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The War On Liberty: How Our Capitalists Can Save Us

Walter McClure

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***The rapacious superrich are destroying America.
The honorable superrich can save it.
They are the only ones.
A roadmap.***

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Preface and Purpose

Quietly below the radar of most Americans there is presently a massive war on liberty that, if continued, will shortly ... a few decades ... de facto overthrow the Constitutional government of the United States, reduce the nation to despotism, the few over the many, and spell the death of democracy and freedom. The most perilous issue facing the nation, it seems almost unknown.

Oddly, it is a war the majority of whose most powerful participants ... large corporations and the superrich ... seem unaware that they are in it, and that they are the main cause of it. Their aims, which they regard wholly legitimate, are too short-range and preoccupied with their own advantage to grasp what their actions in concert add up to for the nation. Yes, some of these leaders are rapacious, and many uncaring, but many are totally honorable and love their country. Yet most seem unthinking and unaware, too caught up in their own immediate agenda.

How does one recognize this escalating war? Most Americans are aware of our high inequality, much higher than all other developed democracies. But inequality is not our problem. Our problem is *runaway inequality*! The structure and incentives of our present economy are flawed and, unless redesigned, will drive inequality relentlessly upward *without limit*, concentrating ever more of the nation's wealth and financial power in ever fewer hands.

Now note, a successful society does require a certain optimal level of inequality to provide incentives and rewards for risk and effort; unduly egalitarian societies all fail economically and politically. And we can rationally argue what that optimal level should be. But runaway inequality brooks no argument. As the concentration of wealth becomes sufficiently extreme, unlimited runaway inequality will increasingly give way to tyranny: a small, de facto hereditary, financial aristocracy at the top controlling the nation for their own advantage at the expense of the general welfare and liberty, with government of the people, by the people and for the people long since perished.

It is not inequality per se, not free enterprise, not wealth, not making a fortune, that threaten liberty. In a sound economy these can all serve the general welfare and liberty. It is the ever more extreme concentration of financial power driven by runaway inequality. Constraint on runaway inequality will require redesign of the economy and of other necessary institutions with new mechanisms which prevent this excessive concentration.

This essay will first set out the powerful forces driving runaway inequality in our flawed economy. This comprises sections I, II, and III. There will be no cure unless we understand and neutralize these forces. It will then propose a two-part strategy for redesign of the present flawed economy into a sound capitalist market economy that will tame runaway inequality, reshape capitalism, and, thereby, end the threat of tyranny. The first part of the strategy is the technical plan for the redesigned economy, the second and even more difficult part is the political strategy to implement the technical plan.

It will not be enough merely to regulate present capitalism; it must be reshaped. Wise capitalists are beginning to realize that current capitalism based on the so-called 'shareholder model' ... the model where maximizing investor returns takes precedence over all else ... has been a disaster to the nation and business alike, unsustainable, and moreover, less profitable in the long run than the older 'stakeholder model'.

In a 'strong' stakeholder model, an enterprise is responsible not just for the health of the enterprise but also for the needs and interests of all stakeholders in that enterprise ... consumers; workers; communities; government and the nation; the environment and the planet ... as well as for ample, fair and just returns to entrepreneurs and investors. Most importantly the strong model meets our Constitutional obligation to protect and promote the *general* welfare and liberty ... the welfare and liberty of all rather than the few at the top.

A 'mild' stakeholder capitalism prevailed in this country from WWII to the 1980s. There was a general business climate for broader social responsibility beyond just the bottom line. Many enterprises acted responsibly toward most stakeholders. But also many were less conscientious, and there were considerable problems around the nation with consumer rights, worker health and safety, discrimination, and the environment. But even this mild model was much superior to the highly socially irresponsible shareholder capitalism and runaway inequality that suddenly superseded it in the '80s and prevails today. For the good of the nation and liberty, capitalism needs reshaped toward a strong stakeholder model.

Unfortunately, any move to reshape capitalism into a strong stakeholder model faces an immense obstacle: there are rapacious as well as honorable capitalists. Powerful rapacious capitalists could not care less about the long-term prospects of any enterprise, nor of the long- or short-term interests of consumers, workers, the nation or the environment. For them, all interests are subservient to their immediate lust for more wealth and power. Whenever in their interest to do so, they haven't the least scruple to pursue their overweening avarice at the expense ... even great permanent harm ... to all other people and interests. Rapacious capitalism is the enemy of our Constitution.

The rapacious will not voluntarily alter their ways to adopt stakeholder capitalism. Indeed, the most powerful social engineering in the country, now gathering escalating and alarming success, is a massive covert effort over the past couple decades by rapacious capitalists to control and emasculate government of any power to restrain rapacious capitalism.

Thus stakeholder capitalism cannot succeed on a voluntary basis firm by firm. If it could, stakeholder firms would have beat out shareholder firms long ago. The rapacious will resist with all their great talent and financial power. They will leverage their substantial short-term advantage ... amassing profit, capital, and acquisitions by 'financial engineering' 'at the expense of others, coupled with financial markets fixated on current rate of return ... to undermine stakeholder capitalism. Public-spirited capitalists adopting the stakeholder model for their own firms in no way stops the rapacious from pursuing their lucrative exploitive enterprises. As long as the flawed present economy continues to reward runaway concentration of wealth, which the rapacious will pursue with a vengeance, any voluntary approach to shareholder capitalism hasn't much chance long-term, as stakeholder firms gradually succumb to acquisition by the rapacious.

Hence to achieve enduring stakeholder capitalism will require a redesign of the economy that makes strong stakeholder capitalism no longer voluntary but the only way to prosper. The economy must be redesigned with new structure and incentives that not only halt runaway inequality and reward stakeholder capitalism, but also structurally inhibit and make rapacious capitalism unprofitable. Then even the rapacious will have to take care of all stakeholders because they cannot prosper otherwise. We cannot change human nature, but by shrewd design we can make our major societal arrangements reward desired behavior and disincent undesired behavior no matter how noble or ignoble the motives of the participants.

To put this in a larger perspective, in addition to our paramount runaway inequality crisis, the United States has a health care crisis, an education crisis, a poverty crisis, a drug crisis, a racism crisis, a criminal justice crisis, a finance industry crisis, an infrastructure crisis ... and these are just the most major. And many dedicated people are working separately on each of these huge technically and politically complex problems. But underlying all these crises is this even more fundamental crisis, a flawed economy that ruthlessly and ever more disproportionately funnels ever more of the nation's wealth away from its lowest and median income workers to its top executives and investors. This creates enormous hardship and adverse social consequences for the millions of Americans at the low end, aggravating all these other huge problems. Thus these problems are in great part symptoms of this deeper underlying problem ... the flawed present economy ... and they cannot be satisfactorily resolved until it is addressed and corrected by redesign. You cannot cure the symptoms until you address the diagnosis.

In other words, the United States appears at present ineluctably headed back toward a feudal-like economy, where the lords of the manor are at the top and in control, and they take all the wealth produced by the estate and leave the workforce on bare subsistence. Of course the lords see no problem with this; don't they own the estate, so what is wrong with it? The suffering of the workforce is due their own fault or nature's that they are workers instead of lords. And the lords resent that the workforce is angry and ungrateful for being suffered a place on the estate, and take strong steps to keep them in their place.

A proper redesign of the economy stops this rush to ersatz feudalism. It solves two great problems: the undue concentration of wealth at the top and the undue poverty at the bottom. First, it can stop the runaway inequality concentrating undue wealth at the top, ending the threat to liberty and democracy. Second, it can stop undue poverty and all the human hardship, antisocial behaviors, and public discontent that attend it, not by doles and government handouts but by assuring that low income workers can earn enough to decently provide for themselves.

Furthermore, now consider, with this number one priority under control ...with now no undue poverty at the bottom as well as no undue concentration of wealth at the top ... how much easier all the remaining crises become when even the low-income citizens can provide for themselves. And then consider how much the general welfare ... the happiness and wellbeing of the entire citizenry ... would increase, and the adversarial fracturing of the nation lessen, when all feel they have, while far from equal (socialism doesn't work), a livable and just piece of the pie. Redesign of the economy ought thus take first priority in the nation's list of policy crises.

Therefore the first part of the strategy, set out in section IV, is a technical plan ... a proposed major redesign for the economy ... a strongly restructured sound capitalist market economy that can halt, reverse, and *hold inequality fixed*, at whatever constant level policymakers deem maximizes the general welfare and liberty. The ability to hold inequality fixed will end undue concentration of wealth at the top and stagnation at the bottom. The redesigned economy will also have ... via incentives and sensible regulation ... well-maintained sound markets and adequate protections for consumers, workers, the environment, and the public interest, that inhibit rapacious capitalism and reward stakeholder capitalism. Surveys show the few nations whose capitalists have supported and accomplished such redesign are the happiest on earth as well as among the most prosperous.

Yet, no matter how sound any technical design for restructuring the economy, it is useless without the political power to implement it. Thus the second part of the strategy, in Section V, is a political strategy to implement, permanently entrench, and protect the new economic redesign. Implementation depends on political power. Our anemic gridlocked government, virtually captured by the rapacious, and our grassroots, presently hopelessly divided, are much too weak reeds for so major an undertaking. The only real political power in America today lies with the superrich themselves. Therefore if the Republic is to be saved, it rests in the hands of our concerned superrich who love America. They are the ones who must act on the proposed political strategy, the only ones with the political power and resources who can. Without them liberty and democracy in this nation are doomed.

Therefore: every American, the haves and have-nots, using every means at their disposal must help provoke a discussion among our privileged forcing the question what is their responsibility to this their country, whose freely given gift of liberty and support structure has been indispensable to their success; and what do they wish as their legacy: to be the honored generation who saved the Republic? or the ungrateful generation that destroyed it?

America is in a countdown to disaster. We are the nation that invented liberty and taught it to the world. Will we now be the nation that shows the world how to destroy liberty? If you love your country, its promise, what it stands for; if you think these values sacred, as I do; we will need all your help. This essay proposes a strategy for you. It asks a lot of each of us, particularly all our concerned superrich. It details the immense, imminent threat to liberty that calls, urgently, for a strategy of this magnitude, and the rationale that leads to the strategy proposed here. I do not recommend this strategy because it is easy or even likely. I recommend it ... as strongly as I am able ... simply because I see no other way to save the nation. The essay offers very specific steps. I hope you will be moved to action.

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Introduction

There is presently in this nation, almost unnoticed, a massive social engineering effort against government and regulation being pursued by many superrich individuals and corporations. I will describe it in detail in Part II of this essay. Its object is to free capitalism of all regulation.

Since I cannot presume to speak for conservatives, if you will allow I will upon occasion let George Will, the noted conservative public intellectual, be spokesman for the millions of conservatives who hold similar views. So when I take him to task, which I do regularly, remember I am not singling him out. I am also taking all of you millions of conservatives who share those views to task. It is you who will be pivotal to end the war on liberty.

Mr. Will's books and articles are meticulously crafted, beautifully phrased, closely argued, and ... all too often... wrong, particularly on the liberal agenda. His latest book, *The Conservative Sensibility*, is no exception. Underneath the elegant prose he advocates, seemingly unaware of its consequences, a treacherous agenda shared by millions of conservatives: unregulated capitalism. Not capitalism, which is a good thing, but *unregulated* capitalism, which is a disastrous thing ... so dangerous, so anti-American, it will destroy the nation. It is already doing so.

This essay has two objectives: If you do not already comprehend why unregulated present capitalism is a one-way ticket to tyranny, I will try, first, to make it crystal clear, and second, suggest what can be done about it. It is a wake-up call, especially for honorable capitalists, for without them there is no escape. Unless they take serious steps, as serious as those proposed here, and soon, to rein in unregulated present capitalism, the descent of this nation into tyranny is ineluctable.

The euphemism of conservative choice for unregulated capitalism is “free market,” trying to appropriate the beneficent mantle of Adam Smith, the father of free enterprise and market capitalism. In fact a free market ... i.e., unregulated capitalism in its present flawed form ... is the antithesis of Adam Smith's soundly regulated market. Smith would be aghast at the idea of an unregulated market:

- *People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.*
- *The interest of [businessmen] is always in some respects different from, and even opposite to, that of the public. ... The proposal of any new law or regulation of commerce which comes from this order ... ought never to be adopted, till after having been long and carefully examined with the most suspicious attention. It comes from an order of men ... who have generally an interest to deceive and even oppress the public.*

A “free market” is not to be confused with “free enterprise”, the laudable ability for anyone to enter the market to offer an honest good or service. In contrast, a free market means a state so emasculated of regulatory power over the powerful enterprises of the privileged that they are free to use their “great talent and creativity” (Mr. Will's breathless words) and wealth to prey upon the public unchecked. And while many don't, too many obviously do,

appropriating an ever-greater share of the nation's wealth and income ... with no discernible limit ... at the ever-increasing expense of the welfare and liberty of the general public.

Unregulated capitalism is wonderful if you like such things as Big Mining or Big Chem (take your choice) knowingly using their "great talent and creativity" to dump their toxic waste into your air and water table. Or Big Pharma gouging unconscionably on drug prices and amassing fortunes by deliberately unleashing a killer opioid epidemic upon your country and the world. Or Big Finance profiting by crashing your economy, throwing millions out of their jobs and homes. One must grant Mr. Will that it does take exceptional "talent and creativity" to wreak destruction and suffering on this scale.

And I can understand why rapacious capitalists (fortunately many are not, and if there is to be any salvation, they are it) would love present unregulated capitalism. Who else would do or want such things? Blind to others, born or bred with little compassion, empathy or attention for anyone but themselves, they do not think of themselves as rapacious but rather as strong ... winners, shrewd, tough, above ordinary mortals, deserving of all they can take. Indeed, with Social Darwinist hubris the rapacious believe it their natural right to prey on losers ... there's a sucker born every minute ... dispensable fodder to their insatiable addiction to "more"... more power, more wealth, more status. They see nothing wrong with it.

Do we really want this ilk in charge of our most powerful economic enterprises? If they must be there, do we want them there unchecked by regulation and reshaped capitalism?

And why would a man of principle like George Will and millions of other honorable conservatives advance such a malignant agenda? Mr. Will admirably demonstrated his character and extraordinary courage by renouncing the Republican Party when it was captured by a vile congenital liar, now our President, a vindictive, malignant narcissist and lifelong con-artist and now, alarmingly, would-be strongman, brilliantly using his charisma, divisive racism and bigotry for personal political power, advantage and glory. Bravo, Mr. Will. But I am not sure this honorable man, and the many honorable conservatives with similar views, grasp the disaster to which this "free market" capitalism agenda leads.

Many honorable conservatives believe that capitalism is good because it rewards industry and punishes sloth. (The rapacious need no such rationale for their rapacity, but are happy to use these sincere conservative beliefs as smokescreen.) Many of these conservatives believe the poor and disenfranchised are invariably the authors of their own plight. By their poor choices, lack of ambition and industry, and irresponsibility, they deserve their poverty. Society owes them nothing. Indeed, many believe the state should do nothing to mitigate poverty and unemployment because it simply allows these unworthy people to escape the consequences of their personal misconduct and thereby removes any incentive to change their ways. If they don't like life at the bottom, let these people stop expecting the state to bail them out and get a job. Let them show some ambition and industry, not come around trying to sponge off those who have worked hard for what they have.

There is much truth in this conservative belief, but it is a half-truth being mistaken for the whole truth. It is a half-truth, first, about the poor and, second, about capitalism. The poor

certainly share in responsibility for their poverty. But so does society, and one does not excuse the other. The poor cannot do it alone. No other rich democracy has the persistent abysmal structural poverty and inequality as America; what do these other countries know that we don't.

We know factors, including misguided public policy, that statistically predict the high unemployment and crime rates promoting structural poverty, and we know research-proven effective steps beyond the power of poor individuals that society can take to mitigate these factors and help low income individuals and their neighborhoods greatly improve their circumstances to provide for themselves, a goal devoutly to be desired. These steps have nothing to do with doles and free lunches that drain the public purse. They are smart public investments that return far more to the economy than they cost in taxes.

By seeing only the half-truth ... that many of the poor bear much responsibility for their own misfortune ... these conservatives allow themselves to comfortably overlook the whole truth and rationalize away any feeling of responsibility themselves. Our society allows high-risk structural poverty to go unaddressed. If we blame the poor and yet refuse to spend the money for steps mitigating these adverse factors beyond their control ... factors for which we as a society, not the poor, are responsible ... we must also blame ourselves. I will come back to such productive steps in Part IV.

Second, I firmly advocate capitalism, but we need an honest look at current capitalism. It has great and vital strengths that are invaluable to the nation and the world, but also great destructive weaknesses we cannot ignore. We must consider how to promote the former and eliminate the latter. This entire essay is devoted to that goal.

Honorable capitalism and free enterprise have been one of the greatest gifts to mankind, one of its most beneficent inventions, raising untold millions out of poverty, servitude, suffering and early death. But dishonorable capitalism has been one of mankind's greatest scourges, subjecting equally untold millions to impoverishment, servitude, suffering and early death. And the more talented and creative these dishonorable capitalists, with their rapacious disregard of others, the more human misery they have wreaked upon the world. Slavery, conquest and colonialism, real or *de facto*, are merely the worst of their sins.

That is the big flaw in present thinking about capitalism. There are many honorable capitalists. But also many are dishonorable, not least due the corrupting power, egotism and isolation from the bulk of humanity that too often come with great wealth itself.

- Anyone entrusted with power will abuse it if not also animated with the love of truth and virtue, no matter whether he be a prince, or one of the people. – Jean de la Fontaine
- All for ourselves, and nothing for other people, seems, in every age of the world, to have been the vile maxim of the masters of mankind. – Adam Smith
- I am a capitalist. I believe in our capitalist markets. I also believe they need to be heavily but sensibly regulated. I believe that avarice left to its own devices is corrosive and that it will always outweigh conscience in the marketplace. – Stacy Abrams

The character of our privileged superrich capitalists is of great concern in this inquiry, because whether or not this nation falls to tyranny depends on it. I would remind us that virtue is a bell-shaped curve. Neither the haves nor the have-nots have a monopoly on sin, or on virtue. The privileged are no less virtuous than the poor, the poor no more virtuous than the privileged and no less greedy. As all are human, there are just as many saints (thankfully) and sinners (unfortunately) among the haves as the have-nots, and most of us a mongrel mix of both.

We are extremely fortunate that so many of our privileged are honorable. As the fate of this nation hangs in the balance, the outcome will depend on how many of these privileged will come to the barricades and place their lives, fortunes and sacred honor in the service of their country and liberty.

It is not the unvirtuous poor who are the great danger, it is the unvirtuous rich. The great asymmetry is that those of the unvirtuous privileged who happen to be gifted with great talent and creativity have far greater power, tools, and connections to inflict havoc on mankind ... unlike the equally talented unvirtuous poor.

Present capitalism is a two-edged sword, an extraordinary invention that at present can be used for great good or great harm depending on who is using it. The more talented and creative they are, the more that honorable capitalists are a blessing, and dishonorable capitalists a curse. To neutralize these dishonorable capitalists, the adverse sword edge of capitalism that does great harm must be removed by structural change, the edge that does great good retained and strengthened. This essay will suggest how.

So here is the reality: If the United States does not rein in and properly harness and sensibly reshape and regulate capitalism, the nation is doomed within a century or so to return to a new *de facto* hereditary financial aristocracy, not all that different from the old landed aristocracy overthrown by our Revolution ... an entrenched aristocracy of an unfathomably wealthy few at the expense of the liberty, rights, and wellbeing of the many.

To any skeptics, doubters and deniers who say, "Oh come on, in America? That can't possibly happen here," I reply I am neither alarmist nor Chicken Little. The logic and evidence, laid out in this essay, seem to me quite sturdy. And it is already visibly underway to those who know what to look for. I invite you to examine the case for yourself.

To anticipate in brief what this essay will explore at some length: The same processes which produced the original hereditary aristocracy some 6000 - 8000 years ago ... lasting millennia and overthrown only little more than 200 years ago ... are now again at work. In other words, the overthrow of tyranny some two centuries ago may have been only a temporary aberration in history.

I shall look at these processes in some detail in Part III. Remember, aristocracy is a relatively new phenomenon in modern man's 200,000-year odyssey... hunter-gatherers had no aristocracy. The original aristocracy was gradually built with these processes less than 10,000 years ago at the time of mankind's transition from foraging to agriculture by talented *rapacious warlords*, who then dignified themselves as kings and nobles. Today

those same processes are at work in service of today's talented *rapacious capitalists*. That those processes are virtually identical, as we will see, shows where they will lead in the near future: emergence of a new hereditary aristocracy.

The salvation, if there is to be salvation, is that not all the privileged are rapacious. Many are genuinely caring, many others merely unthinking. These latter, basically decent but who, despite great wealth, still judge success largely as success in business, remain busy at what they do so well and enjoy so much, winning the game financially and ego-wise by beating their rivals, and garnering ever greater wealth, power and respect in the process. Blinded by building their empires, these people have not had cause to stop to look above their own affairs and see the consequences to the public and the nation. Upon reflection, if we can get their attention to do so, many might be surprised and disturbed. We will need to find ways to wake them up because we desperately need them.

The grass roots are necessary and should be mobilizing in every way they can. But they are not enough. Just as in the American Revolution, we will need the leadership, talent and wealth of the concerned privileged if we are to properly tame and harness capitalism for the good of the nation, and indeed the world ... for the good of both the haves and the have-nots.

I can scarcely believe any American of principle, whether liberal or conservative, really wishes destruction of government of the people, by the people, and for the people. We need every honorable person to whom this essay and its arguments ring true. So let me turn to our two objectives and walk us through 1) why unregulated present capitalism is an express train to tyranny, and especially, 2) what counter-agenda might derail it and preserve and protect our Republic: one nation with liberty and justice for all.

I. The Past Progress ... the invention and establishment of human rights

On Buzzwords

Too many conservatives think they know what liberals think. They trot out all the weary buzzwords of the right-wing arsenal -- collectivism, socialism, entitlement, the nanny state, the regulatory state, government control, anti-business, disrespect for the individual, devaluation of individual initiative, leveling the lions down to the herd. It's Big Brother, the government, taking the earnings of the industrious and talented and doling them out to the indolent, envious drones wanting regular meals at the public trough ... paid of course by taxes confiscated from their hard-working betters. This, all too many conservatives assert, is the "progressive agenda", expecting us to gasp in righteous indignation and dismay. And if it were true, I would.

But these buzzwords do not characterize the moderate left agenda at all. They are a misleading, simplistic caricature of the right's own devising that they mistakenly believe is how the left think. They are wrong ... dangerously wrong. This essay will explain why. When you think you know what others think, you cannot hear them, you only hear what you think they surely must be saying. And so the opportunity for common ground is lost.

On the other hand, how do conservatives think of themselves? The left also has its equally tiresome, equally inaccurate buzzwords for the right, so rather than me try to imagine what they think given my liberal values, I would prefer to let conservatives speak for themselves. Allow me then to use the articulate words of Mr. Will in his latest book to speak for the millions of conservatives who may hold similar views.

