citizens, Carlos Vilas has argued in the Latin American context, only participate politically when they feel their participation matters. In the United States, by century’s end, most citizens felt their participation no longer mattered — and no longer participated. In 1996, the voting turnout among *eligible* voters came in at just 49 percent, the lowest level since 63 percent of eligible voters voted in 1960.[148] In the 1998 midterm elections, nearly two-thirds of Americans, 64 percent, did not vote.[149] In the 2000 Presidential primaries, nearly 80 percent of Americans did not vote.[150] In the 2000 Presidential general election, turnout did bump up slightly over the previous Presidential general election, by 2.2 percent. But Curtis Gans, America’s most-quoted expert on voter turnout statistics, would not be impressed by the slight increase.

“When you have one of the three closest elections of the last 125 years, when you have the stimulus of polls telling you how close it is and you still have nearly half the nation not showing up,” Gans noted, “you haven’t fundamentally changed the motivation of the American people.”[151]

Two years later, in the 2002 congressional midterm elections, despite massive get-out-the-vote efforts by both parties, 61 percent of voters would not go to the polls.[152]

Americans, observers note, aren’t just stiffing the ballot box. They aren’t even following politics any more. In 1960, 60 percent of the nation’s households watched John F. Kennedy debate Richard Nixon. In 2000, under 30 percent of the nation watched Al Gore and George W. Bush go at it.[153]

Levels of citizen participation in American political life, analysts lament, figure to sink even more in the years to come. More than half the kids in America, Curtis Gans noted in 2000, are currently growing up in households "where neither parent votes."[154]

Some observers see in these staggering statistics no reason to get alarmed. If people aren't voting, these observers contend, they must be satisfied with the way things are. An interesting theory. But if nonvoters are "the satisfied," then affluent people ought to be *not voting* at levels higher than anyone else. Affluent people have, after all, the most reasons to feel satisfaction. In fact, researchers agree, affluent people in the United States are voting at rates much *higher* than everyone else, not much lower. In 1996, for instance, 76 percent of voters in families making at least $75,000 a year voted. Voters from families earning under $10,000 cast ballots at just a 38 percent rate.[155]

The wider the gaps between top and bottom, researchers have also found, the less voting overall. In the 1996 elections, the ten states with the smallest income gaps averaged a 57 percent voter turnout. The ten with the widest income gaps averaged 48 percent.[156]

"Income gaps," notes political analyst Holly Sklar, "translate into voting gaps."[157]

These voting gaps, adds economist Paul Krugman, quickly generate "disproportionate political weight" for well-off people. America's major political parties do not compete for the votes of average Americans. They compete for the votes of those who vote. They compete, notes Krugman, "to serve the interests of families near the 90th percentile or higher, families that mostly earn $100,000 or more per year."[158]

That competition, naturally, has consequences for society at large.

"A family at the 95th percentile pays a lot more in taxes than a family at the 50th, but it does not receive a correspondingly higher benefit from public services, such as education," Krugman explains. "This translates, because of the clout of the elite, into a constant pressure for lower taxes and reduced public services."[159]

Average Americans see, in these reductions, a government that doesn't work for them. More reason not to pay attention to government. Amid that inattention, the plutocrats tighten their grip. Plutocracy by design and default.

WE CANNOT AND SHOULD NOT, OF COURSE, *totally* reduce the problems of our democracy, our "inequalities of power," to "inequalities of wealth."[160] Unequal distributions of power, we have learned over the years, can certainly exist in societies not skewed dramatically by great differences in income and wealth. We saw that reality in the Soviet Union.

To function democratically, as Nobel Prize-winner Amartya Sen has noted, a modern state must have "established and protected forums of public criticism" and "regular elections admitting rival parties." Without these democratic structures, small elite groups in a society may be able to do great "social harm," even without holding a personal level of wealth that can simply overwhelm their opposition.[161]

Greater equality, in short, may not always and absolutely ensure greater democracy.

But greater inequality, always and absolutely, ensures less democracy.