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ON REDESIGN OF THE ECONOMY
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Tax the Rich?

Op-Ed

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By Walter McClure

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President Biden has proposed we tax the rich more heavily, and conservatives raise fears we will stifle entrepreneurial ability and drive the rich and big corporations out of the country. My point here is that we are thinking too small, and we and our politicians need a larger vision for the nation.

We have enormous problems, all steadily worsening: growing inequality; growing poverty and homelessness (even as the stock market climbs); growing disparities by income and race in education, health and social mobility; and growing divisiveness and political violence, which history teaches are always the fruit of excessive inequality. When hard-working people don't prosper, and increasing numbers can't find work that pays a living wage, then the nation begins to fracture into large angry tribes looking for someone to blame, and demagogues and their toadies, sowing division and violence, flourish.

What we are overlooking is that all these enormous problems spring from a single underlying root cause. They are all symptoms of that underlying sick root. They will not be satisfactorily and sustainably cured by today's tinkering measures ... e.g., raising the minimum wage, unemployment checks, retraining programs, universal guaranteed income, taxing the rich, etc. etc.. They will only become solvable when that sick underlying root is dug out and replaced by a healthy root. You can't cure the symptoms unless and until you address the underlying diagnosis.

The underlying sick root is a flawed economy that rewards runaway inequality. *Our problem is not inequality, it is runaway inequality* without natural or built-in limit ... the relentless ever-greater concentration of the nation's wealth in ever-fewer hands, no matter whether that wealth acquired by promoting or harming the general welfare.

Profiting on lethally addictive drugs that have killed thousands and ruined the lives of millions, or dumping toxic waste in our water tables and carbon in our air that will kill thousands, sicken millions, destroy the environment and the planet; or etc. etc. ... this is not the productive capitalism that capitalism can and should be. It is rapacious capitalism at its worst that must be properly curbed. It will require redesign of our flawed economy.

Worse, unless reined in, this runaway ever-increasing concentration of wealth in the hands of an ever-shrinking few must ineluctably destroy liberty and democracy in our country in favor of tyranny: a small fabulously wealthy financial aristocracy ... already showing signs of becoming hereditary as social mobility in the United States plummets below the prosperous democracies of Europe ... running the nation for their own benefit at the expense of an increasingly impoverished, powerless general public.

In short, we do not have a poverty and homeless problem, we have a runaway inequality problem. We do not have a health, education and social mobility disparity problem, we have a runaway inequality problem. We do not have a divisiveness and violence problem, we have a runaway inequality problem. Worst, we do not have an exploding threat to liberty problem, we have a runaway inequality problem. In other words, underneath all these disastrous problems, the driver is our runaway inequality. While each of these enormous problems will take further specific policy actions, not one of them will be adequately and sustainably solved until we redesign the economy to stop runaway inequality and hold it at a fixed optimal level.

An economy can be redesigned. It is not a natural or divinely ordained system, it is a man-made creation, as Adam Smith showed us. And if an economy is not getting the results the nation needs ... if it is driving us toward tyranny and allowing the rapacious to prey on the general public ... then we can and should redesign it. (Indeed , we should redesign any large systems that are performing badly, to make them give us the results society wants; the economy is no exception.)

The goal of the economy is spelled out in the Constitution: to promote the general welfare and liberty. So we can look around the world and ask, in what prosperous countries are the citizens the happiest, are liberty and social mobility the highest, and is inequality the most just and fair ... plenty of fortunes and rich people but no undue poverty. And it turns out that far and away, these are the countries with market economies based on Nordic capitalism, the kind of capitalism found in the Nordic countries. Moreover, international observers both public and private report that capitalism itself ... conducting business, entrepreneuring, start-ups ... is easier with less government interference there than here.

Our enormous problems will not be cured until we redesign our sick economy such that we can set and hold inequality at a level comparable to these Nordic countries, and use the redistribution of income necessary to hold inequality fixed, as they do, not for doles but for universal public services ... universal education, universal health care, universal day care, universal parental leave, universal pensions, etc. ... that make their nations prosperous; allow even their poor to afford a decent life unaffordable to low-income people in this country; and build a satisfied, highly productive workforce, uninterested in socialism and other hare-brained schemes.

Our parsimony ideologists scream look at their high taxes! Well, with their high taxes they are buying the happiest countries in the world; non-exploitive capitalism; and prosperity much more justly distributed. With our low taxes we are buying runaway inequality threatening the death of liberty; growing poverty and homelessness; and rapacious capitalism sinking millions of our citizens into poverty and ill-health, and ruining the planet. Those nations are getting their money's worth, ours is not.

Our rapacious capitalists (fortunately, many are not) scream this is "socialism!", this is "communism!" Nordic capitalists and citizens scoff at such lies.

Wake up, Americans. Wake up, honorable American capitalists. These countries know something we don't. The most interesting fact is that Nordic capitalists themselves, in their own and their nation's interest, led this redesign of Nordic economies. Patriotic American capitalists who love our country can do that here.

Let there be no doubt we are on a countdown to disaster. But by redesign we have the power to stop it ... to restore the America promised in our Constitution ... if we have the wisdom to believe we can and must. And, if we don't ... don't redesign our lethally flawed economy, and soon ... liberty and government by and for the people are doomed. They will perish from this beloved nation. ■

About the author: Dr. Walter McClure, Ph.D., is chair and a senior fellow of the Center for Policy Design.

About the Center: The Center for Policy Design is a non-profit, non-partisan policy research and design organization based in Saint Paul, Minnesota and working nationally, that using the theory and methods of Large System Architecture develops and helps policymakers apply system redesign strategies for health care, public education, and other large systems in need of improved performance. [website: centerforpolicy.org]

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