“Conservatism, not progressivism,” he states, “takes society seriously.” Progressivism, he says, “preaches confident social engineering” by the “regulatory state” (perhaps his highest term of opprobrium). Conservatism, he says, “understands society not as a manifestation of government” but rather as “the spontaneous order of cooperating individuals in consensual, contractual market relations.” Conservatism, he says, “emphasizes government humility” ... [really? then why, Mr. Will, have all the greatest government expansions of the last 50 years been wrought by conservatives] ... “in the face of society’s extraordinary and creative complexity”. “Sensible government” he declares, “facilitates this cooperative order by providing roads, schools, police, and ... *by getting out of the way* of this spontaneous creativity [*italics mine*].” Translated, this vacuous claptrap says government should humbly provide capitalists with valuable services but hands off their “complex and creative” business and financial dealings ... i.e., no regulation of capitalism.

Speaking for probably millions of like-minded conservatives, Mr. Will advances three propositions: (1) that the best capitalists are extraordinarily “talented and creative”; (2) that they put their great talent and creativity to creating wealth of generally unvarnished good to mankind; and (3) that in a free and just country committed to liberty and the value of the individual, they have the right to amass without limit as great a fortune as their talent allows, and the unlimited right to bestow it to their progeny as they choose, and any meddling with these rights is a “fraught government exercise” infringing on liberty. Do you subscribe to these propositions? What’s wrong with them?

In fact, proposition (1) is banal; who disputes it? Millions of people of simply ordinary competence, inventiveness, and industry have been able to provide for themselves and others, many coming up from poverty, by becoming successful small entrepreneurs. But the most successful capitalists, the ones who have actually *built* huge business and financial empires and fortunes (and lesserly, their successors who may have inherited or come to run these enterprises), are almost invariably of unusual talent and creativity.

Proposition (2) is half true and half false, but the half false is serious. As remarked earlier, some capitalists have indeed used their great talent and creativity to turn ideas of their own or others into profitable enterprises of great benefit to mankind and earned staggering fortunes in the process. But many others, the more rapacious capitalists whom so many conservatives seem to overlook, have used that great talent and creativity to reap staggering fortunes by dreaming up elaborate wealth-appropriating schemes (the examples in the introduction scarce scratch the surface) that have wreaked incalculable harm upon millions.

And finally, proposition (3), as we will shortly see, is dead wrong, completely dishonoring the individual, completely unconstitutional, and a one-way trip to tyranny.

I would also add that the most skillful wholesale “confident social engineering” in this country today is not being done by today’s liberals, whose vision lately seems anemically wandering in the wilderness ... still strong on goals but small, misplaced and unconfident on means. Rather, the real social engineering now occurring in this country is massive and is being carried out furtively and increasingly successfully (using their great talent and creativity) by the right-wing in favor of the privileged at the expense of the unprivileged. I shall describe this massive right-wing onslaught on liberty in Part II. The nation cannot afford to overlook or ignore the deadly impact of this highly deliberate, malignant social engineering, the principal cause accelerating our rush to despotism.

On Liberals and the Liberal Agenda

So let’s investigate the actual reality of these three assertions. First, let’s dispense with the term “progressive” and use the correct term: liberal. The term progressive has arisen only because the word liberal has been so successfully demonized by the relentless heavily-financed right-wing propaganda machine that people fear to use it. I am a liberal, a classic liberal, not a progressive, and proud of it.

Why? Because this country, our country ... the first, I remind us proudly, ever founded explicitly on human rights ... was invented by liberals, not conservatives. Conservatives, those not fleeing back to England or Canada, gave active aid and comfort to the enemy.

And, I would even more strongly remind us, human rights themselves, the greatest social moral advance in the history of mankind, are also the invention of liberals, not conservatives. It is liberals, not conservatives, who discovered, and truly value, and remain committed to, the individual. The idea that the individual ... *all* individuals, not a privileged few ... have inalienable rights which neither governments nor private institutions nor other individuals can deny them ... was advanced, and remains, the core agenda of liberals, not conservatives.

From the founding fathers to the present, extending the inalienable rights of man to all mankind *is* the liberal agenda, not the monotonous string of specious conservative buzz-words. That is who liberals are. If that is not your agenda, you are not a liberal. On the other hand, the conservative agenda, particularly that of privileged conservatives, has rarely ever been about the rights of others, only their own. Liberals are about “us”, conservatives are about “me”!

The one good thing conservatives have done is kept liberals, in their zeal for advancing human rights, from walking off the deep-end into such hare-brained schemes as socialism and communism. Both are seductive because both propose admirable ideals, but both fail because neither is realistic about human nature. We may thank conservatives for this.

I eschew the term progressive for clarity. I do not want liberalism confounded with various left wing-nuts still romantic about socialism despite its proven failure; nor with identity politics which judge people not on the content of their character but by their membership in some historically privileged or unprivileged social, racial, gender, religious or immigrant group; nor with left-wing thugs who think they have the right to silence by disruption and violence those with whom they disagree, an egregious violation of human rights. Neither

economic failure, nor burying the individual in identity groups, nor silencing free speech, advance human rights. These far-lefties are not liberals.

And yes, liberals do firmly and proudly believe in social engineering ... thankfully so. No matter our politics, we should all be grateful. Perhaps the greatest “confident social engineering” the world as ever seen was our founders’ invention of this country and Adam Smith’s invention of the sound market ... liberals all.

In fact, liberal social engineering ... despite false starts and fiascos such as the Articles of Confederation and romancing Socialism ... was, *and remains*, the only thing that has ever advanced, and now protects, the individual and human rights ... the only thing that freed and now preserves the world from tyranny.

But no, to all my conservative readers who share this misconception, the object of liberal social engineering, including that of the founders and Smith, was not and is not a “regulatory state”. The object was, and remains, to advance human rights, to advance the *general* welfare and liberty ... the welfare and liberty of all not just the fortunate. It’s stated in our Constitution, the product of liberals. And when the founders’ first great social engineering design, the Articles of Confederation, proved too feeble, they went back and tried again, and greatly strengthened the Federal government (imagine that, Mr. Will and other advocates of anemic government). That second design, our Constitution, was the world’s first great social engineering bulwark against tyranny.

Fortunately our founders and Adam Smith rejected any such call for liberal “humility”. (Would that there would be call for a little more conservative humility.) They did not shrink from social engineering so vast and “fraught” it turned the world upside down. And little before or since (let’s add abolition and civil rights, women’s rights and the unraveling of colonialism) has so advanced human rights and wellbeing.

Contrary to what many conservatives believe, liberals ... from our nation’s founders and Smith to the present ... have never preached the subordination of the individual to government, nor disparaged individual initiative, quite the opposite. In fact, they were the first to discover the individual, the first to enable initiative for all individuals, and they remain the force that protects it. But neither have they preached the subordination of government to unfettered, unlimited individual rights, which appears the be-all and end-all gospel of many conservatives. Rather, the founders sought *the proper balance* between individual rights and public rights ... protecting both is government’s responsibility ... such that neither could tyrannize the other, but would fruitfully work together to maximize the rights, general welfare and liberty of *all* society.

And today the greatest threat to the inalienable rights, general welfare and liberty of individuals ... all of us, not the few ... as well as to democratic government, is the deliberate dismantling of our founders’ and Smith’s brilliant social engineering. That great original engineering is under increasing attack, relentlessly being undermined and eroded by the present massive private right-wing social engineering onslaught, and with it the magnificent values and goals of this nation framed in our Declaration and Constitution. May I remind you:

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.... That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed.

We the People of the United States, in Order to form a more perfect Union, establish justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

Never have the goals of a liberal democracy been put more concisely, forcefully and eloquently.

This is the liberal agenda, extending these foundational values and goals ... the invention of liberals ... eventually to all mankind, but with our first priority necessarily to all Americans. And we will need more, not less, liberal social engineering if we are to protect these incredible, these generous goals unprecedented in history.

On Sound vs. Unregulated Markets

The three propositions set out above using Mr. Will's words seem to imply that all or most amassing of wealth in markets is beneficial and justly earned. They seem to imply that all those not equally rewarded by the market contribute correspondingly less. Yet anyone who reads Adam Smith and his successors knows this flatly untrue.

Let us be clear on the facts of a market economy. First, despite the myth-making of the privileged, markets do not reward people proportionate to their contribution to the general welfare and liberty. It fails to mention that some of the greatest, most talented and creative contributors to liberty and the general welfare ... the Paine's, the Lincoln's, the Salk's, the Borlaug's, the Armstrong's; the Gandhi's, Einstein's, Van Gogh's, and Bach's and on and on ... have regularly benefitted mankind as much or more than any superrich, but did not earn a fortune. (The great founding father Thomas Paine for example was virtually a ne'er-do-well, yet it was he, virtually alone, who created incomparable wealth by convincing Americans they did not need a king.) Nor does it mention that at least as many of the superrich have used their great talent and creativity in today's severely corrupt markets to amass their inordinate wealth at horrific expense and harm to society and mankind. Wealth extracted from a corrupt economic system, rigged by the privileged in their own favor, is anything but justly earned.

Second, too many conservatives seem not to know that Adam Smith and his successors have shown that *markets only benefit the public and consumers when they obey certain strict rules*. These are a well-established set of general rules that make a market benefit the public rather than benefit producers at the expense of the public. They include such strictures as no monopolies or monopsonies; no oligopolies or oligopsonies; freedom of entry and exit to the market; adequate consumer information on quality and price; adequate price incentives; adequate numbers of competing producers, and so forth.

When these rules obtain, markets can be extraordinarily beneficial and therefore eminently desirable to the nation; when they do not, markets can be extremely exploitive of consumers, workers and the public and therefore eminently undesirable. Markets where these

rules obtain are termed “sound” and promote the general welfare and liberty. Only in such sound markets ... i.e., properly regulated capitalism ... do the required rules assure that the rich must use their great talent and creativity to serve the general welfare rather than exploit it.

Contrary to much myth, unsound markets are not self-correcting. These sound market rules seldom arise naturally and must be instituted and enforced by government by proper legislation and regulation. Government is our only entity with power to keep markets sound. If made too weak to do that, markets become rapidly unsound with disastrous consequences to the public. Keeping markets sound is an essential, crucial public service.

Third, there is widespread belief, strongly promoted by right-wing propaganda, that in contrast to the public sector, private for-profit producers maximize quality and efficiency. This belief has led to incredibly adverse public policy of blindly privatizing many public services. In fact, private for-profit producers are profit maximizers, not quality and efficiency maximizers. They only maximize quality and efficiency when in sound markets, because in sound markets that is the only way to maximize profits; then they do it better than anyone else, which is the great virtue of sound markets. But this is true only under strict sound market rules, which include such requirements as adequate consumer knowledge of price and quality, and adequate number of competitors. When not in sound markets, for-profit producers maximize profits at the expense of consumers by cheapening quality and padding prices, and they also do that better than anyone else. This is the great detriment of unsound markets.

For example, if consumers cannot adequately determine quality (such as in education or health care; or cheating on labeled weights and measures; etc.), or determine prices (as in health care, where consumers can barely determine the cost of a service and have no idea what services are necessary to get the desired health result and its total cost, etc.), or if there are insufficient competitors (as in markets where producers have bought up their competitors to eliminate competition, or turning public highways over to a private operator who then has a monopoly), then producers maximize profits by hiking prices (for-profit universities milking student loan funds; the soaring cost of monopoly drugs; etc.), and by watering down quality (car crashworthiness before public ratings; the scandals in for-profit schools, Trump University being but one notorious example; etc.), the very opposite of maximizing quality and efficiency.

Where markets are “hard”... meaning all the sound market rules are easily and firmly in place and consumers can adequately determine quality and price and there are ample competitors (such as the car and computer markets) ... then far and away nothing maximizes quality and efficiency like competing for-profit producers. It is the brilliant invention of Adam Smith, and public policy ought try to make markets as hard as possible, and extend their application to as many fields as possible.

But where markets are “soft” ... meaning the sound market rules are absent or shaky, e.g. quality and price are difficult or even impossible for consumers to determine (such as the education and health care markets), or adequate competitors are not possible ... it appears advisable for public policy to limit the market to competing non-profit producers to avoid

for-profit producers maximizing profits at the expense of the public, subverting *the end goal of any and all markets, namely: promoting consumer wellbeing*. (This is but a partial solution, since competing non-profits may also cheat on quality and price, but at least it eliminates outside investors interested only in maximizing profit not the long-term goodness of the product or benefit to the public.) The point is, there is nothing that says markets need always consist of for-profit or private producers to work effectively; one size does not fit all markets. Policy should design different sound market requirements for what will work best for consumers and the public.

Thus ... unknown to most of the public and constantly disparaged and slandered by the huge well-oiled right-wing propaganda machine ... instituting and enforcing sound market rules by proper law and regulation is one of the most vital wealth-producing and liberty-protecting functions of government. But if government becomes (or is deliberately made) lax and allows these sound market rules to erode, then such markets become unsound and benefit producers at the expense of consumers and the general public. Without these sound market rules skilled capitalists are free to use their “great talent and creativity” coupled with their great wealth to essentially extract (“conscript” in the words of Mr. Will) the wealth and wellbeing of the public and appropriate it to themselves ... Econ 101, for all you conservatives who missed the course.

Far from devaluing the individual and individual initiative, the intent of Adam Smith, father of free enterprise, was that a sound market with proper government regulation would unleash individual initiative. His design had a two-fold object:

... first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the public services.

The genius of Adam Smith is that sound market rules when, *but only when*, well designed and enforced, not only reward mankind’s virtue they also harness his selfishness. In a well-enforced sound market the intentions of producers, whether humane or greedy, are largely irrelevant. If they cannot produce a better product for less for the public, they are out of business no matter their intentions; if they can, they prosper. This is extraordinary progress. But markets do not do this automatically, they do it only when the necessary rules are instituted and enforced. And that is the duty ... and one of the most important public services ... of government.

Rapacious capitalists salivate for “free markets” devoid of such rules ... salivate for an emasculated government with regulatory powers far too anemic to enforce the sound market rules holding them in check for the benefit of the public. In a market devoid of the necessary sound market rules, greed trumps social responsibility. For instance, if your factory willingly bears the cost of obeying environmental protection rules, your covertly polluting greedy competitor escapes this cost and can undercut you. The rapacious beat the honorable.

In the same way that Adam Smith was the intellectual father of free enterprise and sound-market capitalism, Frederick Hayek was the intellectual father of free markets and unsound-market capitalism. Prof. Hayek had a keen insight: he provided sound theory and

observation why a centrally planned economy can never be as effective, efficient or responsive as a decentralized economy. But he mistook (and many conservatives still mistake) this half-truth for the whole truth. This mistaken myth has now become virtually an unquestioned article of faith by far too many on both the right and left, doing immense damage in economic and foreign policy. It needs deeply rethought.

Conservatives who complain that sound market regulation places limits on individual liberty are absolutely right. And so also does any other necessary regulation protecting the public ... regulation protecting safety, health, and the environment. For example, public environmental protection (under massive erosion by the current administration) rightfully limits your individual “liberty” to dump your toxic waste in my water table. Proper limitation is both necessary and just, so it is absolutely wrong to carp. One can legitimately carp about bad regulation, but not about the necessity of regulation itself.

The kind of regulation Hayek complains about, “command regulation”, must be distinguished from “sound market regulation”, whose necessity in a decentralized economy he overlooked ... a huge error. Command regulation is where government orders firms how to run their business ... centralized public planners and bureaucrats micromanaging private or public firms. This regulation has all the failings Prof. Hayek points out.

But sound market regulation is quite different. It does not try to tell firms how to run their business, it simply sets out the well-established set of general rules for sound markets ... in technical jargon: no monopolies or monopsonies; no oligopolies or oligopsonies; adequate competitors; freedom of entry and exit to the market; adequate consumer information on quality and price; adequate price incentives; etc. ... that make a market benefit the public rather than benefit producers at the expense of the public. It is only sound market regulation that safely allows an economy to be decentralized. Within these fair rules of the playing field, firms are free to manage themselves.

On Individual Liberty vs. General Liberty

Since many conservatives and libertarians bridle at any notion of limiting their liberty ... their inalienable right as they see it ... let’s look at this carefully in some detail. Let us use monopolies as our learning example, since it is one of the more widely known sound market rules, and is a long and well-established precept in American law for limiting individual freedom.

In a “free market”, the most able capitalists, if talented and creative enough, can drive out their competitors and form monopolies. By fair means or foul they use their great talent, creativity and financial power to merge, or buy up, or buy out, or undercut, or hostilely take over, competitors and competitive technology (particularly that of inventors and small businesses where much of the world’s new wealth is created). Once they have a monopoly, they can dilute quality, beat down wages, and gauge up prices to freely prey upon workers and consumers. Smart monopolists don’t do this so crassly that it provokes public outrage; like Las Vegas, they are content to “conscript” your money a little at a time over the long haul. But it’s the same thing. This kind of pernicious complex financial engineering certainly requires great talent and creativity, but it harms rather than promotes the general welfare and liberty.

To counteract such damage to consumers and the public interest, one of the well-known sound market rules is “no monopolies”. You may run your business as you wish, but if you are so successful that you verge on monopoly, the law will break you up in the public interest.

The point, and governing principle, is:

Individual rights and individual liberty are inalienable, but they are not unlimited.

Nowhere does the Constitution guarantee any individual unlimited rights and liberty. Rather, what it actually and explicitly obligates us to as a nation (“we the people”) is to promote the *general* welfare and liberty ... the welfare and liberty of all.

In other words, the Constitution embodies the general liberal axiom, *the rights and liberty of any individual end where they begin to threaten or harm the rights and liberty of others.* This distinction between *individual* liberty and the *general* liberty, and the proper balance between the two, is crucial to a well-functioning republic guaranteeing universal inalienable human rights. It is a distinction that too often seems to escape the privileged.

To clarify both distinction and principle, they may be restated as follows:

- “*individual rights and liberty*”, and “*general rights and liberty*” are two separate and distinct concepts. And
- our Constitution subordinates the former to the latter.

That distinction and priority seem hard for many of the superrich, even some conservative Supreme Court Justices, to grasp.

Because the Constitution commits the nation to promote the general welfare and liberty, it follows that the rights and liberty of any individual or group of individuals ...no matter how privileged or unprivileged, how talented or untalented, how honorable or dishonorable ... must be constrained whenever, and only to the extent, they demonstrably threaten or harm the general welfare and liberty.

The decision of what constitutes threat or harm is made, and properly so, by Congress and the courts, not the affected individual. Government must use law and regulation to restrict the individual rights of persons when, and *only* when, they threaten or harm the general welfare and liberty – and *only* to the extent necessary *but sufficient* to remove that threat or harm.

Short of that extent, you are free, for example, to make a fortune as large as you can, as long as it promotes the general welfare and liberty. And you are free, for example, to bequeath it to your descendants or anyone else, as long as it promotes the general welfare and liberty. But these are not unlimited rights ... not God-given, not natural, not Constitutionally guaranteed. If at any point your fortune or your bequests, for example, in any particular way threaten or harm the general welfare and liberty, it is the Constitutional obligation of government by law and regulation, as minimally as possible but as strongly as necessary, to remove that threat or harm.

If there is bad regulation, as there often is, the answer is not no regulation, it is good regulation. Nor is it less regulation, nor more regulation. It is good regulation, however much or little needed to promote and protect the general welfare and liberty. The fancied consensual unregulated state (a euphemism to dress up unregulated, unreshaped present capitalism) is a one-way ticket to tyranny, the properly regulated state the way to tear up that ticket.

Somehow too many wealthy Americans have acquired a very narrow incorrect concept of liberty: just their own. This is almost unquestioned verity in the culture of the privileged. Nevertheless, liberty in America does not mean the freedom to make an unlimited fortune. That is the liberty of despots, the liberty of those concerned only for themselves at any price to others.

The privileged think that government is infringing on the rights and liberty of the individual because ... mistakenly, or self-servingly, more often simply unthinkingly ... they conflate the general welfare and liberty with their own individual welfare and liberty. They conflate the two so strongly they have difficulty making the distinction. All too many conservatives, and particularly superrich conservatives, are blind to the welfare and liberty of anyone but themselves. And that becomes their standard by which they judge government. If government is limiting *their* liberty and rights as they see it, then it is infringing liberty and rights, period. The *general* welfare and liberty ... the welfare, liberty and rights of all, guaranteed in our Constitution ... if it even occurs to them, is dismissed as collectivism and socialism.

As we will see in more detail in Part III, there is no greater threat to the general welfare and liberty than unbridled present capitalism. Therefore, because capitalism is a good thing that, properly reshaped and regulated, can greatly promote the general welfare and liberty, we are Constitutionally obligated to properly reshape and regulate it, by such things as economic redesign, sound market rules and other proper devices, so that its great power serves the general welfare and liberty rather than imperils them. We are a Constitutional “properly regulated state”, not the “socialist,” “collectivist,” “regulatory state” of the imaginings of too many conservatives.

The liberal social engineering that has invented human rights; that has established this nation; made government responsible to the people; held tyranny at bay; and protected and promoted the general welfare and liberty of all; that has invented and established sound markets and seeks to harness the great power of capitalism toward those ends ... all this is progress of the highest order. And it is the liberal agenda that has brought it about, and the agenda of unreformed present capitalism that, allowed to go unchecked, will undo and destroy it.

On Positive Capitalism vs. Rapacious Capitalism

This essay is intended for all Americans ... liberals, conservatives, large capitalists, small capitalists, and non-capitalists alike. But for brevity when I address or refer to capitalists, I am most often using the term for large capitalists, those generally considered among the

privileged, who not only invest substantial amounts of capital, their own and others, but spend much or all of their time controlling and managing how that capital is spent.

In a nation built on Enlightenment values with its Constitutional obligation to promote the welfare and liberty of all, why should capitalism be engaged in a war on workers, consumers, civil rights and the environment? Why should honorable capitalists committed to America's values want it to be? Why should a government constitutionally obligated to those values allow it to be?

There is no doubt capitalism has done great good for millions. It has been a blessing. But there is equally no doubt that this war ... against the many by and for the benefit of a rapacious few ... has done great harm to millions. It is this war that has sown the seeds of opposition and hate against capitalism. It is why, as historian Will Durant observes, "history so resounds with protests and revolts against the abuses of industrial mastery, price manipulation, business chicanery, and irresponsible wealth." It is this war that spawns repeated calls for such hopelessly idealistic but proven failures as socialism (government ownership of all production) and communism (socialism plus dictatorship).

Obviously, there are two kinds of capitalism, one beneficial and one pernicious, and they should not be conflated. In particular, pernicious rapacious capitalism should not be allowed to invoke the virtues of beneficial capitalism to justify its own pernicious existence nor provide excuse to tolerate its own continuance.

To delineate the distinction between these two types of capitalism, let us begin with the observation of Adam Smith:

- Consumption is the sole end of all production; and the interest of the producer ought be attended to, only so far as it may be necessary for promoting that of the consumer.

Let me reframe Smith's words in the Enlightenment language of the American Constitution as follows:

- The sole end of production and investment is the promotion of the general welfare and liberty; and government ought attend positively to the interests of the producer and investor who aspire to this end, and negatively to the interests of the producer and investor who disserve this end.

We may call capitalism that promotes the general welfare and liberty 'Enlightenment capitalism'. However, this term requires a smattering of education in history that every American citizen ought to have but doesn't. We might also call it 'strong stakeholder capitalism', but this essay is intended as well for people unfamiliar with business jargon. So let us just call it 'positive capitalism' for simplicity. (Equally, we might call it 'constitutional capitalism'.) Capitalism at the expense of the general welfare and liberty we may call "rapacious capitalism". Positive capitalism is the embodiment of American values. Rapacious capitalism is repugnantly un-American. (We might therefore equally call it "unconstitutional capitalism"!) The failure to make the distinction is at the root of most problems and attacks on capitalism today.

Too many critics of capitalism tout its sins and overlook its great virtues, too many defenders tout its virtues and overlook its great sins. In fact the virtues of capitalism are due positive capitalism, the sins due rapacious capitalism. It is time to make the distinction and praise and promote the one and excoriate and extinguish the other. It is time to reshape capitalism. And it is honorable, positive capitalists that should be in the lead.

Too many American capitalists ... some unthinking, some uncaring ... practice a rapacious capitalism, a culture of capitalism that seizes any opportunity to amass wealth and ignores or cares nothing for the cost to those exploited. Because so blatant, it is all too easy for critics to see only the ghastly sins of rapacious capitalism, and overlook the quiet virtues of positive capitalism. All too many critics therefore equate American capitalism with rapacious capitalism, and overlook any other kind.

On the other hand, all too many American capitalists see behind any criticism of capitalism, and any attempts to rein it in, a nation sliding into socialism and communism, and feel morally aggrieved at an ungrateful public. They seem unable to frame any other alternative to capitalism than collectivist schemes like socialism and doles ... that these are the only choices. In their haste to defend capitalism against the seductive threat of these dangerous failed alternatives, they gloss over the heinous sins of rapacious capitalism, and tout only the virtues of positive capitalism (which are indeed truly great) as though it were the only kind of capitalism.

Dishonorable capitalists will of course defend rapacious capitalism with any persuasive lies and half-truths they can invent. But even honorable capitalists, in their need to justify capitalism, seem to blind themselves that coexisting with beneficial capitalism is an increasingly predominant rapacious capitalism that hasn't a shred of moral merit, utterly destructive of liberty and human wellbeing, and equally destructive to the reputation of capitalism and its support by the public. For brevity I have and will continue to call this current toxic mix of beneficial and rapacious capitalism 'present capitalism'. And when I use the phrase 'unregulated capitalism', I have and shall continue to mean unregulated present capitalism

The answer is for honorable capitalists and conservatives generally to free yourselves of your conceptual strait-jacket and frame the alternatives correctly:

The alternative to a capitalism which abides rapacious as well as beneficial capitalism is not socialism. It is capitalism reform! We must reshape capitalism.

As long as capitalists remain blind to or refuse to acknowledge this Jekyll/Hyde dualism in present capitalism, their defense of capitalism will fall on deaf ears, regarded as merely phony rhetoric to justify their greedy evil ways. Put bluntly, our present two-headed Jekyll and Hyde capitalism is its own worst enemy, socialism a pale second. To preserve healthy capitalism, serious capitalism reform can and must eliminate rapacious capitalism and empower only positive capitalism.

Demanding that capitalism demonstrably serve the general welfare and liberty of all, rather than just the individual welfare and liberty of the few, is not socialism!

Demanding that capitalism serve the wellbeing of consumers, workers, society and the environment as well as entrepreneurs, producers and investors is not communism!

The American founders tamed the ability of *government* to tyrannize the general welfare and liberty. It is now time to complete the job they so nobly began. It is now time for America to tame the ability of *capitalism* to tyrannize the general welfare and liberty. It is time to reshape capitalism: to eradicate rapacious capitalism and promote positive capitalism.

- Just as our political Constitution provided proper checks and balances to prevent political tyranny we now need an 'economic Constitution' ... a redesign of our economy with proper checks and balances... to prevent economic tyranny.

And we need our most able and honorable capitalists to lead the way.

II. The Current Debacle ... the exploding erosion of the general welfare and liberty

The Symptoms

So how is our government doing at enforcing the necessary sound market rules and other health, safety and environmental rules that productively regulate capitalism? It is doing the opposite, eroding sound market rules and protective regulation about as fast as politically possible.

Let us offer three egregious examples (among the hundreds) of what happens under “unregulated capitalism” when sound market rules and other sound regulation of business and finance protecting the health, safety and environment of the public are allowed to erode, and rapacious capitalists can proceed increasingly unchecked. Put more picaresquely, let us examine the actual reality of Mr. Will’s “spontaneous order of cooperating individuals in consensual, contractual market relations” when “sensible government facilitates this cooperative order” by “getting out of the way”! It is not pretty.

-- The government is deregulating more and more pollution controls, allowing mining and chemical companies to now freely and legally dump their poisonous toxins into our air, rivers, and water tables. The citizens, not the polluters, pay with their health and their taxes for clean-up, though often clean-up is impossible. People in these dumping areas suffer ill-health and death at significantly higher rates than in non-polluted areas, and the environment is significantly degraded for people and wildlife. Huge fortunes are being amassed on this serious harm to the general welfare, a huge *non-consensual* subsidy from the public, appropriated (“conscripted” is Mr. Will’s term) by the rich for the rich.

The current Administration would have us believe that science and these pollution controls and environmental protections are “at war with commerce”. This is nonsense. It is the Administration gutting these protections that is at war with people’s health and wellbeing ... at war with truth and the great majority of public opinion ... in order to pander to wealthy interests.

-- Government regulatory oversight of the pharmaceutical market is so weak that Big Pharma is allowed to devote their “great talent and creativity” *and* vast wealth not on research for new drugs (their advertising and lobbying budgets substantially exceed their research budgets) but rather on buying up older well-established, desperately needed drugs and raising their prices unconscionably and, if necessary, either buying out potential generic competitors or hamstringing them with phony patent barriers – a total perversion of the intent of patent laws. This expert, complex wealth-amassing financial and legal manipulation (essentially legal theft) certainly requires great talent and creativity. In the meantime growing numbers of uninsured sick are going ill or dying for inability to afford drugs like insulin and epi-pens.

In fact, government regulatory oversight of Big Pharma is so weak that the brilliant owner, Raymond Sackler, of Purdue Pharma was able to dream up and carry out perhaps the most masterful, creative, and *criminally* deceitful, murderous drug marketing campaign in history, which singlehandedly unleashed the opioid epidemic. That epidemic continues to kill

hundreds of thousands and ruin the lives of millions, as many generic pharmaceutical companies seeing his profits have also jumped in and followed Sackler's lead. Opioid sales were skillfully targeted at areas with depressed economies and high unemployment (low morale is known vulnerable to addiction), and at doctors who overprescribe opiates. And because of deregulation, Big Pharma is still legally free to lucratively dump opioids on the black market. It took a decade for Purdue Pharma and Mr. Sackler to finally be caught out and convicted, and what happened? The company received the largest fine in FDA history: \$690 million dollars. ... \$690 million on a \$3 billion a year business! ... pocket change. And Mr. Sackler, who should have been sent to Nuremberg for crimes against humanity, was fined a mere \$34M and went on to amass a vast fortune now worth more than \$13B, undeservedly bequeathed to and enjoyed by his heirs. Is this the kind of "spontaneous creativity" all those who want government to "get out of the way" had in mind?

-- In the finance industry, sound market regulation has been steadily undercut for the last 40 years, with devastating harm to the public. In the 1930's due the great Depression, the finance industry came under sensible sound market regulation for many decades, starting with the Glass-Steagall Act and FDIC. These measures were blasted by the rich at the time as one of those awful, "socialistic", "anti-capitalistic", "doomed-for-failure" New Deal projects that would strangle the banking industry (Mr. Will might have called it the usual "confident liberal social engineering"). Sound familiar? Yet for decades these rules contributed enormously to the nation's wellbeing. Few banks failed and, as the FDIC proudly notes, "No depositor ever lost a single cent of FDIC-insured funds as a result of a bank failure." And despite the din of scare-hype by the rich, quite obviously the banking industry prospered mightily under these sound market rules. Yet starting with the Reagan Administration, conservatives, with little justification, began to increasingly compromise these rules, over the objections of Reagan's own Fed chairman Paul Volcker.

Since then, government has been systematically dismantling sound market regulation of the finance industry. The industry will self-regulate was the cry, even by some economists who had obviously not read Adam Smith. The notion was patently foolish on its face. Each round successively removed or weakened more of the various sound market rules, and each round was followed within a decade by an economic crash of increasing severity. These crashes were due unfettered irresponsible financial manipulation and speculation (requiring great talent and creativity, one must certainly acknowledge, as well as sheer greed) by finance capitalists increasingly free of sound regulation.

The third and most recent crash was the most horrific. Banks, ignoring all pretense of fiduciary responsibility, used their "great talent and creativity" to peddle predatory mortgages to vulnerable people they knew could not repay and whom they then could and would foreclose on. This is little more than legal theft of vulnerable peoples' homes. As the crash neared and it became clear these mortgages were worthless, investment banks peddled them to unknowing investors. This is little more than legal fraud, legal theft of people's money. But not content with legal theft, many homes were illegally foreclosed on by dishonest practices. The bubble burst in 2008 costing millions of people their jobs and homes. Many of low income have yet to recover.

And who paid for the losses (besides the people who lost their jobs and homes)? The taxpayers. Billions were transferred from the general public to the rich, virtually none to the homeowner victims ... giving new meaning to the term welfare capitalism: a new kind of 'welfare state for the rich' in which profits remain privatized but losses are "socialized"... billions "conscripted" from the taxpayers by government to feed the wealthy from the public trough to make up their losses. Conservatives complain much about alleged welfare queens at the bottom, but seem to overlook or ignore that, in terms of billions of dollars, the real welfare queens appear to be at the top.

And Congress could not fall over itself fast enough to exempt the finance industry from prosecution for their illegal foreclosure activities and fiduciary irresponsibility. None went to jail for this criminal predation on the public during this massive disaster to the general welfare of the citizens of this nation.

It is not that we do not know how to properly regulate the finance industry. Indeed Reagan's Fed Chairman, Paul Volcker, proposed an excellent set of sensible sound market rules for the finance industry in the 1980s ... still needed as much now as then, but still ignored as much now as then. But Reagan unwisely opposed financial regulation of finance and replaced Volcker with Alan Greenspan, an advocate of deregulation of the finance market. After the 2008 crash, Greenspan honorably apologized to the Congress and the nation that he was wrong to deregulate the finance industry, but Congress and the finance industry seem to have learned nothing.

It is difficult to get a man to understand something when his salary depends upon his not understanding it. — Upton Sinclair

After the devastating 2008 crash an anemic version of these rules, the Dodd-Frank Act, was passed. And ever since, the finance industry has spent hundreds of millions on campaign contributions and lobbying to erode even these ... once again following the proven foolish prescription to move government out of the way of Big Finance' "talented and creative consensual contractual market relationships" that Mr. Will and others seem so strongly to admire and approve. If nothing is done to properly regulate financial markets, we may expect the increasingly unregulated finance industry to bring us yet another perhaps even more devastating economic collapse within a decade or so.

The Cause ... massive right-wing social engineering

So why does government keep eroding sound regulation, leaving the privileged free to plunder the public? The answer: deliberate, massive right-wing social engineering.

The superrich have used their great talent and creativity to invent and socially engineer a brilliant and increasingly successful new way to bring public opinion and government under their thumb.

Government is not today, if it ever was, the regulatory state boogeyman many conservatives claim, interfering in, as Mr. Will picaresquely puts it, the "complex and creative spontaneous order of cooperating individuals in consensual, contractual market relations." Rather, it is today a lapdog already doing exactly what weak government proponents advocate: increasingly "getting out of the way" and leaving Big Business and Big Finance

free to wreak their self-enriching monstrosities on the nation, as the foregoing examples so painfully attest.

Modern right-wing social engineering got seriously underway in 1971 in a confidential memorandum to the National Chamber of Commerce titled *Attack on the American Free Enterprise System*. Its brilliant author, Lewis Powell, was an influential corporate attorney and later Supreme Court justice. He wrote, "The most disquieting voices joining the chorus of criticism [of the free enterprise system] come from perfectly respectable elements of society: from the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and from politicians." This growing attack, Powell, maintained, required business mobilize for political combat: "Business must learn the lesson ... that political power is necessary; that such power must be assiduously cultivated; and that when necessary, it must be used aggressively and with determination, without embarrassment and without the reluctance which has been so characteristic of American business."

Moreover, Powell stressed, the critical ingredient for success would be organization: "Strength lies in organization, in careful long-range planning and implementation, in consistency of action over an indefinite period of years, in the scale of financing available only through joint effort, and in the political power available only through united action and national organizations." And he laid out detail after detail. And the superrich responded en masse, organized, opened their purse and stayed the course, and 40 years later they now virtually own government and much of public opinion.

Talk about confident social engineering. This is social engineering on a grand scale beside which current weak-kneed, ill-considered liberal social engineering efforts unfortunately pale. Liberals will need a far larger and more ambitious vision if they are to reverse runaway inequality and save liberty. So far they don't even seem to grasp the problem,

I doubt it was Mr. Powell's original intention that government become the puppet of the superrich, that he merely sought to decisively redress what he perceived (hyperbolically in my opinion) as political imbalance against capitalists by welfare-minded leftists whom he believed were sliding the country toward socialism. But that is what his social engineering strategy has now become in the hands of the rapacious superrich.

And the honorable superrich, preoccupied with what they do so well, remain inattentive and have yet to awaken to the consequences for the nation that this runaway strategy has unleashed. Just as the rich had to do new things they hadn't done before to initiate the Powell strategy, the honorable rich will now have to assume new responsibilities they haven't considered their duty before, if they are to rein in and undo the right-wing juggernaut unleashed by the Powell memorandum sufficiently to save democracy and liberty.

And what provoked this attack on government by the privileged? Used to having broad sway, virtually the entire American business community experienced a series of political setbacks in the 1960s and early 1970s without parallel in the postwar period. In particular, Washington undertook a vast strengthening of its regulatory power to place needed tough and extensive restrictions and requirements on business in areas from the environment to occupational safety to consumer protection. While not all this regulation was wisely

designed (part of the reason being capitalists refused to collaborate), its goals were long overdue. But in corporate circles this pronounced and sustained regulatory shift was met with disbelief and then alarm. Exemplifying business' perception at the time, one powerful business lobbyist of the day, Bryce Harlow, put it, "We had to prevent business from being rolled up and put in the trash can by Congress."

But is there anything evil about these goals, that the environment be protected, that workplaces be safe and pay a living wage, that consumers be protected from fraud and unsafe products? The great majority of Americans support each of these goals. Do honorable business leaders really oppose these goals? Perhaps a liberal Congress wrote poor and excessive rules to achieve the goals, and with conservative parsimony sent poorly trained and paid bureaucrats to enforce them. But business took not the quality of the regulation but the goals themselves as the enemy, and went to war on them and government.

All too many highly placed people in business hold a much too narrow view equating any criticism of business with advocacy of socialism. For example, Mr. Powell himself, a corporate lawyer on the board of a large tobacco company, interpreted media reporting, rightfully giving little credence to self-serving industry denials of the mounting scientific research connecting smoking with lung cancer, as evidence that the media were biased agents of socialism. When Ralph Nader attacked the auto industry for "putting profit above safety", Mr. Powell deemed him the chief enemy of American business, undermining American confidence in free enterprise and another step on the slippery slope to socialism.

But Mr. Powell was wrong. It was *not* public criticism of business that was undermining confidence in free enterprise, it was business itself being blind to legitimate criticism and protective of its own faults. It was business itself, visibly going to war on needed, laudable goals with wide public support, that was greatly undermining American confidence in the free enterprise system. Business at the time suffered too much tunnel vision to see this, and too many still do.

The tobacco industry has been exposed as knowing for decades that the smoking research was correct, yet running a massive well-financed disinformation campaign to discredit both the research and the researchers. How does this help American confidence in free enterprise? How does the auto industry's knee-jerk initial opposition to auto safety concerns lend Americans confidence in free enterprise? Mr. Nader's exposure of poor auto safety at the time proved accurate* and has led to a quantum leap in auto safety, saving millions of lives from death and injury, and averting billions in financial losses.

[*Ironically his singling out the rear-engine Chevrolet Corvair as particularly unsafe was accurate only when dealers and mechanics, and Mr. Nader himself, overlooked GM engineers' specification that its rear tires required an unusual 60 psi; all too many did overlook it and put in the common 30 psi. At 60 psi it was as safe as the other unsafe American cars of the time. At 30 psi it was peculiarly unsafe.]

The Cure ... macrosystem redesign

Consider the following thought experiment: what if business and finance leaders in 1980 had regarded themselves as equally stewards of the nation as well as of their business? What if they were open to legitimate criticism, and had decided rather than fighting laudable goals having wide public support, to partner with government to figure out the best way to make free enterprise serve those goals; to devise the best sound market rules and

regulations that make firms prosper if they forward the goals and falter if they do not! Legitimate criticism of business is not advocacy of socialism, it is advocacy that business find ways to improve itself and free enterprise. If it did this, American confidence in free enterprise would be high and widespread.

The principal if not sole cause of Americans' growing loss of confidence in free enterprise is when business is seen going to war on clearly desirable goals having widespread public support, all the more so when its obvious motive was and is to enrich itself. That is when people lose confidence in free enterprise and turn to extreme anti-free enterprise ideas like socialism and populism.

As an example of constructive improvement in the free enterprise system itself (unfortunately not led by business), note how the great improvement in auto safety was eventually accomplished. It was not by heavy-handed government bureaucrats telling auto companies how to make safer cars. That disastrous 'command regulation' approach was tried but fortunately soon abandoned in favor of government conducting rigorous crash tests on cars and telling the public how crashworthy each make and model was. As soon as consumers had that information they began strongly preferring the safer cars. That made safe cars profitable and unsafe cars unprofitable, *putting the free enterprise system to work on achieving a laudable public goal*. Automakers then figured out how to make ever safer cars in their own interest far better than any bureaucrats could ever command them.

There are monumentally important lessons in this example. The first monumental lesson is that the improvement in auto safety did not come at the firm level. It came at the larger system level, in this case, the larger auto industry system, in which all auto firms operate. Two firms Volvo and Mercedes had conscientiously pioneered more crashworthy cars, but these innovations were not being copied and taken up by other firms because in the flawed market they did not sell cars. Firms that incurred the cost of these innovations could say they were safer, but this appeared mere puffery and self-promotion. Consumers had no reason to believe or trust them. And firms that did not make these safety innovations had a competitive cost advantage over the allegedly safer cars that helped them sell their unsafe cars. As one scornful auto exec remarked, safety doesn't sell.

Thus whether conscientious or simply greedy, all auto company executives had difficulties making safer cars a good business decision. Yes, they might have tried a voluntary industry-wide effort, a let's-everybody-do-it approach because it's the right thing to do. But all voluntary efforts have the liability that only the good guys will go along, and the bad guys don't and gain a competitive advantage.

But, by properly changing the rules and relationships ... technically termed the "structure" ... of the larger system itself, one can change the incentives on all the firms in that system. While our example of a larger system here is the auto industry, the same is true of any larger system, such as the health care system, the criminal justice system, or the finance industry, etc. If the structure of the larger system (we term it a "macrosystem") is flawed, and creates little or negative incentive on firms in that system to pursue the goals society desires from that system, then by innovative redesign of that larger system (termed "macro-system redesign") one can replace the old flawed incentives with powerful new stringent

incentives for the desired goals on all firms in that system, whether run by good guys or bad guys.

The monumental lesson here is: *one cannot change human nature; but one can redesign system-wide human institutional arrangements (macrosystem redesign) to produce desired performance despite the diversity of human nature, good and bad.* By innovative redesign altering the incentives of the larger system, one can produce desired beneficial performance of firms in that system independent of the motives of the people running them. Once proper incentives are entrenched in the system by redesign, firms that pursue the desired performance prosper, firms that do not fail, whether run by good guys or bad guys.

The second monumental lesson, one that liberals as well as conservatives need to learn: *Macrosystem redesign exemplifies the nature of good regulation of capitalism.* With good redesign, government does not engage in inefficient central planning nor attempt to command companies how to run their business (in this case make safe cars). Instead it focuses on the various goals that society seeks for a given industry (in this case of the auto industry system, one important goal, among many others, is safer cars) and seeks ways to implement sound market rules to forward those goals. The benefit not only to human wellbeing but financially to the economy more than makes up the cost of the regulation in taxes. (It is not only a great step up in the general welfare, it is a superb public investment, an important concept we will return to later.)

The latest example of rapacious short-sightedness discrediting free enterprise is the finance industry's war on the new Consumer Financial Protection Agency. That Agency in its short existence has helped consumers recover over \$12 billion swindled from them by illegal finance firm tactics, many the same tactics that triggered the economic collapse of 2008 and should be stamped out. The finance industry and its all too many client legislators, far more beholden to their superrich patrons than the public, cry such regulation is just another case of "runaway government" and "government overreach".

Runaway government? Why should honorable capitalists want the free enterprise system to be able to foist shoddy and harmful products on their customers, to prosper at the expense of the public? Why shouldn't responsible leaders of the finance industry be helping not only improve and strengthen the Consumer Financial Protection Agency, but helping Congress enact a complete, practical set of sound market rules for the finance industry such as the Volcker rules?

Why shouldn't all responsible capitalists be in the lead on macrosystem redesign efforts, to assure the structure and incentives of the free enterprise system reward beneficial performance and disincent harmful performance? Nothing would more greatly promote public confidence, support, and thereby the permanence of the free enterprise system than visible efforts by its leaders to constantly improve and insure that, *not merely voluntarily but structurally*, the system does the right thing because it rewards the right thing!

Concerned capitalists, please contemplate this thought experiment! Such macrosystem design is not just theoretical. Our founders proved such major redesign practical when they redesigned government and introduced free enterprise rather than simply assume the reins

of aristocracy themselves. Even more immediately relevant, there is a modern real-world practical example of what I am proposing that I shall describe later, a small advanced nation where enlightened capitalists have seen to the redesign of their nation's market economy to the advantage of all stakeholders. They find it makes entrepreneuring and capital enterprise easier and more profitable, makes their workforce more productive and prosperous, and the nation is thriving. And the citizenry have no interest in socialism. Food for thought.

The Right-Wing Social Engineering Onslaught ... eviscerate government and regulation

Let me start by cutting to the chase. What I am about to describe in some detail ... the massive right-wing social engineering onslaught on government and regulation ... in fact has become nothing less than an unrecognized, increasingly successful attempt to overthrow the Constitutional government of the United States, and replace it with a rubber stamp Congress doing the will of the rapacious superrich at the top. It has become a war on democracy and liberty.

It did not start out that way. It snuck up on both its superrich capitalist participants and the nation. Mr. Powell almost assuredly never intended nor did he foresee overthrowing democratic government. Likewise business never intended such, and many in business and most of the public still remain unaware that this onslaught is anything more than a legitimate effort to tame government regulatory overreach. Because it is good for business and good for themselves, most businessmen see nothing wrong with it and have no reason to think further. Many might be shocked if they realized what it has become and what it is doing to their nation. The more the growing success beyond expectations of the onslaught has become obvious ... tying the hands of government by its growing influence on who will serve in Congress and the courts and what the public will hear from the media ... the more that rapacious capitalists have now discovered they can bend government and public opinion to their will independent of the desires of the electorate; and they are ever more aggressively doing so. It has gone way beyond "government overreach" (a right-wing rhetorical term now used to cover up what is going on). It has now become egregious "rapacious capitalist overreach".

I will first describe how this right-wing social engineering onslaught began, starting small with limited aims and how it grew to be the massive onslaught that now threatens to overthrow our Constitutional government. Then I will examine in some detail the increasingly successful weapons it has developed to stifle the legitimate functions of government to protect the general welfare and liberty, and to increasingly take over direction of the government in its own interest. Most of the rapacious capitalists now driving this onslaught have no interest in political office themselves, only in making themselves endlessly richer and more powerful. The chores of political office would only be in the way of their building their enterprises and fortune. They are content to install dutiful legislators who in order to keep their seat will do as they are told. The care only about removing any government obstacle that impedes their boundless greed, no matter how horrendous the harm to the general welfare and liberty.

To begin at the beginning, at the time that the substantial Federal regulatory strengthening of the late 60s occurred, honorable capitalists unfortunately did not see stewardship of the larger free enterprise system, particularly stewardship on worthy national goals, as their job. Nor, despite their influential position, do most of them yet see it, and the nation desperately needs them to.

They saw their job solely as stewardship of their firms and investors. So instead, without bothering to make the distinction between means and goals, capitalists ... both the just and the unjust ... saw means (government and regulation) and goals alike as the enemy, and united to go to war to emasculate government of regulatory power to enforce the goals, indeed simply emasculate it of regulatory power in general. 'Government overreach' and 'smaller government' were the cry, 'back to basics' as Mr. Will likes to put it, ignoring or ignorant that sound market regulation is one of the most important basics and essential responsibilities of government.

There were four concerted parallel elements in the initial business attack on government and regulation, each of which slowly grew into increasingly powerful weapons that in concert now constitute the onslaught: 1) the new united effort, 2) the new propaganda, 3) the new bribery, and 4) the new size.

The New United Front. Before the Powell memo, each industry dealt solely with regulations and regulators affecting that industry. But the new regulations on environment, work safety, and consumer protection cut across all industries. Heeding Powell's call, business began to unite across all industries and organize to work together over the long haul to undercut and weaken the new regulation, escalating and coordinating expenditures, lobbying and other activities, far above their previous more modest pre-Powell independent efforts.

The New Propaganda. Business followed Powell's prescription for a broad-spectrum media counterattack. Their propaganda equated the new liberal regulation to protect the public with socialism, and equated widespread support in the media and academia for these initiatives to left wing and socialist bias. The Powell memo advocated "constant surveillance" of textbook and television content, as well as a purge of left-wing elements. He urged conservatives to take a sustained media-outreach program; including funding scholars and founding think-tanks supporting free markets, publishing books and papers in everything from popular magazines to scholarly journals. More recently this propaganda campaign to sway public opinion has been broadened to include multitudes of well-financed, often well disguised, Internet disinformation sites and blogs.

Business launched this concerted attack, funding armies of scholars, journalists and now bloggers, and founding and funding whole think tanks to house or finance many of them. Some of these scholars and think tanks did creditable work, but many eventually were pure propaganda mills ginning out skilled disinformation pieces annotated with scholarly-looking footnotes whose purpose was to score right-wing points, not ascertain truth. By flooding the media and scholarly press with such disinformation, genuine media and scholarly truth-seeking was drowned out and often discredited in popular opinion.

The new regulation was painted as government overreach, excessive far beyond anything needed, the work of naive leftist idealists and anti-business socialists, zealots who ignored that it raised costs, hurt the economy and ... cost jobs. Environmental regulation was painted as tree-huggers protecting obscure otherwise useless land and species blocking desirable business opportunities that ... cost jobs. The health hazards of industrial emissions were painted as greatly exaggerated by bleeding hearts and biased research, overzealous unnecessary requirements that raised production costs, restricted growth, hurt the economy and ... cost jobs. Worker safety was painted as more than adequate, and the new regulations just meddling bureaucratic interference that added little to safety and greatly to costs hurting the economy and ... jobs. Consumer protection regulation was dismissed as unnecessary, that the market protected consumers far better than bureaucrats, and the new regulations simply introduced costly red tape and stifled innovation, again (need I repeat) hurting the economy and ... jobs. The words 'hurting capitalists' income' were seldom mentioned.

(Disinformation is an art. Whole lies are bad disinformation because easily discredited. Interspersing believable half-truths, insinuations, and slogans with great appeal to target audiences, amongst the lies, especially big lies, and repeating them over and over, makes the lies harder to distinguish and more believable to the credulous. Some brilliant examples: Newt Gingrich, an unscrupulous master at disinformation, advised, "never say liberal without also saying socialist and communist". Frank Luntz, another unscrupulous master, advised "don't say health care reform, say government take-over." Both knew they were lying through their teeth. Their intent, like all disinformation, was solely to seriously mislead the public.)

Enough half-truths were skillfully crafted into this well-financed business propaganda attack on regulation, and repeated far and wide so often, as to make all this disinformation credible to a substantial percentage of the public. Such half-truths were easily possible because the regulation was far from perfect, but instead of helping improve the regulation, business aimed at discrediting the idea of regulation itself.

The privileged now keep up a deafening drumbeat of disinformation that government is a parasite, that they alone are the job creators and wealth creators (only half true: some are but too many are simply predators amassing others' wealth at great public harm and expense; moreover, government itself is a substantial wealth and job producer); that "free markets" are the source of wealth (the data show they certainly are for the wealthy but not the general public, look at our stagnant median income; only sound markets benefit both producers and the public); that markets are self-correcting (false, only sound markets are self-correcting; unsound markets do not reform themselves, and can only be corrected by government reinstating and enforcing the sound market rules); that producers are being hamstrung by job-killing regulation (on the contrary, government, on the pretext of jobs and cheap goods, is now engaged in people-killing, environment-destroying deregulation for the benefit of irresponsible capitalists). This well-financed relentless false propaganda is used by the privileged and their client legislators to justify the steady erosion of Adam Smith's sound market and of protection of the general welfare.

Perhaps the most egregious example of this right-wing disinformation campaign has been the attack on global warming research funded by Big Oil through a variety of front organizations, using most of the same propaganda techniques, and even the same unscrupulous personnel, perfected earlier by Big Tobacco when it sought, equally egregiously, to discredit the research linking smoking to lung cancer and many other killer illnesses. A handful of top executives of the major oil companies had the power to unleash hundreds of millions of dollars in a continuing well-orchestrated propaganda campaign to undercut the almost unanimous conclusions of the climate science field. Using well developed standard disinformation techniques the campaign cast doubt on the competence of the research and the competence, integrity and motivations of the researchers. This campaign has been so successful in distorting the facts that only in the last five years have more than half of Americans grasped that global warming is real.

This totally irresponsible, utterly self-serving decision by just a few powerful, rapacious superrich at the top, financing a massive propaganda war on science highly successful in misleading the public, has drastically delayed, perhaps fatally, mitigating the causes and consequences of global warming and placed the planet in peril. It is a premier exemplar of the despotism and tyranny to come, of the few over the many. This delay will kill millions of people and harm hundreds of millions more, due warming-aggravated flooding, drought, heat stroke, storms, crop loss, disease, and uncontrollable tsunamis of refugees fleeing into other countries.

Theologian Michael Novak remarked that the morality of a society can be judged by how many people are paid to lie. By this standard the country is increasingly immoral.

The New Bribery. This has had perhaps the most devastating consequences of the right-wing social engineering onslaught. Regular old bribery is to pay politicians under the table for favors. But a new bribery has been invented. The new bribery is to make elections so expensive it is increasingly difficult to get or stay elected if one hasn't a billionaire or two backing one's candidacy. In the old bribery you gave politicians money for favors, in the new bribery you take it away. You take away your campaign contributions and media support if the favors aren't forthcoming and redirect it to candidates willing to see things your way. And unlike the old bribery, which is illegal, the new bribery is legal and done openly. It goes under the specious anti-democracy claim that unlimited political money is free speech and protected.

Legislators who refuse to compromise the public interest for the interests of their superrich patrons soon find their campaign contributions drying up, the largesse redirected to their more pliant opponents. And PACs ride into town to flood the airways with deceitful attack ads and smears.

Contemplate how malignant an evolutionary process this is. It relentlessly selects for (i.e., favors) yes-men to the superrich. Over time, increasingly the legislators in both parties able to remain in office are the ones willing to compromise the public interest in favor of the special interests of their superrich patrons, willing to sell out the public to get the ample campaign funds and media support needed to keep their seat. Whereas those unwilling to compromise the public interest become starved of adequate campaign support and are

gradually pruned away. Thus eventually by this unnatural selection process over the past forty years and continuing today, the Congress has become increasingly beholden to the superrich rather than the public interest, a Congress of accomplices to rapacious capitalist practices.

As evidence for example, why else would government permit Big Pharma to keep dumping opioids on the black market, or unjustifiably and unconscionably raising drug prices? Why else would government void net neutrality over the objection of 83% of the public? Why else would government abandon pollution and environmental protection rules when only 9% of Americans think it should do so, and over 60% think it should instead be further strengthening, not weakening, existing protections? Why else would government prop up our present house-of-cards economy, and finance heavy tax breaks for big business and the rich, by massive borrowing at the expense of us taxpayers and our children and grandchildren, in a time of prosperity when it should be paying down the debt? (And note, beyond tax breaks it equally further enriches Wall Street by paying them ever more no-risk interest on the ever-deepening national debt paid by the taxpayers.)

If you gave me your credit card, I could live quite well and you would get stuck with the bill. An irresponsible, bought Congress has handed the superrich and big business the taxpayers' credit card ... the national debt ... and they are living high and abusing our largesse as they did in the years leading up to 2008 crash. All the signs (e.g. Schiller's index, etc.) suggest the next collapse is coming. The human and financial cost will fall on we the people, just as it did in 2008 ... people losing jobs and homes and we taxpayers and our children and grandchildren stuck footing the bills of those who need no such help. These are only a few examples among the myriads. Government is becoming the blushing hand-maiden of superrich capitalists. It is not conscripting the wealth of the taxpayers for a giveaway to the poor as many conservatives claim, it is conscripting it for a giveaway to the wealthy.

The new bribery is also used to keep public media pliant. Big donations by the superrich and their enterprises are used to make public media dependent on these funds, then donations are cut or cease if these media do not avoid content unfavorable to the donors' interests. For example, the influence of donations of Big Oil to public radio and television has dried up much reporting and documentaries on global warming. Similarly big ad campaigns are placed in the private media, which vanish in those media whose content is unfavorable to the superrich. In this way the superrich are able to bias what the public hears.

Even more worrisome for freedom of the press and liberty is the consolidation of the media ... the concentration of media power in ever fewer hands at the top ... just one more example, but a particularly dangerous one to the public's need to know, of the growing concentration of more and more of the nation's wealth in ever fewer hands. In 1983, 90% of US media was controlled by 50 companies; as of 2011, 90% was controlled by just six companies and in 2017 the number was five. Ten companies, several of them hedge funds and investment firms, control over a third (and rising) of newspapers. Hedge funds and investment firms have little interest in truth in media, only in maximizing profit. It is quite clear that both reporting and advertising are being censored by the owners in favor of their own

views and political objectives. Freedom of the press, a bastion protecting liberty, is thus being covertly undermined.

All this is high-powered, skillful, calculated and massive social engineering by the privileged. There is nothing accidental about it.

The New Size. Not to be overlooked is the constant mergers of big firms into huge firms, and huge firms into conglomerate empires, the larger ones dwarfing most national economies. The size of larger private enterprises is now on an unprecedented scale never before seen in the world, and certainly never contemplated by the founding fathers.

This has two effects. It (1) concentrates enormous financial reserves in the hands of the few executives at the top to deploy as they will, as we have seen, and (2) allows them to recruit and deploy highly specialized expertise and resources against their overmatched smaller rivals. Thus the larger the corporation, the more it can hire armies of highly paid experts in every specialty important to the firm ... the best managers, finance officers, engineers, lawyers, lobbyists, etc. ... able to wield expertise and spend money far beyond the capacity of smaller firms and even governments, let alone individual citizens, to contest their actions.

But it gets worse. The more government is captured and the market devoid of well-enforced sound market rules, the more corrupt and rigged that the economy becomes in favor of rapacious capitalists at the expense of small firms, labor and the public. As described above, the skilled rapacious capitalist can unduly and unjustly appropriate without limit more and more of the nation's wealth and means of production ... which he or she neither created nor earned but amassed, by skilled (and too often underhanded) business, financial and political manipulation at the expense of the general welfare and liberty. In the trade the term for this is "financial engineering", amassing others' wealth by financial manipulation.

Those at the top, the chief executives and controlling investors, can conscript an ever more undue share of the return of a large enterprise, not because they earned it but because they are simply in a position of power to take it. Combining the money-making efficiency of a large corporation with absence of sound competition, they need not share any of the return on that efficiency with consumers or workers, they can simply commandeer it for themselves.

The growing discrepancy between worker pay and top executive compensation in the current rigged economy shows how successful those at the top of large business and financial enterprises have become at taking more and more of the earnings. Are they working any harder or more cleverly, making their enterprises more productive than capitalists and top executives of a few decades ago who were paid far less sumptuous compensation? Studies say no, less productive. Too many conservatives overlook that *the superrich now have more power to conscript the nation's wealth than government.*

Not only to those at the top of an enterprise conscript more of its earnings, they can use their increasing stranglehold on Congress to reduce their taxes to a ridiculous pittance compared to the enormous financial benefit they reap from society, thus conscripting wealth from the

taxpayers. Republicans preposterously brag they have cut taxes. They have not. What they have done is simply shift the tax base from the rich to our children and grandchildren, while flagrantly spending ever greater amounts on initiatives that benefit the haves at the expense of the have-nots. The old tax-and-spend liberals are pikers compared to the new massive borrow-and-spend Republicans.

There is a widely-held bromide among conservatives that government's principle activity is transferring income from earners to non-earners. Do you buy this? Do you consider, for example, the rapacious Mr. Sackler an earner? Do you consider the rapacious capitalists who pollute our air, land and water to be workers? those who shamelessly profiteer monopolizing needed drugs? those who crash the economy with their rapacious speculation and are bailed out by the taxpayers? those who jeopardize the world by expending hundreds of millions of dollars to deluge the public with lies and smears about sturdy scientific findings, such as global warming, that jeopardize their profits? Those who conscript the wealth and wellbeing of the world in all these ways to aggrandize their power and wealth? Do you consider these economic predators earners? Earner is an honorable term, and are you unthinkingly smuggling in under that term these dishonorable people? Now there's a slippery piece of sophistry for you.

No, this is massive "non-consensual" transfer of income and wellbeing from earners to rapacious capitalists ... a welfare state for the superrich. And it is not due government overregulation, it is due government underregulation, dereliction from its Constitutional obligation to promote and protect the general welfare and liberty.

How successful these rapacious capitalists have been in amassing a growing proportion of the nation's wealth and income is readily apparent by the growing inequality in this country, half again greater than any other developed liberal democracy and now exceeding Russia, a despotic kleptocracy.

A Moral Issue

Mr. Will's comments in his book that material deprivation is extremely rare, that the poor are merely squabbling about Maslow self-actualization and status, seem equally ungrounded. Is he blind to the stagnant income of the poor; to the growing numbers of homeless individuals and families in this country who can't find work that pays a living wage; to the swelling numbers of families and children who without soup kitchens, food shelves and food stamps would go hungry (almost a return to the Great Depression); to the growing number of ill without adequate medical care or coverage; to the fact that the life expectancy of the poor is declining while the that of the rich is rising?

He blathers on about the poor seeking self-actualization now that they are so well off. I do not know what insulated world he lives in, but in the world I see this talk simply obfuscates the reality that the poor desperately seek adequate food, housing, and jobs for themselves and their children, yet can barely keep their heads above water. And in this rich country many can't. Does he dismiss this as laziness? Research (see later below) contradicts him. Does he dismiss this, as he seems to, as the inevitable fate of the untalented and ill-born ... life's tough at the bottom and that's just natural and fine? It is not natural, inevitable or necessary, it is a matter of political choice by those who hold political power.

Life has always been tough at the bottom, Mr. Will asserts. But in a just society it need not be. No other industrial democracy approaching our high GDP per capita has such wretched and structurally persistent poverty. We no longer regard ourselves a feudal society which thinks serfs and slaves at the bottom is just fine and natural. We regard ourselves a nation that Constitutionally values the individual, all individuals. In this rich country we can invent new institutional arrangements ... new social engineering to complete the work and realize the goals of Adam Smith and our founders ... such that, even with substantial inequality, our least well off can provide for themselves. They and their children need not go malnourished, uneducated, their illnesses go untreated, the work available to them pay less than a living wage, and their health and life expectancy fall prematurely short. I shall propose how this can be done in Part IV.

What obligation does a prosperous humane society based on human rights have to its untalented and ill-born? To impoverished people who just by obeying the law help society prosper? To those who fought and died for our country? Did they do so in order that the rapacious superrich could increasingly parasitize the nation's wealth and liberty, and abandon the unfortunate?

Should a decent nation not have a properly designed economy where all able-bodied persons willing to work a standard work week, even those of low innate talent, can find such work and be able, as Adam Smith proposed, to provide for themselves and their families decent food, clothing, shelter and health care above the poverty level? Said Smith:

-- No society can surely be flourishing and happy of which by far the greater part of the numbers are poor and miserable.

How about a society ... ours ... 40% of whom (and growing) would struggle to come up with \$400 for an unexpected expense? Our privileged are certainly flourishing and happy, our society not so much.

III. The Impending Disaster: The Rebirth of Tyranny

The Endpoint of Runaway Inequality

Dire as the described problems are, they are a static picture. What truly threatens the future of liberty is when we look at the dynamic picture and the malignant processes driving our future. One may think the present so bad, surely it can't get worse. But not only can it get worse, unless serious steps are taken it absolutely will get worse, catastrophically worse: the death of liberty.

I have remarked on the nation's growing inequality. Nevertheless, few have grasped that the problem in this country is not inequality, it is runaway inequality.

We may regard the severe problems we have been looking at as symptoms, and now we turn to the diagnosis, the underlying cause. Why has inequality within the last few decades turned runaway? Until 1970 inequality was declining, then it turned around and has been rising ever since. How do we know that the rise is not just a fluctuation that will subside but rather is a truly unlimited runaway phenomenon, and what is the dynamic driving this runaway inequality? It is this dynamic and its diagnosis that is the crux of the coming disaster lurking in any siren paean to unregulated capitalism. Because the diagnosis, as we will shortly see, is precisely unregulated capitalism.

The dynamic starts with a flaw Adam Smith observed 200 years ago. Even in a sound market,

... the rise of wages operates as simple interest does,
the rise of profit operates like compound interest.

The noted French economist Piketty has recently confirmed this observation quantitatively. In other words, over time, capitalists, working no harder will acquire an increasing portion of the wealth produced, and labor, working no less hard, a declining portion.

But that is just the beginning. Our flawed economy enables and strongly rewards talented capitalists to appropriate an increasingly undue proportion of the nation's wealth and income *irrespective* whether there is gain or harm ... even substantial harm ... to the general welfare and liberty. Even worse, it rewards the *ever increasing concentration* of that wealth ... ever more of the ownership and control of the nation's assets and income ... without limit in ever fewer hands, again independent of any contribution or even great harm to the nation's general welfare and liberty. I shall elaborate how and why this runaway concentration of wealth occurs shortly.

I underscore, not only does the present flawed economy powerfully reward this ever growing concentration of wealth in ever fewer hands ... runaway inequality ... it has no brakes, no limits either natural or built-in, on how far it can rise. Without constraints, it is a runaway process.

Nor have people grasped the endpoint of such a runaway process. *Because there are no limits or constraints, natural or built in, this runaway inequality must and can only finally end with almost all the wealth concentrated in the hands of a tiny oligarchy, a de facto financial aristocracy, a fabulously wealthy few capitalists, the winners, running the country*

for their own benefit on the backs of the many. Mankind's experience with the previous aristocracy shows this a very stable situation that can endure for millennia, and requires bloodshed to overthrow.

Fixing Inequality at the Sweet Spot ... not too much, not too little

Understand, a proper degree of inequality in a free country is not only desirable but necessary. There must be sufficient inequality to justly reward contribution, talent, risk-taking and hard work, else the general welfare and liberty suffer. Every country that has tried to impose excessive equality has failed economically and also, more often than not, fallen into despotism.

But the opposite is equally true. Excessive inequality also leads to tyranny. We may legitimately debate what is the optimal level of inequality that best promotes the general welfare and liberty. But runaway inequality without limit brooks no argument.

With neither natural nor built-in constraints, runaway inequality does not stop until the vast majority of the nation's wealth, and the power that derives from that extreme wealth, are concentrated in the hands of the very few most talented and rapacious capitalists who wind up at the very top. Since there is nothing to prevent them, they will bestow this power and bounty successively on their progeny, only occasionally equally talented.

The previous aristocracy more than proves that with sufficiently powerful privilege even mediocre talent can sustain the status quo. Talent in any large group of humans is on a bell-shaped curve, and in all ages the privileged exhibit their fair share of mediocre talent. The advantage of privilege is upbringing, connections, and the resources and mutual support of other privileged, so that even mediocre talent inheriting privilege can usually sustain it.

In other words, too little inequality leads to economic failure and despotism, destructive of the general welfare and liberty. Too much inequality, placing undue, unbridled financial power in the hands of a tiny few, also ends in despotism destroying the general welfare and liberty. And in between there is a sweet spot! ... a proper level of inequality that maximally promotes the general welfare and liberty.

Remember that financial inequality is not ordained by nature or God. It is the product of a nation's economy. And the design of an economy is also not ordained by nature or God, it is a human contrivance, a human-devised system for creating and distributing wealth. Adam Smith showed us that. An economy is a macrosystem whose function is to create and distribute wealth. An economy can be designed well or poorly. The Constitutional objective of the U.S. economy is to maximize the general welfare and liberty. (Indeed that is the Constitutional objective of every macrosystem in this country.)

Because a nation can adopt whatever economic system it pleases, the design of a nation's economy is a political decision. And because the design of a nation's economy is a political decision, the level of a nation's inequality is also not some ineluctable natural or divine outcome or accident, it is also purely a political decision. Until 1975 inequality in the United States was declining slowly, but purely political decisions since, largely the conse-

quence of the massive right-wing social engineering onslaught, have substantially altered the design of the economy, and have reversed and now drive inequality inexorably upward.

- If an economy is flawed and producing too little or too much inequality to maximize the general welfare and liberty, *it can be redesigned*. A well-designed economy can operate productively while holding inequality at any fixed level that a society and its policymakers deem optimal for promoting the general welfare and liberty.

Inequality is quantitatively measured by the so-called GINI index. The GINI index of a nation is 0 when all people have equal wealth, and 100 when one person has all the wealth. (Explanation and tables of the GINI index for each country are readily found on the internet. The absolute values vary somewhat by source ...OECD, CIA, World Bank ... but the relative rankings vary little.) According to the most recent OECD figures, among countries with flourishing capitalist economies, the Czech Republic stands at GINI = 25, one of the lowest, the Nordic countries run 26-28, Germany is at 29, and the average of the European Union is 30. As suggested earlier, these are well above perfect equality (GINI = 0).

On the other hand, the United States is presently at GINI = 39 *and rising*, well above despotic Russia at 33, and far above all other liberal democracies. I suggest that were capitalism properly regulated in a redesigned sound market economy designed to hold inequality constant, the United States could run a very successful, flourishing capitalist economy with inequality deliberately held in the range somewhere between the Nordic countries and the average of the European Union, say around that of Germany. I will propose how this might be done in Part IV.

The First Great Catastrophe to Liberty ...the emergence of incumbency power

Now let us examine more closely the forces driving our runaway concentration of wealth. The point here is that what makes the nation's present situation so dire today is that these underlying forces are in all essential respects the same processes that produced the original rise of aristocracy some 6000-8000 years ago and secured its existence for millennia. If not reined in, they will do so again.

Contrary to modern presumption, aristocracy is a recent invention in mankind's 200,000-year odyssey. Research finds most hunter-gatherers had high liberty and wellbeing, far greater than their agrarian successors ... bigger, stronger, healthier, longer lived, less hard-working, and subject to no coercive rulers. Some of these societies, both ancient and modern, include the most egalitarian societies ever discovered on the planet. They had no aristocracy.

Thus consider:

- For 200,000 years, the vast majority of mankind lived in reasonable wellbeing and high liberty as hunter-gatherers. But ...
- Wherever agriculture arose, in less than a millennium the vast majority of mankind lived in grinding poverty and servitude, the vassals of a tiny minority with incomparable power, wealth and status.

It was *the first great catastrophe to liberty*, and almost no one today seems aware that it happened. Or that it can happen again!

Now we appear on the threshold of the rise of a second such catastrophe. The rise of the first aristocracy bears study if we are to prevent the rise of a second.

So what processes caused this catastrophe? The original aristocracy was the product of a particular source of power, namely organized force, acquiring an additional disastrous malevolent property I shall term “incumbency power”. Let me first describe incumbency power in general, but the concept should become clearer as I turn to the two specific examples crucial to this inquiry.

Incumbency power is defined in general as the increasing power of the holders of any particular source of power that has acquired this property ... the incumbents ... to gain more of that power, the more of that power they gain.

It is disastrous because it is a runaway process ... (a positive feedback loop, in technical jargon).

By power here I am referring solely to coercive power of humans over other humans, which can arise by either physical violence or ability to deny necessary resources. Most sources of coercive power do not have this added property of incumbency power. It requires some peculiar accidental combination of circumstances to occur for any type of power to be augmented by incumbency power. And, crucial to preserving liberty, if that combination of circumstances can be broken by shrewd social engineering, that source of power will be defanged of its incumbency power and remain beneficial. But unless and until its incumbency property is countered, the holders of that power will soon become so powerful that they cannot be overcome and can persist in power for millennia, as is observed empirically.

Aristocracy first arose when a peculiar combination of circumstances unexpectedly conferred this malevolent property of incumbency power on organized force.

-- The incumbency power of organized force means by definition the increasing power of the holders of organized force ... the incumbents ... to gain more organized force, the more organized force they gain.

Organized force has no incumbency power in hunter-gathering societies because it is almost impossible to organize force in these societies. Their battles have few tactics because no one is given power to command others, all must consent to any tactic, such as a raid or ambush. But even then, the actual combat on both sides tends to be each individual for himself.

The accidental combination of circumstances that gave rise to organized force acquiring incumbency power was the advent of agriculture, forced upon mankind by overcrowding. Hunter-gatherers do not welcome agriculture. It requires much more and harder labor and discipline and less healthy living than hunter-gatherer foraging, and they avoid it until population pressure leaves them no other choice.

Agriculture produces two major effects, a population explosion and specialization. Roughly only 1% of wild land is useful for food and necessities, but up to 90% of cultivated land is, allowing ten times the population to live on the same area. And the entire group can be fed by its farmers, allowing a substantial minority to specialize in other valuable activities ... crafts, religion, administration, law-making, fighting, etc. ... each of which then become more expert and productive than when each individual has to do all these tasks for themselves.

A potent effect of a larger population was to destabilize traditional hunter-gatherer societal controls. In groups small enough where everybody knows everybody *and their past*, social pressure suffices to enforce group cohesiveness and adherence to group behavioral codes. No police or supernatural deities punishing people for their ethical misdeeds are necessary or found in hunter-gathering societies. But when a society becomes large enough that one encounters strangers of unknown trustworthiness, then laws and religious strictures and their enforcement become necessary to maintain social order. And thus arose a new specialty: men trained in the use of force as their main occupation, under control of a law-making or religious body or individual.

As positions of leadership opened up in these agrarian societies, the character of these leaders ranged from noble to base, as human nature does. Gradually the more ambitious and self-seeking individuals with exceptional talent, creativity and leadership ability among these judges and tribesmen either got themselves acclaimed to these positions of power, or simply by organizing a gang seized them. Then, since power corrupts (or simply gives opportunity to the already corrupt), they began to exploit their position of authority to aggrandize their own power, status and wealth, and reward their subordinate allies and progeny to sustain their support, at the expense of the wellbeing and liberty of the rest of the society. That such self-seeking, highly skilled individuals are able to seize power in unorganized societies is a well-known, well-observed phenomenon termed “warlords”.

As these warlord-minded individuals consolidated their power, agrarian towns became agrarian city-states with a local elite constituting a *de facto* hereditary aristocracy that, since these elite made the rules and controlled all force, eventually made themselves a *de jure* hereditary aristocracy. With organized leadership and the power to rule, city states could organize vast projects like irrigation and expand their reach into areas formerly uninhabitable, further strengthening the power of the aristocratic leaders.

Warlords usually get their start by organizing, arming and rewarding a gang loyal to them strong enough to overcome all opposition. But at some point one of the more talented and creative of these warlords came up with a new invention under the sun: the professional army... an organized force of armed, full-time, highly trained officers and men, possible only with the specialization supportable by agriculture. Such an army was superior to any less organized armed force.

There is nothing like power and wealth to inflame a narcissistic individual's ego and self-adulation. And soon these warlords were using their new toy not just to keep internal order and defend themselves from rival internal factions and external rival states, but to conquer

them. The bigger one's army, and the territory necessary to feed and support it, the more one was able to conquer and acquire the troops and lands of rivals and expand one's army.

In other words, the invention of the trained professional army in the absence of built-in or natural constraints conferred incumbency power, as defined above, on organized force. And the more rapacious among these rulers used it to appropriate by force the power, wealth and liberty of rival tribes and lands.

Towns became city-states, city-states became kingdoms, kingdoms became empires, and empires became vaster empires. It was a runaway process with no built-in limits, constrained only by the natural geographical limits on communication and administrative control over the vast distance of an empire.

And it was a one-way process. Even though many rulers were not rapacious nor desired conquests, but simply to rule ably and justly, the most talented and rapacious rulers ate the others up. The more noble or less talented progeny of these rapacious empire-builders did not then nobly break up their overweening empires and return the pieces to the original peoples from whom they were taken by force; they simply maintained them or eventually lost them to more talented rapacious rulers or generals in their own or other empires. Thus overall, the civilized world became dominated by vast empires ruled by small hereditary aristocracies of effectively less than 5% of an empire's population. The well-being and liberty of the remainder varied, but for the vast majority it was scarcely more than bare subsistence and servitude.

Of course the tiny aristocracies, who maintained their ascendancy by their monopoly on organized force, soon comfortably assumed this was the natural or divine order of things.

In every age the privileged engage in an exercise
in moral sophistry to justify their privilege. ...author unknown

Might made right and one's success justified one's superiority and thereby the right to take by might whatever one could from one's neighbor. It was the moral norm. With their blinkered presumption of their own superiority once several generations had passed it on, it never occurred to these aristocracies that it could or should be otherwise. Human rights was far in the future.

That same attitude still prevails today among too many of our privileged. There is nothing like power and money to persuade the narcissistic and rapacious among the superrich of their own deserved vast superiority over the rest of humanity, whom they regard their natural fodder, even when they have successfully rigged the severely flawed present economy in their favor (by the right-wing social engineering onslaught). And note the parallel: how they defend the present economy that feeds them so generously as natural or divinely ordained ... the alleged "iron laws" of economics. It is a highly un-American ethic much too prevalent among those privileged who are thriving on the liberty ... freely bequeathed them by the founders of this nation and their successors ... that they never earned, while parasitically destroying it.

Taming Incumbency Power

Today the incumbency power of organized force has been broken. In the free world today, control of a nation's army no longer leads to runaway accumulation of more and more organized force by the holders over the rest of the nation's citizens. The holders of organized force are no longer incumbents; they can be freely replaced by the society.

This is a powerful lesson if we wish to preserve liberty. Liberty requires the ability to defang incumbency power whenever circumstances permit it to arise. How was the incumbency power of organized force broken? Are there lessons here for us today?

It was broken less than 250 years ago by extraordinary liberal social engineering, the work of the American founding fathers. They overthrew institutions that had obtained for thousands of years. People today too readily take these changes for granted and as seemingly obvious, and do not grasp how radical, unobvious and "fraught" they were. People at the time thought these age-old institutions natural, indeed divinely ordained, that states without them would collapse in disorder and chaos, and incur the wrath of God. The strength of these attitudes may be hard for modern people to grasp, but they held powerful sway over most people of that time. For most, any alternative was unthinkable (see the trenchant observation of Machiavelli, quoted later below.)

The major changes made by the founders were: 1) establish the object of government as the protection and promotion of human rights ... the general welfare and liberty of all individuals rather than a privileged few; 2) abolish aristocracy, the source of tyranny, and turn government over to representatives elected by the people; 3) design government with checks and balances so it could not tyrannize the citizens nor vice versa; 4) divorce religion, another major bolster of tyranny for millennia, from political power by separation of church and state ... a sacrilegious concept to the devout who thought it the duty of nations and governments to enforce the will of God and so to establish state churches ... while granting religion the protected right to function freely as private institutions and individuals without government interference; and 5) professionalize the army under firm civilian control. This was social engineering (macrosystem redesign) on an unprecedented scale. These wholly new institutional arrangements entrenched new built-in constraints and incentives breaking the incumbency power of organized force.

To be sure, the original electorate was limited to male landholders, and excluded women and slaves, the latter totally denied liberty. But acknowledging they were far from perfect, they were also extraordinary in that what they set in motion has proven uncontainable. What a gift to the world. The vision of human rights they unleashed has proven too powerful to be tied down to their original notions of class, race and gender. (This is the danger of simplistic notions of legal originalism.) Liberal societies have now extended human rights ... in principle ... to all people, if practice is still too often wanting.

Illiberal societies to this day maintain privileged castes, class systems, compulsory conduct, subordination of women, slavery, injustice ... tyranny. It has been liberal nations maintaining the light of liberty, starting with the United States as the shining example, that has pressured illiberal societies to make such concessions to human rights as they have. People the world over have counted on America as an ideal of liberty. If liberty be extinguished in this country, it may suffer all over the world.

The extension of human rights in this country has occurred because the founders grasped that “originalism” was a stagnant doctrine. They bequeathed us with a Constitution that was a living document, providing an amendment and judicial process that has continued, all too slowly, to broaden human rights and extend them more fully to all citizens. They left us an explicit set of extraordinary goals spelled out in the Declaration and Preamble, and left to the future via amendment and judicial interpretation of the Constitution how best to realize those goals in later eras which they knew would be very different than their own. The wisdom and humanity of these goals has permanently etched them in American stone. Originalism, the intent of the founders, lies in the goals, not in the means of the founders in their time.

It was an extraordinary, magnificent piece of liberal social engineering that took bloodshed to accomplish. But bloodshed is not enough. Without that crucial practical social engineering ... that wholesale macrosystem redesign of government ... bloodshed has not liberated nations from tyranny. For example, the French Revolution failed for lack of sound redesign of government. In the ensuing chaos a brilliant military general seized power, and a restored monarchy followed him. On the other hand, every nation that has been able to implement and improve on the founders’ social engineering design has broken the incumbent power of organized force and freed themselves of tyranny to the extent they have been able to keep the design intact and prevent it from eroding. This is a most important lesson. How the first tyrannical aristocracy arose, and how it was broken, instructs us how to prevent a second from arising.

The Reemergence of Incumbency Power

What threatens the nation and the world now, and bodes the rise of a new second aristocracy is the reemergence of incumbency power, this time attached to a new, different source of power: not organized force but capital.

-- The incumbency power of capital means by definition the increasing power of the holders of capital ... the incumbents ... to acquire more capital, the more capital they acquire.

We have already seen that the rapacious among the privileged are simply using the power of their position to extract an ever more undue portion of the revenue of their enterprises, not because they are working any harder nor done anything more to earn it, but simply because their position allows them to “conscript” it.

But it does not stop there. They begin using their incumbency power to *eat each other up*, just as did their predecessors the ancient warlords. Empirically, everywhere one looks one sees this ever increasing consolidation of corporate and financial enterprises, large and small, into ever larger enterprises, and every day one hears about new ones.

Where does this runaway concentration stop? As there are neither natural nor built-in constraints to this concentration of wealth, then unless new constraints that do not now exist are socially engineered, it ends where the similar runaway concentration of organized force ended: tyranny of a fabulously wealthy and powerful few over the many. The only difference is that the power of the few arises from control of capital, not control of organized force

Just as the cadre of successful top warlords shrank as they ate each other up, so will the cadre of successful top capitalists shrink as they eat each other up in the contest of runaway unregulated capitalism. The size of business and financial empires will be limited only by what can be managed in practice by a dominant leader and his allies. The small cadre of capitalists who hold these top positions will now own or control the bulk of all assets and income of the nation. This vast financial power will give them *de facto* control of government, the economy, the media, and the terms of work, living conditions, income and advancement of the general public. The right-wing social engineering onslaught empirically demonstrates how well they have succeeded already. Government of the people, by the people, for the people will be *de facto* replaced by government over the people, by the few for the few.

The soundly regulated market economy and free enterprise of Adam Smith will also be long gone. Free enterprise will be severely restricted, as capital will be controlled by the privileged and only available to those who serve their interests. Economic opportunity to rise from poverty will be largely gone; the progeny of the privileged will inherit their privilege, and (as in any system of aristocracy) the advancement of others will be by currying the favor of the privileged. It is not theoretical, it all happened in the rise of the old aristocracy, and we see signs of all this starting to happen again now in a repeat of the historical experience.

A majority of Congress are already abjectly beholden to their superrich patrons, and they have managed to stock the Supreme Court with Justices protective of privilege. If the nation fails to mount effective new liberal social engineering ... redesigning the economy, political financing, and media diversity ... to break the incumbency power of unregulated capitalism and its war on the general welfare and liberty, today's symptoms are but a pale portent of the future.

Though it might take a century or more of continuing runaway concentration of wealth before the final tight tyranny of hereditary financial oligarchs shakes out, the threat is now immediate. The rapidly emerging lock-step of pawns in our legislatures, executive branches, and courts ... too many of them demonstrably pawns of their superrich patrons ... suggest we are rapidly approaching a tipping point beyond the power of the Constitution to contain. Without urgent, adequate countermeasures, by the time the growth of tyranny becomes apparent to all, this slow runaway concentration will be an unstoppable juggernaut to despotism, the slide into tyranny irrecoverable short of armed rebellion. If we do not act shortly to honor our Constitutional pledge to liberty and the general welfare by installing acceptable restraints in the economy to end the runaway concentration of wealth and financial power, we will lose the Republic. We are in a countdown to disaster.

IV. Saving Liberty

Who ... honorable capitalists, a call to action

The only Americans who can save the nation from its present inexorable march into tyranny are the nation's honorable and concerned superrich capitalists ... if there are enough of them willing to act. And we are so close to a tipping point, they will have to act quickly to avoid tyranny or bloodshed. If not enough answer the call, the nation and liberty are doomed.

Why are these superrich so crucial? Because as we saw, unregulated present capitalism unleashing incumbency power on capital is the underlying force driving the nation's runaway march into despotism. Congress and the Courts are presently largely captured puppets of rapacious capitalists; they are a weak reed that will obstruct not help. The grass roots desperately want to rebuild the honor and functionality of the nation, but are too divided, weak and unorganized unless they get well-financed leadership and vision. Ergo, the only people now with the political power, influence, connections, talent, leadership ability, focus and wealth to see that capitalism becomes permanently properly regulated are the privileged superrich capitalists themselves! I see no other way.

Are you listening Jeff Bezos? Bill Gates? Warren Buffet? Sergey Brin? Larry Page? All the rest of you brilliant, creative, fabulously successful capitalists? It's up to you.

This country generously bequeathed you all, completely unearned, the precious gift of liberty, the liberty to recognize and seize upon undiscovered business and financial opportunities with your incredible talent. In most of the world you would not have that liberty. And precisely because of your great success you now have complete freedom to act if you wish. You don't need more money or a bigger empire, you need to save America.

An America of despots is no longer America. You have to ask yourself, now that you have succeeded in your enterprises beyond your wildest dreams, what is the most important thing you could devote the rest of your life and great talent to: adding another nickel to your empire, or preserving liberty. Doing more of what you've already done so well, while oblivious to your country sinking into despotism? Or, like the nation's founders, taking on a new level of challenges worthy of your ability in order to save your country?

The nation does not need more of your empire, it desperately needs your talent and resources to save liberty. Many of you are devoting millions to good works and worthy causes. But when liberty in your nation is in peril, all other enterprise and causes become secondary. Liberty is ground zero, it enables all else. You can delegate your enterprises to competent lieutenants, even retire, and devote yourself and your resources, with all your other concerned capitalist colleagues that you can muster, to this higher cause: preserving liberty. There lies national need, not to mention legacy and honor.

How ... macrosystem redesign

Assuming sufficient superrich capitalists answer the call, what must they do to save the nation and liberty? They must do what the founding fathers and Adam Smith did: engage in "confident large-scale social engineering" (as the short-sighted Mr. Will disapprovingly

terms the extraordinary liberal social engineering to which he owes his liberty and wellbeing). That is: they must identify and redesign the flawed large systems causing the runaway inequality threatening the nation, inexorably eroding our liberty and general welfare.

As mentioned earlier, the general term for such redesign of large social systems is macro-system redesign.* The idea is, instead of letting our crucial large systems evolve by topsy and historical happenstance, we must deliberately architect them for good performance. Since this strategy is central to saving the nation, let us understand the rationale and general procedure by which it is accomplished.

[* The Center for Policy Design has developed a formal theory and set of methods termed Large System Architecture, available on its website, centerforpolicy.org, to devise effective strategies for macrosystem redesign.]

When a large system ... such as the finance system, the health care system, or the economy ... is malperforming, that means the bulk of the organizations and individuals in that system are chronically engaged in undesirable behavior counter or threatening to the goals society desires of that system. As a few examples, consider: Presently financial organizations continue to engage in perilous investments that have crashed the economy three times in the last three decades with ever more destructive consequences. Ever larger enterprises are concentrating the nation's wealth and means of production in ever fewer hands at the top, threatening liberty. Ever rising inequality and stagnant wages and income in the lower income brackets are squeezing working people and the poor, and fracturing the nation into warring factions, as research shows commonly happens in societies (including liberal democracies) where inequality becomes excessive. The health care and coverage system is currently eating the nation out of house and home, yet life expectancy is declining and chronic disease rates are rising for working people, and more and more of them are being priced out of even minimally adequate coverage. And note, all of this massive human cost is eroding the competitiveness of our workforce as well.

Macrosystem redesign regards these problems ... the undesired behaviors and malperformance ... as *symptoms*, the things that hurt the public, cause suffering, distress and political unrest. Policymakers and the public too often rush to blame the problems on incompetence or greed of the organizations and individuals in the system ... the incompetent teachers, the greedy doctors and insurers, the corrupt finance industry. They rush forward with a panoply of actions trying to assist or strengthen the organizations and individuals or, alternatively, bludgeon them into good performance. But despite enormous energy, time, and expense, this endless omnibus tinkering seldom achieves more than temporary respite. The symptoms chronically reemerge and persist. For example, fifty years of constant patchwork symptom-curing have failed to fix either the finance system or the health care system.

When a macrosystem shows such persistent chronic malperformance against desired goals, macrosystem redesign asks a question seldom raised by policymakers or the public: what is the underlying cause of the symptoms? What is the *diagnosis*? This is the heart of macrosystem redesign. Treating symptoms does not cure; one must address and correct the diagnosis to finally end symptoms.

Almost invariably the underlying cause of chronic malperformance ... the diagnosis ... is the underlying structure of the malperforming system and the powerful perverse incentives and constraints it places on the organizations and individuals in the system: almost invariably these are found to enable and reward the undesired behavior and obstruct and punish the desired behavior. Organizations and individuals cannot individually alter these structural incentives and constraints. Those that follow the incentives, prosper; those that don't, fail; they have little choice. If the structure and incentives reward the goals society desires, the system will perform well. If the structure and incentives reward the observed malperformance and punish the desired performance, the organizations and individuals have little choice but to malperform whether they wish to or not, and the system will chronically malperform.

The cure is macrosystem redesign: redesign the system structure so that its incentives and constraints stringently reward only the desired performance and punish undesired performance. As the nation's founders and Adam Smith exemplify, this is a huge, long-term approach, and people want quick easy fixes. But quick easy fixes don't correct the flawed underlying structure and incentives, and *nothing less will finally end the symptoms*. The founders and Smith recognized this. So must we. Nothing less will do the job. If the redesign can be done well, then the organizations and people must follow the new incentives and perform well, whether they wish to or not; because otherwise they will fail and go out of business. (Recall our small example of auto safety earlier.)

- This is the virtue of macrosystem redesign. We cannot change human nature, but we can change the structure of our large systems to reward desired performance. Then, whether good guys or bad guys, they all have to perform as society wishes or go broke.

To underscore the absolute necessity of macrosystem design in these large problem systems, recall again that the difference between the American Revolution and the French Revolution was macrosystem design. Both fought a bloody war and overthrew their aristocracies. But the Americans came up with and implemented a radical new redesign for government and stayed free; the French had no plan and fell back into monarchy for another half century.

Merely designing any macrosystem with new structure and incentives that stringently select for the performance goals society desires of the system is a very difficult task. But it is always dwarfed by the political task of implementing the new design. It will always be opposed by any powerful special interests prospering in the present flawed system. As the ever trenchant Niccolo Machiavelli observed almost 500 years ago:

- There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. For the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in all those who would profit by the new order, this lukewarmness arising partly from fear of their adversaries, who have the laws in their favor; and partly from the incredulity of mankind, who do not truly believe in anything new until they have had actual experience of it.

– *The Prince*, 1532

This is particularly so today. Public policy and government are the natural instrument to effect most such substantial social engineering, but due the massive right-wing social engineering onslaught, government has become the puppet of rapacious interests benefiting from the nation's many flawed macrosystems needing redesign today, and cannot be relied on. This is why honorable and enlightened superrich capitalists appear to be the only adequate vehicle for major redesign until government can be restored to appropriate independence from special interests.

The Necessity to Redesign the Economy and Political Financing

The political problem of government is how to stop those who come to political power from running away with all the marbles. That will happen in any government unless that government is specifically designed to prevent it. The American founders' answer was a specifically designed system of institutionalized political checks and balances, a system under severe strain today.

Likewise, an economic system has the same problem, how to prevent those at the economic top from running away with all the marbles. That will happen in any economic system unless that economic system is specifically designed to prevent it. The unchecked incumbency power of capital has now enabled runaway economic power to outstrip political power. Our founders' system of political checks and balances is now being unraveled by those among us ... some uncaring, some unthinking ...who have come to unrivaled economic power at the top wanting all the marbles by fair means or foul.

In a nation with a market economy which has pledged itself to promote the general welfare and liberty, that nation must 1) come up with a similar system like the founders, a redesigned market economy with sufficient institutionalized *financial* checks and balances to properly regulate capitalism ... a system that ensures that able capitalists are rewarded by a just and plentiful number of marbles, but also ensures that the society which has enabled and defended, often with their lives, the economic system that has so generously rewarded them also gets a proportionate and just share of the marbles sufficient to protect the general welfare and liberty.

And equally important, it must 2) come up with a redesigned institutionalized political financing system that insulates government sufficiently from private wealth such that rich capitalists cannot unravel the system supposed to be regulating them. Such unraveling is exactly what the right-wing social engineering onslaught is doing now, and it must be stopped. That this onslaught has not only arisen but allowed to arise shows the peril to liberty that occurs if government is not properly protected from great private wealth.

As with the principle of separation of church and state, human rights and liberty demand *a principle of sufficient but just separation of wealth and state*. Government must be protected against the depredations of wealth but in turn wealth must be protected against the depredations of ideological egalitarians ...extreme populists and socialists who want to politically level incomes and assets. Keeping inequality in the sweet spot should help provide a reasonable balance.

Are enough superrich capitalists sufficiently concerned for their country and liberty, and for a sustainable positive capitalism, to institutionalize appropriate restrictions on their own economic power? It is not like they sacrifice any discernible wellbeing. They remain rich, privileged and powerful beyond imagination, which should be more than sufficient for any reasonable human being.

All they surrender is the right to *unlimited* wealth and financial power. This may outrage the rapacious, the egomaniacs, the megalomaniacs, but it is no sacrifice for responsible capitalists who believe it both their honor and obligation to pass on to posterity an improved government and an improved market economy that promotes the profound liberty and general welfare they themselves inherited, and is now in such great peril. They would be the generation who saved the nation and saved beneficial capitalism. To all the wealth, power and privilege they now possess would be added unmatched legacy and a nation's gratitude.

What is success? What meaning and legacy do you wish for your life? Is it simply piling up more than anybody else no matter the harm to everybody else? How is that different than any tinpot despot, than any other self-centered self-serving Ozymandias of no good to anyone else, disintegrating in the sands of time? Or is it using your great talent and more than ample pile to leave behind far more than you received; to preserve and enlarge the foundational values of your country which have served you, your nation and mankind so well; to protect and increase the general wellbeing and liberty for ourselves and our posterity. What greater lasting meaning and legacy, with the world's gratitude, could you bring to your life?

The Necessary Tasks to Save Liberty

Now is the time for all good superrich capitalists to come to the aid of their country. In the remainder of this essay I shall explore what might motivate a sufficient number to do so, and the necessary tasks and specific steps they likely must take if they are to succeed in saving liberty.

Honorable capitalists must realize that installing positive capitalism alone, such as a strong stakeholder capitalism, is necessary but insufficient to stop runaway inequality and achieve inclusive growth. First, it is vulnerable to capture by rapacious capitalism, as experience has shown; it cannot be allowed to depend solely on voluntary good intentions of honorable capitalists because many of them are not. Second, like any other sector of society, positive capitalism cannot be left alone to police itself (ask Alan Greenspan). Thus both economic redesign and proper regulation are required in addition to positive capitalism .

Let's start with the tasks. The required redesigns of the economic system and political financing system are profoundly difficult technical problems. They are certainly not perfectly solvable. But they can surely be solved well enough to be practical as a start and then improved over time.

But the difficulty of the technical problem is dwarfed by the difficulty of the political problem. If promising proposed redesigns were arrived at, how would they ever get implemented?

Even the most brilliant redesign will remain a pipe dream if sufficient political power cannot be mobilized to implement it. As I wish to devote most of the remaining discussion to the political problem, the truly difficult part, let's get a few observations about the technical redesign problem, the (relatively) easy part, out of the way.

Then let's get to the political problem, implementation: I see no political force strong enough except concerned superrich capitalists. The grassroots are certainly necessary, but alone they are too weak and disorganized. They need the leadership and resources of our ablest superrich capitalists. This presents two problems: First, how can we get sufficient of the nation's leading superrich capitalists to come to the barricades to defend liberty and the general welfare? And second, what must they do when they get there to create, implement and entrench the new redesigns for ourselves and our posterity across the nation?

Observations on the Technical Problem

Redesign of the Economy

The technical objective of this task is to design an economy that rewards the nation's constitutionally obligate goals: to promote the general welfare and liberty. The present flawed economy rewards unlimited runaway concentration of wealth, severely threatening the general liberty. Further, it is indifferent whether wealth be amassed for the benefit or harm to the public, severely threatening the general welfare. Therefore the present economy will need to be redesigned to replace these perverse incentives with powerful proper incentives. I believe the following ingredients absolutely necessary to such an economic redesign.

Controllable inequality: A first major technical goal for this redesign is an economy with institutionalized mechanisms that break the incumbency power of capital that now drives the runaway concentration of wealth. Thus the redesigned economy must have mechanisms allowing policymakers to set and hold inequality at a fixed level ... not too high, not too low, the "sweet spot"... whatever level is deemed optimal to promote the general welfare and liberty

Inclusive growth: Controllable inequality ensures two Constitutionally obligate desiderata: not only that wealth cannot concentrate unduly, but also that economic growth will be "inclusive". The first will protect and promote liberty, the second, protect and promote the general welfare.

Thus, in any market economy where inequality can be held constant at a desired level, any percentage growth in total national income will then result in the same percentage rise in median income (e.g., a 2% increase in national total income would produce a 2% rise in median income, etc.*). This ensures that growth would, on average, be shared across all income brackets at least proportionately, rather than increasingly concentrating at the top while lower income brackets stagnate. This is a practical (operational) definition of inclusive growth.

[* It also means the percentage difference between mean and median income would have a fixed upper limit. The percentage distance between the two might decrease, reducing inequality within each income bracket, but it could never increase beyond the limit.]

It is also one practical definition (if too simple) of promoting the general welfare. It is too simple a measure because wellbeing includes crucial non-financial components well beyond simply income and asset levels. But as a practical first start we may approximate the general welfare with simply the general financial welfare. In this first-step approximation, promoting the general welfare is then equivalent, at a minimum, to assuring inclusive growth. Inclusive growth is then Constitutionally obligate, and must become a main criterion for managing the economy. It is wholly ignored by the nation's economic managers at present.

Effective and just incentives: But at the same time, these mechanisms must nevertheless ensure: 1) fair and just financial rewards including the making of private fortunes for contribution, risk, innovation and hard work that promote the general welfare, and 2) disincentives discouraging free lunches and free-riders whether at the top or bottom of the income ladder, and 3) discouraging harm to the general welfare, including reasonable and fair consumer protections, worker protections and environmental protections. Finally 4) the regulators and rules must be kept open to private sector advice and critique on how to keep the regulation practical and efficient as well as effective. So many competing objectives is what makes the technical problem so difficult.

The redesigned economy must have mechanisms and incentives that make undue concentration of wealth not only as difficult but also as unprofitable as possible. It must have entrenched mechanisms that halt and reverse the runaway mergers of increasingly giant enterprises. Most such mergers are not about efficiency, they are about eliminating competitors and gaining oligopoly power, enriching those in control. And, as with any monopoly or oligopoly, no alleged gain in efficiency can compensate for the threat to liberty.

Proper regulation: Perhaps the great Theodore Vail, early president of the Bell System, offers an example for concerned capitalists. Vail, from his former experience as Postmaster General, realized the Bell System would be much better as a regulated private public utility than a public agency. Besides providing good, economical service, he thought the best protection against being nationalized, as was happening in Europe, would be to ensure Bell was regulated well in the public interest. So Vail made it deliberate Bell policy to create a continuing culture where "we will welcome our regulators in, and teach them how to regulate us well." His vision was borne out after WWI when the United States kept its system a private regulated utility whereas the European countries nationalized their phone systems. Within a decade, performance of the Bell System was superior and that of the nationalized systems a shambles not overcome until superseded into irrelevance by private cell phones just within the past few decades.

Heeding the wisdom of Vail, concerned capitalists might be well-advised to invite their regulators in and teach them how to regulate capitalism well, and create a business culture of welcome and respect for good regulation (including importantly, support for continuing

R&D on good regulation), and a culture of shame identifying capitalists who try to undercut good regulation out of self-interest.

Tax mechanisms: The redesigned economy must have tax mechanisms for two purposes: 1) to provide the wherewithal for the public services, and 2) to redistribute income and assets in ways that hold inequality constant at the desired level. These are two separate functions and are best considered distinct.

1) Support for the public services and their wealth production: The first function of taxes is that mentioned by Adam Smith. The public services produce those needed and desirable goods and services, at least a third to half of the wealth created by the economy, that we cannot buy individually but must buy collectively as a society. Mr. Will mentions roads, schools, and police, which we cannot buy individually but must buy collectively. But by not thinking the issue through thoroughly enough, he overlooks a host of other public services indispensable to the nation that must also be bought collectively.

One of his foremost omissions is proper regulation, one of the more demanding and wealth-producing public services by government ... that is, unless you don't mind e.g., airplanes running into each other, unsafe automobiles, flu and measles epidemics (and now a new worldwide coronavirus pandemic), opioid epidemics, food poisoning, air and water table pollution, exploitive markets and economic collapses, etc. etc. etc. Add protecting the nation's natural wonders and historic sites by our national, state and local park system ... unless you don't mind these being squandered on crass economic exploitation far less valuable to the general welfare than the availability of these precious wonders for all to enjoy and build the human spirit and national morale. Also add the basic research that has kept this nation in the forefront of world technology. It is the goose that lays the essential golden eggs on which the private sector feeds and cannot do without but cannot perform itself because the payoff is far too long-term and unknown for private investors; and yet the return on public investment in basic research to our economy and competitiveness is staggering. Too many legislators do not appreciate that without strong basic research funded by taxes, the nation and its private sector will become a technical backwater.

Conservatives say government should get back to basics. It is just that too many of them have a poverty-stricken notion of the basics indispensable to the nations' wellbeing and security; there are far more kinds of basic public services than apparently presently dreamt of in their philosophy. Where, for example, do conservative and low-tax advocates recognize the immense wealth that comes from business, patent and finance law, and the courts that adjudicate them, without which the private sector would be chaos? We can individually buy cars and computers, but we cannot individually buy a thriving basic research system, a sound business system, an educated citizenry, public health and safety measures, national parks, and especially, soundly regulated markets. We must buy all these critical goods and services collectively, and that is the job of the public services, and it requires adequate taxes not mindless parsimony.

This is wealth created by the public sector and it costs money to produce, and the return on investment is high. It is just that, unlike the private sector, the return on public goods and services does not come back to the producer, the government, but rather goes to the

economy as a whole. So government must continually ask for taxes to support the cost of producing its collective goods and services (just as the private sector continually asks that you pay for the cost of producing its goods and services). To scrimp on taxes for these vital public services is to cut the nation's throat. As the great conservative British statesman Edmund Burke remarked presciently more than 100 years ago:

Parsimony is not economy. Sometimes expense, and great expense, may be an essential part in true economy.

The object is not small government nor big government, it is good government that promotes the general welfare and liberty. A flourishing society requires both collective and individual goods. Since the private sector cannot finance collective services, they must perforce be financed by the public sector. Then unduly low taxes and small government may mean not that we are saving money but that we are underspending on collective services indispensable to the nation's wellbeing. Knee-jerk tax cuts mindless of this object are then a threat to the general welfare and liberty.

Should, for example, the general welfare and liberty be found best maximized by devoting 40-50% of the economy to high-quality collective goods and services ... and international comparison polls of national quality of life, life satisfaction, happiness and personal liberty suggest this highly likely! ... we should not complain about tax burdens of 40 to 50% as long as we are getting our money's worth. We should in fact be complaining that lack of adequate public goods and services is compromising the nation's general welfare and liberty.

Mindless advocacy of small government is as misguided as socialists' mindless advocacy of a small private sector. Just because the private sector is behaving badly at the moment, concentrating wealth at the top at the expense of stagnation at the bottom, would any reasonable person propose the solution is to shrink the private sector? The answer is to redesign the economy to reward positive capitalism and extinguish rapacious capitalism. Size of either sector in itself is irrelevant. The answer is an effective and efficient dynamic private sector, *and* an effective and efficient dynamic public sector alike in whatever mix and, most crucially, with the proper checks and balance between them, that best maximize the general welfare and liberty.

2) Redistribution of income and assets: The second function of taxes is redistribution of wealth and income to keep inequality fixed and growth inclusive. Let us not shilly-shally about the necessity of adequate redistribution of income and wealth to end runaway inequality and accomplish inclusive growth. Deafening right-wing propaganda would have Americans believe that income redistribution is an unmitigated evil, an unfair, unnatural and fatal wrench in the market and the economy will crumble, that any such redistribution is socialism or communism. This is all nonsense.

The cry of rapacious capitalists that a market economy with income redistribution will fall apart is as phony and no different than the cry of old, faced by the nation's founders, from the aristocrats of old, that a country without a king will fall apart.

Our Constitutional obligation is to promote the general welfare and liberty. And that requires inclusive growth; and inclusive growth requires holding inequality constant; and holding inequality constant requires redistribution of wealth from excessive concentration of wealth to unduly inadequate share of wealth. The only issue is to make sure that such redistribution is designed to maintain proper and just rewards and incentives on all people of whatever income to do their fair share of the nation's work at their level of ability, whether entrepreneuring and taking risk, or serving in the trenches, so that no able person rich or poor can freeload on the rest of us.

The taxes must come from those above the median income and flow to those below. Welfare handouts ... the dole ... seem a particularly poor way to do the latter. If you pay people not to work, do not be surprised if they don't. The key principle ought be Adam's Smith's admonition: to assist all able-bodied people to provide for themselves. This suggests two devices: earned income tax credits and income-related subsidy of all services vital to both the nation and individuals ... in particular, education at all age levels, health care from prenatal on, day care for working parents, pensions, care of the failing elderly, infrastructure investment particularly in low-income areas, and research-proven human capital development programs (from prenatal parent education to adult job skills training) for high-risk low-income people.

In other words, redistribution subsidies should go primarily into public investments and subsidies in physical and human capital services that help people better provide for themselves ... policies and programs that not only raise the general wellbeing and improve people's knowledge and skills but financially return more to the economy than they cost in taxes.

I agree with conservatives that doles and handouts merely drain the public purse at the expense of the taxpayer. The productive way to feed redistribution dollars to those below median income is productivity-enhancing services needed by all people in the nation, rich and poor, that maximize their earning capacity, services that the wealthy easily buy privately for themselves but lower-income people could never afford on their own.

How can we have an educated and maximally productive citizenry and workforce if low-income people cannot afford education and other proven human capital development programs appropriate to their needs at every level they are capable of, from pre-natal to retirement, unless subsidized? How can we ask low-income parents to work if they can't afford good daycare, and how do we expect low-income children to grow up to be productive citizens if good daycare (and all the mentoring it provides) isn't available and they wind up unsupervised and on the streets?

The requirement that inequality remain constant at a specified level will protect that these vital redistribution investments and services do not go underfunded. If underfunded, inequality will start to rise, requiring higher taxes for those above the median income, and more generous subsidies for these services for those below median income. Conversely if inequality begins to fall below the sweet spot, taxes on those above the median income can be correspondingly relaxed.

The source of redistribution funds should come from graduated individual and corporate income taxes and graduated estate taxes. The income tax is a tool not just for raising public revenue but for redistributing income to hold inequality at a fixed level. It was doing a fair job of this after WWII and inequality was declining. But in the 70's Congress decided that the rich needed tax breaks ... a purely political decision ... and gutted the progressiveness of the income tax, and inequality started rising.

The graduated income tax ought look like a hockey stick, sloping moderately upwards but at very high income levels should turn up sharply and become virtually confiscatory, discouraging rewarding avarice with unduly high incomes. There is no threat to liberty in earning undue income if you can't keep it and it becomes part of public revenue. Far better that people amassing this level of income be working for love not money, for the public well-being rather than personal gain. If they will work only for personal gain at this level, the nation is better off, and liberty is safer, if they choose not to work.

Likewise, the corporate income tax is not just a revenue tool, it can be used to capture the estimated cost of externalities being "conscripted" from the public for the benefit of the corporation. It is often difficult to eliminate such externalities, but a compensatory additional tax levy on estimated corporate externalities can make them unprofitable. Carbon taxes are the most talked about, but many other externalities ... pollution, health hazards, etc... could be put on the list. Similarly, compensatory added tax levies on any of their business in the United States can discourage firms from running their headquarters off overseas to avoid American corporate taxes. Indeed, the same can be done by States on any corporate business in the State by corporations headquartered elsewhere, to prevent corporations from running their headquarters off to States or countries that are corporate tax havens.

The income tax only redistributes income. The estate tax is a way of redistributing assets. It should be used not just for public revenue but as an *anti-aristocracy tax*, to break up family dynasties leading to hereditary privilege.

Some ... Mr. Will for example ... argue that parents have the right to bequest without limit as much as they wish to their children, and any government interference in this is "fraught". Is it not, he asks, a natural and inalienable right of parents who have earned their wealth to satisfy their innate desire to bequeath it to their children?

It is certainly an innate natural desire, and should be an inalienable right, reasonable and just for all citizens not in the highest asset levels. But we must recall that inalienable rights are not unlimited, and end where they threaten the inalienable rights of others to life, liberty and the general welfare. Bequests of those not in the highest asset levels are scarcely any threat to the general welfare and liberty. And even in the present flawed economy, people of moderate assets do not incur more than token estate taxes.

But it is a very different story when we come to the superrich. Here we run into the limitation on all inalienable rights, that they end where they constitute undue threat to the general welfare and liberty. In a nation dedicated to liberty and equal opportunity, and to

protection against aristocracy and tyranny, undue hereditary wealth particularly at the levels of the superrich constitutes just such an obvious threat, increasingly apparent today.

That is why it is inadvisable to allow extraordinary fortunes to become hereditary wealth. A variably graduated estate tax that begins gently well above the mean level of assets and increases moderately until it gets rather sharply stiff and confiscatory at the unduly high end (i.e., again picture a hockey stick) is a fair and just bastion to protect liberty against budding hereditary aristocracy. It is not a “death tax” and a “penalty-for-success tax” as right-wing propaganda would have us believe. It is an “anti-aristocracy tax” totally appropriate to America, a preventive tax to protect liberty.

It ought be an American principle that *privilege should be earned not inherited*. Please take note that limiting the bequests of the unduly wealthy is not “fraught”, it is Constitutionally obligate when it comes in conflict with the general welfare and liberty. There is a whole finance industry of “family houses” devoted to maximizing transfer of wealth from one generation to the next, a system of hereditary privilege and budding financial aristocracy inimical to the general welfare and liberty. The children of privilege already have so much non-financial advantage over other children, it is neither necessary nor advisable they be given undue financial advantage as well. Let them earn their fortunes as their parents did.

The real advantage for children raised in privilege, whether they got the best genes or not, is their upbringing: superior adult role models, superior education, superior mentoring, and superior social connections. All this creates, even for those privileged children of modest talent, the vision and skills of what is possible, not to mention starting career positions, unavailable to even the most talented children of the poor.

I believe this proposed redesign of the economy has great advantages: to capitalists, to positive capitalism, and to the nation in the productiveness of the workforce and economy, and in the general welfare, fairness, happiness and liberty of all members of society.

And I will offer a case study in Part VI that offers precedent and empirical support that these advantages are achievable in practice, not just theoretical. In fact, capitalists in several countries have actually accomplished these economic redesign measures, including positive capitalism and strongly progressive taxation, and the results have been superb for capitalism and capitalists, and for public support of capitalism, as well as for the wellbeing, liberty, and happiness of the citizenry.

But these advantages will come only if our honorable superrich capitalists are, like the noted Solon of ancient Athens (see Will Durant’s account later below), sufficiently wise, far-sighted and committed to the nation’s foundational values, to willingly implement the kind of tax structure and other redesign measures, falling most heavily on themselves, proposed in this redesign. The alternative is tyranny, rapacious capitalism, class warfare (particularly against capitalism and capitalists) and revolt.

Redesign Of The Political Financing System

Regarding the second technical problem, redesign of political financing, the objective of the redesign is to politically insulate legislators and regulators from private capitalist

wealth sufficiently that rapacious capitalists cannot unravel the laws and regulation that make capitalism beneficial to all. This unraveling is in full-swing today, the objective of the massive right-wing social engineering onslaught. The current flawed political financing system allows unlimited amounts of dark money to flow into campaign coffers and lobbying to influence and buy legislators, and into skilled media disinformation campaigns to influence voters and public opinion. Since the funds of superrich individuals and large corporate and financial firms dwarf the sources for all other voices, this stacks the deck against hearing other voices.

We see the result, as described in Part II above, that government and public opinion are now unduly under the thumb of rapacious superrich capitalists, with great harm to the general welfare and great threat to general liberty. Hence concerned capitalists who wish to see capitalism properly and sensibly regulated, must be willing to limit ... not eliminate, but properly limit ... the present undue financial political influence of wealth. The constraints must be sufficient that the superrich cannot weaken proper regulation of capitalism. If proper regulation is being undermined, legislation and the courts must see that the constraints are tightened, and concerned capitalists must support them. This will produce a more just balance in voice between the haves and the have-nots, appropriate to a democracy. It will require appropriately tailored limits on political spending by individuals and organizations, reflecting their characteristics.

Again there is no perfect solution to this problem but great improvement seems possible in practice *if* strongly backed by concerned capitalists seriously committed to saving liberty and positive capitalism from rapacious capitalism.

Removing legislative and judicial obstacles. The biggest vulnerability enabling the present undue political influence of wealth is *unlimited* political spending, not only by individuals but corporations. Unlimited political spending has been justified as free speech not by legislation but by poorly thought-through court rulings. This means the superrich are allowed, without limit, not only to spend 1) their own vast personal fortune but 2) the even vaster wealth of all the enterprises they control, to influence elections and elected officials. How any court in a democracy dedicated to the one-man one-vote principle can justify unlimited political contributions by the privileged few, but even worse, by their enterprises is beyond me. It simply shows the undue influence of the superrich on the appointment of Justices and judges, wholly destructive of justice in a nation pledged to promote the general welfare and liberty.

Besides permitting undue influence of money to pervade elections, the Court has undermined democracy in a second way equally serious. It has greatly weakened protection against corrupt State practices aimed at disenfranchising low-income and minority voters and the opposition party. It has gutted the Federal Voting Rights Act, the only independent check and balance on corrupt State voting practices; it has upheld sham State voter fraud laws that are transparently voter suppression laws; and it has referred authority over gerrymandering and political manipulation of voter registration back to the States, the very parties committing these crimes against democracy.

If this vulnerability is not corrected, there will be no way to protect proper regulation of capitalism from rapacious capitalists bent on undoing it. Democracy will become a facade and toy of the superrich ... already well under way. Both doctrines must be reversed. If courts and legislatures prove insufficient, then the nation will need Constitutional amendment that 1) money is not free speech and political contributions can be duly regulated and limited, and 2) corporations are not persons with protected First Amendment rights, only human beings are. And we can only get such an amendment if committed superrich capitalists lead the charge.

A proposed political financing principle and mechanisms. There are numerous mechanisms to appropriately curb the present undue political influence of the superrich and vested interests, and achieve a more just balance among all voices. The objectives are to limit undue and unfair expenditures for political campaigns, undue and unfair expenditures for lobbying, and undue and unfair expenditures on political media campaigns. To accomplish this, Mark Davison has advanced a brilliant principle that: *the right of campaign contribution is an extension of the right to vote, not of the right to free speech; therefore the same limits that apply to the right to vote should govern the right to contribute to campaigns.*

The Davison Principle suggests a number of promising mechanisms that deserve careful consideration. First, only citizens can vote; artificial entities like corporations and PACs cannot. Therefore only citizens should be allowed to contribute to campaigns, not these artificial entities. Second, citizens can vote only in their own voting districts. Therefore campaign contributions ought be allowed only in the district of the donor giving them. This prevents extravagant outside spending from overriding the interests of the district's residents. Third, a citizen is limited to a maximum of one vote. Therefore a donor's campaign contributions ought also be similarly limited to some maximum amount, perhaps the median income of the district. These three existing limits on the right to vote have never been regarded an undue restriction on the inalienable right to vote, so their extension to campaign financing under the Davison Principle would not be either. In contrast, unlimited campaign spending by superrich interests permitted by specious judicial interpretation of freedom of speech threatens the most fundamental American right ... no legislation without representation.

These mechanisms should quell the new bribery of legislators, which is open and legal. Special interests seeking favors will have go back to the old under-the-table bribery, which is illegal and prosecutable.

In the interest of getting to the more difficult political implementation problem, I will stop with these proposals for limiting undue political campaign financing, and forego suggesting possible remedies for curbing undue lobbying expenditures and undue media expenditures that are really political campaign ads masquerading as issue ads. I will simply leave it that reversing retrograde laws and court decisions that obstruct properly curbing the undue political influence of wealth will be part of the technical objectives of the redesigned political financing system.

Observations on the Political Problem: Implementing the Redesigns

We now ask, suppose the technical experts produced promising proposed redesigns for the economic system and the political financing system ... the former with fully adequate institutionalized mechanisms for properly regulating capitalism, ending runaway inequality, and assuring inclusive growth; and the latter with fully adequate institutionalized mechanisms protecting the new economic system redesign from being undone by self-serving capitalists wishing to reestablish unregulated capitalism. How could such marvelous, desperately needed redesigns ever be implemented politically?

The only possible interest group left in this country with the financial power, political power and executive ability to implement the new redesigns would be a sufficient number of concerned superrich capitalists themselves.

What could possibly induce sufficient numbers of superrich capitalists to commit themselves that ... in their own best interest, in the interest of capitalism itself, and in the interest of the nation and liberty ... capitalism ought become and stay properly and sensibly regulated? Second, what is a sufficient number that, if they became committed to the goal, might have good prospect to succeed? Finally, what agenda might give best prospect to accomplish the goal if they stay the course to see it through?

One helpful model is the American Revolution. The Continental Congress was in fact primarily a collection of the leading wealthiest capitalists in the colonies. Without them there would have been no Revolution. There was widespread grassroots support, but it lacked the ability, leadership, organization and financial wherewithal to mount any successful rebellion against the British monarchy.

It might be motivating for our superrich to know more about the extent and highly varied ways that our nation's wealthy founders devoted their fortunes to the cause of America and its ideals ... some profited, some lost much, some lost all. They would find it worthwhile to check out Shachtman's brief article *The Founding Generation Showed Their Patriotism With Their Money* (theatlantic.com/ideas/archive/2020/02/founding-generation-showed-their-patriotism-their-money/606166/) We desperately need all the wealthy today who love their country and liberty, to emulate our founders.

But these leading wealthy capitalists were not even a majority of the leading wealthy capitalists in the colonies. According to John Adams, only a third of the leading citizens in the colonies supported the Revolution, a third opposed, and a third sat on the fence. But that turned out, barely, to be sufficient. If a third of our superrich capitalists in the United States committed themselves to saving liberty and entrenching positive capitalism in this country, would that be sufficient? Perhaps it would. But they must expect just as protracted a struggle as the founders faced, the same kind of time span from the lead-up to the Revolution to final design and passage of the Constitution, and the same kind of opposition from actively opposed rapacious capitalists, to get it done.

We are asking the superrich to place limits on their financial power in the interests of saving liberty. What induced the founding fathers, some of the richest, most entrepreneurially and financially accomplished men in the land, to expend their wealth and limit

their own political power; to abolish aristocracy rather than assume it themselves? A set of Enlightenment ideals for universal human rights to which they had become committed, and which justified their separating themselves from a monarchy not subscribing to those ideals. Ideals now expressed so nobly in our Declaration and Constitution, quoted earlier, that they set themselves to making practical and bringing into the world at risk of their lives, their fortunes and their sacred honor.

In other words, a combination of ideals, patriotism and self-interest. Self-interest to free themselves from English control certainly, yet a justification far above mere self-interest. Had they had only self-interest, this would be a very different America, just another despotism on the dustbin of history. Had they not had self-interest, it is unlikely they would have risked their lives, fortunes and sacred honor to materialize those ideals. And what they started here spread across the Western world. They bequeathed a practical system of governance protecting and promoting liberty and the general welfare not only to us but to mankind that has lifted millions from impoverishment and grinding servitude. That is legacy! Our superrich patriots who save that liberty and wellbeing will be an inseparable part of that legacy.

The Goal.

Imagine all our honorable superrich capitalists ... those who believe in capitalism and want to see it serve mankind rather than exploit it; who love their country and believe in its foundational values to protect and promote the general welfare and liberty; and who want capitalism to serve those values for all Americans rather than a small elite of greedy financial oligarchs at the expense of the public and the planet ... imagine them going to work, like the founders did on the Declaration and Constitution, on a similarly great new social engineering project: to do for capitalism and the economy what the founders did for governance, all to the same end: to rescue and secure the same foundational American goals and values now in such peril.

In other words, history has now shown us that securing the values on which this nation was founded ... human rights, democracy, the general welfare and liberty ... requires more than a brilliant bespoke system of political governance; it also requires a brilliant bespoke system of economic governance. Otherwise the economic system can undermine the political system. Indeed our flawed economic system is now doing so and becoming beyond the power of our Constitution to contain.

Hence today's concerned superrich capitalists must take on a new task unanticipated by the nation's original founders, to complete what those founders so nobly began: a new 'economic Constitution' to go with or fold into our original 'political Constitution' ... a new model of a market economy and of political financing assuring a positive capitalism that secures and promotes the general welfare and liberty.

And if they succeed, imagine them similarly bequeathing to the world this model of positive capitalism. America is watched by the world as few other countries. Just as our Constitution spread across the globe, positive capitalism in America would likely spread worldwide. Imagine: A properly redesigned economy and reshaped positive capitalism such that, whatever their motives noble or selfish, when our most entrepreneurially gifted people

create wealth, all members of society benefit at least proportionately ... not equally (socialism is a failure) but proportionately. A properly redesigned economy and reshaped positive capitalism that looks to the wellbeing and rights of all stakeholders: protecting and promoting the general welfare of consumers, workers, community, nation and environment as well as, equally importantly, of entrepreneurs, owners and investors. That would be astounding legacy to give the nation and the world! Make no small plans.

Will They Come?

Can we get our responsible capitalists to answer the call? Since the super-rich by their very wealth are free to drop or delegate to others what they are presently doing at any time, it is not a question of availability, it is a question of character and motivation.

What would motivate enough of these super-capable and powerful men and women to drop what they are so good at ... what they so thoroughly enjoy, what showers them with great wealth, power and prestige ... to look above their present enterprises and, seeing the nation's peril, take upon themselves like the nation's founders the new higher calling to become powerful private or public statesmen who join with like colleagues and apply their great talent and resources to defend their country and liberty?

The peril is not from military aggression from without, it is from financial aggression within. As Walter Lippman observed

Very few established institutions, governments and constitutions are ever destroyed by their enemies until they have been corrupted and weakened by their friends.

The requisite defenders to mobilize against this corrosive corruption, unregulated capitalism, are not our military soldiers, they are our able concerned capitalists.

A first motivation is patriotism, preserving and promoting the ideals on which our country was founded...the human rights ideals that our founders made the bedrock of the Declaration and Constitution. A second is obligation and gratitude to a society who created, defended, and helped them reach positions to flourish so mightily. A third is leadership responsibility, the responsibility of those who attain leadership, for the wellbeing of all stakeholders whom they oversee or are beholden to. A fourth is preserving and improving our system of sound market capitalism and free enterprise. Finally, a fifth motivation is "been there, done that" ... why more of the same when I don't need it, time for a worthy new challenge in my life. And perhaps woven through all these is a sixth, standing on a long Western philosophical tradition, gaining life-meaning by striving for the good.

There is also a further possibility that I hope might inspire our concerned capitalists: a love of country. I believe our concerned capitalists can unite a divided America. I believe that, excluding the rapacious, if concerned capitalists can convince the public of their seriousness and sincerity, their leadership on an agenda to reform the economy and sensibly regulate capitalism for the benefit of all would find such widespread support on both the left and the right that it would help reunite this divided nation, bringing Americans together to defend liberty, the general welfare, and capitalism itself, against tyranny not seen since WWII. Concerned capitalists, there is a gift to the nation worth your every effort.

To look into all these motivations further, let us wildly simplify and roughly divide our superrich capitalists into three groups ... the caring, the rapacious, and the unthinking ... and ask whether and how each might respond to these motivations *if* we can bring them to their attention and suggest a roadmap of what needs done. The following sketch of each of these groups is a painfully overdone caricature, but hopefully useful in provoking our capitalists to look at themselves.

Caring capitalists will likely respond to all of them. These include both the humble who believe in servant leadership, as well as the arrogant but who take seriously *noblesse oblige*. Most everyone knows the Declaration phrase ‘all men are created equal’ does not mean all people are of equal ability or deserve equal rewards. But it does mean they do deserve equal rights, respect, fairness of opportunity, just rewards, and equal justice before the law. Talented capitalists who believe in “servant leadership” do not believe their privileged position makes them better than others in human dignity; rather, that their position and ability give them both opportunity and responsibility, both for their enterprise and themselves personally, to do good for mankind. I am hoping these might be first to answer the call when made fully aware of the stakes and the magnitude of the task ... the first who start to find each other and begin assembling a group of the privileged superrich who will organize for the task.

Less humble caring capitalists assume themselves superior to the rest of mankind and expect some degree of deference, but these patricians also assume it their responsibility beyond the care of their enterprises to see to the adequate wellbeing of the less blessed and unfortunate, as well as keeping their community, society and the environment in good repair. They are the type who donate generously to worthy causes, but often demand their name on the favored institution or cause. They may heed the rallying call of servant leaders but want prominence or leadership. They are desperately needed and will be welcomed if their pride is not divisive.

Rapacious capitalists. Let’s spend a moment on the character, culture and behavior of these very dangerous people. Let us ask rapacious capitalists if they recognize themselves in the sketch below, and ask honorable capitalists if they recognize these dishonorable colleagues in their midst. And let us ask unthinking capitalists in which category do they fall presently, as opposed to in which category they wish to be.

The truly rapacious are those in whom avarice has become addiction. Some are born that way, some are reared that way, and some acquire it corrupted by their own success. What does it do to a man’s character to have endless lackeys at his beck and call to indulge any whim that money can buy? Even when they have more than beyond the imaginings that any normal person could ever want, there is no such thing as enough for these people, they always need more ... more wealth, more prestige, more power, more deference, more adulation, more envy... more!

The successful rapacious know the moral code (it helps them deceive others). But they feel it so feebly themselves that they consider inability to squelch any remnant moral feelings whenever to their advantage a sign of weakness. That’s for losers, not winners like themselves.

Rapacious capitalists justify their self-seeking because they really believe that underneath all altruistic pretenses, everybody is like themselves ... that just like themselves, everyone really just looks out for number one; everybody really thinks only “me” not “us”; everyone is just as self-serving and trying to be winners and make it big. Indeed, they believe altruism itself simply a lame pretense for envious losers to make demands on winners. Losers are inferior ... either too dumb or too morally squeamish. People deserve what they get: those that get less deserve less, those that get more, whether by fair means or foul, deserve all they get. They do not regard foul as foul, they regard it as shrewd; it gives them advantage over the squeamish losers who think it foul. It’s survival of the fittest, dog eat dog, and they are the fittest. They do not think of themselves as rapacious, they think of themselves as superior ... the winners ... and to the victor belong the spoils.

The fictional General Zaroff of Richard Connell’s short story epitomizes this rapacious attitude. He says baldly, “Life is for the strong, to be lived by the strong and, if need be, taken by the strong.... The weak of the world were put here to give the strong pleasure. I am strong. Why should I not use my gift?” You decent but unthinking capitalists need to take strong steps that show you repudiate such views, or the public will lump you with the Sacklers and Madoffs of the world.

What are we to think of people who, for one among countless egregious examples, deliberately dump the toxic waste from their enterprises in public rivers and water tables? They know these wastes will take lives and injure the health and pocketbooks of people in the exposure area, often permanently. Yet they proceed anyway, publicly dismiss the harm as the exaggerated prattling of tree huggers, and congratulate themselves for being shrewd businessmen. And their rapacious colleagues see nothing wrong with this, indeed are impressed with their skill. What are we to think of a capitalist culture, or society, or government that would not only let them do so but actively gut any regulatory restrictions in their way?

Or as a second example, what are we to think of people who turn their private for-profit prisons into hellholes to squeeze out more profit on the backs of both prisoners and their ill-paid ill-trained staff, and think themselves such clever businessmen? And their colleagues admire their money-making ability. And what kind of capitalist culture, society and government would look the other way while they do so?

Current capitalist propaganda is a steady drumbeat how this will stimulate the economy and provide jobs. The executives at the top and their investors enrich themselves on human misery which goes under the radar and never shows up on the Dow-Jones. What are we to think of a government that won’t protect its citizens from these corporate and financial giants’ depredations, and leaves the victims helpless?

And what are we to think of all the tax dodgers? It is bad enough with the superrich and their firms spending millions lobbying for tax cuts for the wealthy and their enterprises, and for sneaky loopholes, allowing them to escape billions in taxes (legal tax evasion). But what are we to think of a billion-dollar tax-evasion industry of highly paid professionals (largely in plain sight) employed (largely out of sight) to illegally launder and hide money

in legal and illegal foreign and offshore bank accounts? And what are we to think of a government that in the name of economy starves (deliberately?) the IRS of funds so that it cannot do the necessary audits and enforcement investigations to staunch this complex deluge of lost public revenue by the rich? And what are we to think of the rapacious capitalists perpetrating all this, congratulating themselves on their shrewd business acumen? An honor to pay taxes to support the country you love? ... what a joke.

The loss of all this tax money properly obligated for the public services is short-changing vital, needed public services for the general wellbeing, and unjustly shifting the burden for those services to those less and least able to afford it, as well as “non-consensual” conscription of the income of our children and grandchildren. When vital public services, such as police and schools and physical infrastructure, public health and basic research, and market regulation, etc., are starved, the entire general wellbeing of the nation suffers.

To hear the right-wing propaganda, government is a parasite wasting taxes by its own inefficiency and by feeding lazy freeloaders at the public trough. This is patently false. Public goods and services create upwards of half the wealth and wellbeing of the nation, benefitting all citizens particularly the superrich. We should therefore not be surprised or complain if half of national income goes to taxes. We should complain only where taxes are being spent wastefully or inadequately, and we are not getting our moneys’ worth of the collective goods and services we need, indispensable to a flourishing market economy. That means government must be pressured to adopt wiser, more effective and efficient policy, not to let those who benefit inordinately from our economy to legally and illegally escape their proper and just share of the tax burden. As Adam Smith remarked:

The rich should contribute to the public expense, not only in proportion to their revenue, but something more than in that proportion.

Studies both here and abroad show that the lowest income earners pay the largest proportions of their incomes in taxes, and in some cases also pay the highest marginal tax rates, even more than 100% on each additional dollar earned. In the interest of fairness and justice, why should taxes not be distributed such that those who financially benefit the most from the economy of a society pay the most percentage-wise, on some progressive schedule, to support that society?

We can assume rapacious capitalists will actively oppose any effort to limit their power to gain wealth or shirk taxes by fair means or foul. Thus if honorable superrich capitalists decide to take the cause of liberty upon themselves, their most powerful opponent will not be the weak-kneed government or the bitterly misled and divided public, it will be their equally “talented and creative” rapacious capitalist colleagues.

These are the dangerous, unscrupulous and extremely able people they will have to contend with. These are the predators and tapeworms of our nation, devouring the liberty on which they munificently feed while destroying it, liberty bestowed freely by generations of Americans who have fought and died to achieve and protect it. These are the root of the problem, and they must be defanged.

Unthinking capitalists, on the other hand, may offer considerable opportunity to recruit support. Unthinking superrich capitalists are far beyond any need for greater wellbeing. They are rather like avid video gamers, absorbed by the game of capitalism at which they excel, and they strive both for excellence and the thrill of competing and winning. It is not only their living, it is their recreation, it is their life, they enjoy it so thoroughly they live it day and night and find most other activities boring. Like extreme video gamers they are virtually addicted to their game. Their excellence at the game of capitalism rewards them with great wealth, status, prestige, and influence, and they move in the circles of power and make big things happen. How can they not think both the game and themselves terribly important, and most other matters extraneous?

Much the same as extreme video gamers, unthinking superrich capitalists are immersed in a *culture of like-minded people*. They spend most of their time largely with others like themselves equally immersed in the game. This culture, like gamer culture, does not provoke or reward them to look outside the game, only to immerse themselves more deeply in their projects and deals with others like themselves that promise great financial returns. This immersion has worsened. Ever since Wall Street discovered financial engineering, the rapacious have been on a feeding frenzy. They have upped the game. And all too many of the unthinking have been swept along in the craze without much thought. This *unthinking culture* of current capitalism, overlooking or ignoring its rapacity, is one of the great problems needing change.

Many of these supremely talented people think of themselves as normal decent people, courteous to others, kind to animals, active and generous with church and charity. Many, if they could be awakened to look above their enterprises to the consequences of those enterprises for humanity, the planet and capitalism itself ... which their culture seldom gives cause to think about ... might well be shocked. They might also be jarred that the public does not distinguish them from rapacious capitalists and ascribes to them the same ruthless avarice.

Utterly secure for the rest of their lives, some might decide, if awakened or persuaded by respected colleagues, to join the cause to properly regulate capitalism in the interest of all stakeholders, fellow citizens, and humanity rather than just the few at the top, and in the interest of the sustainability of capitalism itself.

Capitalist Culture Change.

Where aristocracy and tyranny reign and human rights are unknown, most aristocrats give little thought to the extraordinary suffering and early death they wreak upon their peasantry. It is accepted by their aristocratic peer culture, and their victims have no power to resist. Aristocrats do not call each other out on their despotic behavior. In their culture it does not occur to them.

Then along came the Enlightenment ... the 17th and 18th century era of brilliant thinkers who gave us science, human rights and the universality of mankind. Aristocratic culture became unacceptable to knowledgeable honorable people. Those aristocrats who could not grasp the new superior morality were dragged kicking and screaming into the new age, sometimes by bloodshed, sometimes by slow legal reform.

There is too little difference between the current culture of capitalism and the despotic morality of the old aristocracy. It is high time that Enlightenment morality and human rights were brought into capitalist culture.

Should not honorable capitalists want capitalism to have an honorable culture? An honorable culture just as much while doing business as outside of it? Why should the culture of capitalism allow so many capitalists to cruise along oblivious to the harm they are doing and tolerant of the harm other capitalists are doing?

Honorable capitalists who would not do such things themselves sit idly by, keeping their noses in their own honest enterprises. Or many may have to reluctantly participate unwillingly lest their enterprises suffer being undercut by underhanded rivals. Not our job, they think, what can we do anyway, we have enough to do keeping our own enterprises going. (And they are right. *Alone* there is not much they can do. They do not think to unite or even grasp the problem is so serious they ought unite.) Then these honorable capitalists become alarmed that the public is losing confidence in capitalism. Time to connect the dots.

When well-confirmed research uncovers that a product does great harm, why is it almost invariably the unthinking knee-jerk reaction of capitalists to ignore, suppress or malign the research and the researchers rather than work cooperatively with them; to engage in vast duplicitous publicity, lying by omission and commission, beyond the power of researchers to counter; to drown out and denigrate the research and smear the competence and motives of the scientists whose hard work uncovered the problem? And when their own research shows one of their products dangerous to human life and health, such as the shameful examples of leaded gas and cigarette smoking, rather than share that information they cover it up, often for years if not caught by outsiders, and millions are sickened and killed. Why? Because the flawed economy financially rewards such behavior, *and current capitalist culture condones and encourages it.*

Take a famous historic example: When *Silent Spring* was published in 1962, exposing the severe side-effects of DDT, the chemical industry viciously attacked Rachel Carson, dying of breast cancer (she succumbed in 1964), and her work. A meticulous biologist, it had taken her four years to research and write the book as she battled her cancer. Did a concerned industry rush to check that her work was correct and take DDT off the market? No. Without bothering to check any facts Chemical World News called the book “science fiction”. Equally bereft of facts, Time magazine called it “an emotional outburst”. Reader’s Digest canceled a contract to condense it and ran the Time piece instead. A Federal Pest Control Board member said, “I thought she was a spinster, what’s she so worried about genetics for?” But scientists following up her work verified DDT had widespread severe side-effects on wildlife and humans. It took ten years before DDT was banned because its effectiveness in wiping out malaria was undisputed, but industry propaganda kept the public from learning the side effects were worse to humans than the benefits, nor was there any government agency to ban it. (The DDT disaster prompted creation of the Environmental Protection Agency in 1972, and President Carter awarded Carson posthumously the Presidential Medal of Freedom in 1980.)

Take a very current example. EPA scientists have recently determined in areas surrounding the huge corporate plants that manufacture the toxic carcinogenic gas, ethylene oxide, (Dow, Shell, Union Carbide, etc.) as well as the plants of smaller firms that use the gas in their production processes, that cancer rates are four to ten times the national average. People exposed to this odorless gas have no way to know they are breathing it, and the government, responsible for public safety, isn't telling them. The Administration has actually tried to bury these findings and discouraged EPA monitoring or publicizing air levels of the gas around these plants. The EPA is under Administration pressure to eliminate regulations, not adopt new ones like pollution controls on toxic gases like ethylene oxide. Thus firms can discharge or leak the gas freely. Industry groups are pressuring the Administration to throw out EPA scientists' reports and replace them with reports of industry scientists whose research has already been discredited by earlier panels of independent scientists convened by the EPA.

Other examples abound. When science discovered such results as lead paint, poisoning and brain-damaging children; CFCs destroying the ozone layer; BPA harming fetal and infant health; insecticides killing pollinators; carbon emissions causing global warming, etc., did industry rush to ascertain the truth of these results? No, they rushed to smear the research and the dedicated scientists who established these findings.

Why is it when the rapacious leaders of Comcast and CenturyLink think it shrewd business to rob their customers with deceitful billing practices and sham fees, or Wells Fargo rob its customers with fraudulent bank accounts and hidden charges ... both cases the product of an unchecked venal capitalist culture in top management ... and the media uncover these crimes amid much public outcry and government inquiries, there is not a word of outrage raised by honorable capitalists?

Why does such egregious behavior go virtually unremarked in capitalist culture? How has it been allowed to become acceptable? Why should honorable capitalists, let alone the nation, tolerate a capitalist culture that in sheer financial greed attempts to suppress truth vital to the general welfare?

This dishonorable behavior debases capitalism, creates widespread public contempt, loss of confidence, and hostility to capitalism. Why then is it ignored by honorable capitalists? Because 1) as a result of the right-wing social engineering onslaught, government has become a sham ignoring and excusing dishonorable capitalist behavior, and 2) capitalism itself lacks a sufficiently honorable internal culture. Thus few serious consequences attend such dishonorable behavior either from government or capitalism itself.

A positive capitalism ought have an honorable culture that 1) supports constant independent assessment of its projects, products and processes, 2) ensures the public becomes well informed of adverse findings, 3) sees that companies who move responsibly to alter and phase out harmful projects, products and processes are publicized and praised (perhaps even receive public subsidies to help end production), and that 4) companies that do not are equally publicized and shamed (and perhaps fined for damages until production ends).

Publicity is a key. As the earlier example of auto safety illuminates, it is more powerful than rules and fines. If there is no publicity, rapacious capitalists can get away with murder ... and emitting ethylene oxide is murder. And if there is no publicity, unthinking capitalists can commit murder without anyone reminding them that they are committing murder.

How can honorable capitalists create such an honorable culture of positive capitalism, and even more importantly, how can it be institutionalized and entrenched? I shall suggest possibilities below, but they work only if honorable superrich capitalists themselves lead the charge!

Wall Street will of course complain at any loss of profit when dishonorable profitable behavior is curtailed, and will attack executives whose profits falter even if for honorable reasons. But Wall Street complains at any and all business vagaries that cause loss of profit. Research on goods and services, private or public, should be protected and publicized, especially when adverse, and such findings become just one more of the vagaries of doing business.

Also, much can be done to divorce executive compensation from current stock value and tie it to longer-term future stock value, to insulate management from the immediate wrath of financial markets myopically fixated on the short-term, and focus them on the long-term future of their enterprises and the value of their enterprise's activities to the general welfare and liberty. In the long run, both research and experience suggest such a long-term approach is both more profitable and sustainable than short-term dishonorable behavior, but presently in the short-term it is vulnerable to dishonorable behavior in our flawed economy, and does not get the time to make its case on a voluntary basis.

Redesign of capitalist culture change is as necessary as redesign of the economy. The people who could most likely awaken unthinking superrich capitalists are other superrich capitalists who have become concerned. And if they unite *and organize* (see later below), all these concerned capitalists might be able to gradually build an honorable culture of positive capitalism. That new culture must awaken or shame those capitalists who remain buried solely in their own enterprises and personal success and ignore their larger responsibility as national leaders to all stakeholders, society and the planet. It must awaken them to their responsibility to reshape and properly regulate capitalism for the future, to ensure it becomes and remains beneficial for all rather than exploitive.

Further Issues:

Who Creates Wealth

In every age the privileged engage in an exercise in moral sophistry to justify their privilege.

– *author unknown*

Who creates wealth and who deserves how much reward is a crucial question for any society. Certainly a free democratic society that aspires to progress will want strong societal means and incentives for all individuals and organizations, private and public, to create material wealth that raises the public wellbeing ... the general welfare as the Constitution terms it ... the wellbeing of all not just the few.

On the other hand, the last thing a free society wants is societal means and incentives to concentrate wealth in the hands of so few that the liberty of the general public and democracy are threatened. No increase in national material wealth, whether personal or societal, is worth demonstrable loss of public liberty and wellbeing. The goal is the general welfare and liberty, not increased national material wealth per se. General liberty is indispensable to the general welfare. Material wealth is not; it is a benefit only when it does not compromise the general liberty and wellbeing, and it is a liability when it does.

The justification for extreme inequality offered by the privileged has varied over the ages. In the thousands of years of aristocratic rule, the extreme wealth and power of the privileged has been rationalized as the natural deserts of noble blood, or of the race favored by heaven; and the grinding poverty of commoners the natural deserts of those of ignoble blood or inferior race. Western philosophers and theologians from, among others, Aristotle to Aquinas to Herbert have given intricate apologetics why such a hierarchical order of things was obvious, natural or/and divinely ordained. Apologists did not mention that there was nothing natural about it ... this order was imposed *a priori* by organized force, over which the privileged had iron control. Rather they argued the other way round, that organized force was necessary to protect this *a priori* natural and divinely ordained order of things when and if the lowly natives got restless. These arguments no longer carry much moral weight today.

In this age of market economies, one usually hears two interesting popular rationalizations for extreme inequality:

1. I earn more because I'm more talented, so in this free country I deserve it. Because it's a free country and I have used my freedom and talent to make all this money, it's mine by right.
2. I am creating wealth and jobs, thus raising the general welfare, so I deserve it.

(Note: the justification for inequality offered by orthodox economics is the marginal productivity theory of distribution, which I find intellectually marginal. As it is only used by rarified specialists and not part of popular thinking, I shall pass it by.)

Let us consider each of these.

Exemplifying the first justification, a manager in a bailed-out investment firm after the 2008 crash, continued to earn well over \$1 million a year in salary and generous bonuses all at taxpayer expense. He was asked in a television interview why he should earn so much when millions were out of work due the sins of the finance industry. Said he without the least contrition, I deserve it because I'm smarter than everyone else.

What an interesting moral code: I deserve to take a lion's share of society's wealth because I'm smarter, even though I'm living on the public dole. How does this differ from the morality of a thug: I deserve to take your wealth because I'm bigger? Does being bigger, or smarter, or less scrupulous, entitle a person to an undue amount of his society's wealth?

Hold on, says the entrepreneur, what do you mean by society's wealth? I created this enterprise at great risk with my ingenuity, initiative, talent and hard work. My employees should be grateful to me that they have a job, and the public should be grateful to me that they enjoy the goods and services I have created for them. This exemplifies the second justification above.

Oh really? Or is it the other way round? Is it you who should be grateful to the public and to your employees, that you have been given the opportunity to be an entrepreneur and become rich and powerful? Or does it, in fact, go both ways?

No one gainsays your crucial contribution of ideas, courage, enterprise and leadership, it is vital and indispensable, and both your employees and the public should be grateful to you. But if you think that's all that's creating the wealth you have been so instrumental bringing into being, surely you need to raise your perspective. You are mistaking a very valid half-truth for a much larger whole truth.

Many well-off upper-class Americans ... indeed many hard-working working-class Americans ... think themselves self-made. Self-made because to their great credit most have indeed worked hard and many have risked much for their success without a penny of public welfare or direct government subsidy. They resent paying taxes for people they believe slackers too lazy to work, looking for a government handout and living off welfare. They strongly and angrily believe they owe nothing to these people. They see them as free-loaders claiming to be victims, using the nanny state to sponge off hard-working people like themselves. And they think welfare just rewards these drones for their loafing. They strongly resent and vote against politicians who advocate welfare programs for such people. If these welfare folks want money, they can get a job.

There are two troubles with these beliefs and the powerful resentment they arouse. First, these "self-made" people are mistaken about the poor. Second, they are mistaken about themselves, that they have received no government assistance. These deeply held misconceptions are formidable obstacles to redesign of the economy. People who hold these beliefs will not be motivated that action is needed, let alone action as demanding as the proposed redesign above

In the next section I shall try to make clear with data and facts whether or not the poor are lazy slackers, eager wards of the nanny state, or rather are people with moral failings but no greater than the rest of us, trapped at the bottom by our flawed economy, beyond their power to alter. Here in this present section I hope to make clear to the "self-made" ... not to take a thing away from their great contribution to their own success ... to also recognize it as a half-truth, and enlarge their vision to grasp the additional extraordinary and expensive assistance they have gotten free from their government and the taxpayers.

It is well known that people with fixed prior opinions who already know "the truth" will not necessarily respond to argument and fact (true of both liberals and conservatives), but I invite them to follow along anyway to see how they would refute the arguments and facts presented. To those who make effort to hold their opinions with an open mind, I hope you will follow the case carefully.

Here is what I seek to show in this section: Even if they have never received a dime of welfare or direct government subsidy, Americans who think themselves self-made are mistaken, because virtually everyone, and most of all our wealthy capitalists and entrepreneurs, have received enormous government assistance that most of us appear utterly unaware of. They clearly and rightly see the truth of their own contribution, but fail to see the whole story:

The parable of the sandbox: Too many of the well-off are like little boys in a sandbox who have built a beautiful sand castle. Look at me, look at me, they cry, look what I did, aren't I great. And they have certainly done a great job. But they haven't a clue who built the sandbox! They take it completely for granted. They are oblivious that there are people, the builders, to whom they owe a lot. But they are children and that's understandable and forgivable and teachable. But that is not what we expect of adults.

Who are the builders? Who built this land of liberty, who built our market economy? And who now maintains the public structures of our market economy ... the large entrepreneurial-enabling systems of our country ... without which both our liberty and our economy would be impossible? And what do those who benefit the most, owe them?

There are many builders, not only in the past but alive today. First there are the nation's founders. But there are also their successors who built upon, expanded, and improved it. And then there are all who defended it, and all who yet defend and maintain it today, many at the expense of their lives or permanent injury. The men and women in our national defense services (ironically, most now recruited from the poor) and public safety services still risk their lives to protect our system. What do capitalists owe these people, and what is the best way to honor that obligation? (Hint: The best answer does not involve handouts, doles, charity, or reparations.)

And who underwrites the public services of business, financial, contract, intellectual property and patent laws, and the agencies and courts that enforce and adjudicate these matters ... these public structures that protect your patents, protect your contracts, legally resolve your disputes with rivals when necessary, keep your competitors and suppliers from unsafe and unfair practices and from cheating you; etc. etc. ... without which business could not function? This huge business-enabling system is one of the most crucial functions of government without which the private sector would collapse in chaos. (In other words getting government back to basics in this day and age is a lot more complicated than the simplistic notion of just roads, schools and police. We are no longer a nation of shopkeepers.)

It is the entire public, the taxpayers, who provide the wherewithal for this immense public apparatus of lawmakers, agency staff, and court officials indispensable to business and provided without charge. What do our capitalists owe all these public servants and the taxpayers, and what is the best way to honor that obligation?

It doesn't stop there. Thanks to the taxpayers, government further provides you most of the educated workforce that business (and the public sector) needs. It provides most of the expensive basic research, infeasible as a private investment, on which nearly all business goods and services rest today. It provides the public health measures that keep you, your employees and your enterprise free of disease and poisons. It apportions and regulates limited resources such as airways and airwaves and public land use for you; and on and on.

All of this great entrepreneurial-enabling system is great wealth and public capital created by the public services at the expense of the taxpayers and given gratis to all in the public and private sectors who can use it to provide useful goods and services. Even people who

merely willingly obey the law, help maintain the society and economy which enables capitalists their success.

Too many in the private sector seem oblivious to the enormous wealth created by the public sector, especially wealthy capitalists, greater beneficiaries than most ordinary citizens. To hear the right-wing propaganda machine, only the private sector and the privileged create wealth, the government is a parasite funneling money from the taxpayers to feed free-loaders on welfare. You could not be a successful entrepreneur without this public entrepreneurial-enabling system, a very expensive assistance system for business and finance from the taxpayers.

If you borrow private capital for use in your enterprise, you must directly repay those from whom you obtain it. But when you draw on this free public capital for use in your enterprise, what do you owe all those who have created this public capital on which you so freely draw ... to the public *who are the silent partners in your enterprise* and every other enterprise, investing in you, to help you create wealth?

And, finally (unlike egalitarian hunter-gatherers, where those who bring home the bacon get no more of it than anybody else), as an incentive for you to exercise your entrepreneurial talent you are allowed to earn a greater proportion than your employees of the financial return that, in concert, 1) you, 2) those employees of yours, and 3) this larger system of public services that all the rest of us support... produce. Beyond this, you get the honor and status of being the leader, and the altruistic satisfaction and recognition of providing a valuable service to the public (...presuming your enterprise is a producer not a predator or parasite). Not a bad deal for you, not a bad deal at all. Just how much better a financial deal do you want, and why would that be more fair? Just how unlimited should your proportion of the return be before it becomes injustice, and injurious to the general welfare and liberty?

The second main justification used by many capitalists why they deserve their great fortune is that they are creating wealth that creates jobs and raises the general welfare. Again, this is also a half-truth conflated as the whole truth. It is true only of positive capitalists, not rapacious capitalists enriching themselves doing great harm to the general welfare, as in the many horrendous examples adduced earlier.

The basis giving this second justification plausibility and respectability comes from academia. Mainstream economics teaches that more capital and lower taxes on capital bring faster growth and higher wages, and that “economic dynamism” will automatically keep inequality at bay. Capitalists understandably seize on this contention. Unfortunately, empirically it has proven false.

The whole truth is that a society can build increasing wealth and increasing inequality simultaneously. There is no necessary connection between the wealth of a society and the distribution of that wealth among society ... i.e. between wealth and the general welfare of all. Capitalism per se does not lift all boats; that depends strongly on the design of the economy. A well-designed economy will permit only positive capitalism, and then all members of society prosper as capitalists prosper. But a poorly designed economy allows all the wealth produced by the society to funnel disproportionately to the top, so that as capitalists prosper the rest of society does not, and are exploited to create wealth for the top.

The empirical data confirm theory: we not only have a poorly designed economy, it is so poorly designed that the share of wealth going to the top is steadily escalating without constraint. Our economy is in fact so poorly designed it is producing runaway equality.

It was Thomas Piketty who empirically exposed the skyrocketing incomes of the 1% — and the mind-boggling gains of the 0.1% and 0.01% — from U.S. income tax data that nobody had bothered with before. Over the two-plus centuries for which good records exist, capital's share of society's wealth and economic inequality have mainly increased. The only major decline was the result of World Wars I and II, which destroyed lots of capital and brought much higher taxes in the U.S. and Europe. Despite this substantial loss of capital, a spectacular run of economic growth followed. And this period of spectacular growth occurred even as capital accumulation remained low and inequality actually slowly decreased.

But now, after decades of peace, steady reductions in tax rates have been accompanied by slowing growth, and capital and inequality are on the rise again all over the developed world. And it's not clear what if anything will alter this trajectory in the decades to come. The ravages of the World Wars and the high taxes that followed put a big damper on wealth and inheritance that has now been lifted. Piketty offers evidence that the bigger the fortune, the faster it will grow in the future, empirical confirmation of the incumbency argument advanced in Part III

Since the 1970s, the U.S. has seen a sharp and unparalleled increase in the percentage of income going to the top 1% and especially 0.1%. Piketty's data show that in the 19th century most affluent people got that way through inheritance, and a main concern now is that growing wealth will bring a return to this. But Piketty finds current rising inequality has not been driven primarily by the capital and inheritance dynamics of the 19th century. He attributes it instead to the rise of what he calls "supermanagers." Managers and financial professionals now make up 60% of the top 0.1% of the income distribution in the U.S., and Piketty proposes that their skyrocketing pay is mainly the product of sharp declines in top marginal tax rates that make it worth these managers' while to claim or bargain up continual raises. In other words, at the incomes where marginal tax rates get steep, there is little incentive for these high earners to increase their income further, because any further increase goes largely to taxes, not to the individual. So the more governments lower top marginal tax rates, the stronger the incentive and opportunity for high earners to increase income. Piketty and several co-authors report the rise in the top-percentile income share in 13 countries is almost perfectly correlated with declines in top marginal tax rates in those countries!

Of note is that this huge rise in relative income inequality has brought no discernible economic benefit. The U.S. economy has grown a bit faster than those of other developed economies, but that's purely because of population growth, much of it from immigration. Per-capita economic growth has been almost identical in the U.S. and Western Europe since 1980.

In other words, runaway inequality has had little effect on increasing the size of the pie ... we do no better than countries with lower inequality ... just a dramatically escalating, ever more unjust effect on how the pie is shared: more and more of the pie goes to the top. As

the incumbency effect predicts, the wealthier that individuals are, the faster their share of the pie increases; the poorer that individuals are, the more their share of the pie declines.

Because of the dramatic skew towards the top in this country, U.S. median income has actually lost ground relative to other nations. The very fact of runaway inequality proves on the whole that, contrary to the second claimed justification, too many capitalists are lavishly enriching themselves at the expense of the general welfare rather than inclusively raising the general welfare.

We have also seen that the American government funnels at least as much of the taxpayers' hard-earned dollars in welfare to the top as it does in welfare to the bottom. It is just not called welfare when it goes to the top. Rather, it is given other names: tax breaks, loopholes, stimulus subsidies, interest payments on the national debt, bail-outs, etc. Some enterprises that are the most profligate beneficiaries of this public largesse, pay a pittance for it in taxes. Many were and are recipients of enormous bail-outs. Who are the free-loaders?

In other words, the wealth of a society is a product of all, and the apportionment of it among members of society is a moral and political question, to be decided by a moral and political decision.

In every age and society an economic system evolves largely by accident and circumstance. All economies not only create wealth but also apportion that wealth among the members of the society. In foraging societies, distribution is by sharing, and it is egalitarian sharing because the structural incentives are ecological and social, not financial. In aristocracies of force, it is apportioned by aristocrats mugging commoners. And today it is presently being apportioned by market economies that have evolved by topsy and political influence rather than objective design – with ours an increasingly flawed economy apportioning that wealth hugely in favor of capitalists rather than more fairly among all stakeholders who contribute to creation of our society's wellbeing and economic prosperity. Our economy is in fact being deliberately eroded by the privileged into a welfare state for the rich, contrary to our Constitutional objectives.

We can debate what is fair and just, but we cannot punt this moral and political question to whatever economic system exists, as though that is some divine oracle and that whatever emerges is right. In fact what emerges is arbitrary: if we change the system it will produce a different distribution of wealth; does that make it right? The proper way to proceed for we Americans is first to decide our goals: what seems fair and just and most productive of the general welfare and liberty; and only then do we design an economy that will achieve that.

In the previous sections I have set forth goals that I believe fair and just, and maximally productive of the general welfare and liberty, namely: a fixed level of inequality, generous incentives for risk, innovation and industriousness in the private sector, and guaranteed revenue for the public services. And I have offered a proposed redesign for the economy that I believe, if implemented, will achieve those goals.

In every era, the ones financially benefitting most from whatever the contemporary economic arrangement, tend to be conservative about that arrangement. They strongly

resist changing that arrangement, and engage in moral and economic sophistry to justify it. They declare the present arrangement the time-tested natural and ineluctable order of things, and insist that any change will threaten collapse. Not so. All economies are the creation of man, not God or nature. Each is a product of its society. And some are more fair and just than others. And all can be changed by any society, to make them more just, as proposed here, or less just, as is now ever increasingly the case in our country.

Classic liberals, a new breed scarcely three centuries old produced by the Enlightenment, tend to be those who recognize the injustice of any political or economic system that suppresses the general wellbeing and prosperity of all members of the society in favor of a privileged few. Classic liberals persistently seek changes in current societal institutional arrangements, economic and otherwise, that might promote a more just system for all. They make disastrous mistakes at times which need to be reined in, but their successes are equally great. And, crucially, they are far and away the foremost thing that has and continues to increase and protect our liberty and general welfare.

Shamefully, a certain population of the rich, exercised about the rise of communism and socialism, were not upset because of the danger these presented to our foundational American values of the general welfare and liberty. Rather they were upset only that such governments might strip them of their own wealth and privilege. On the other hand, they are not in the least upset by a flawed economy allowing themselves to strip the public of an increasingly disproportionate share of the nation's wealth and funnel it to themselves.

On the contrary, their massive right-wing social engineering onslaught is bent on bending government and the flawed economy ever more completely in their favor. When Franklin Roosevelt sought to redress the general welfare, with varying degrees of success, these rich attacked him that he had "betrayed his class," they did not try to help him build better economic arrangements promoting the general welfare. Indeed, they have self-servingly been trying to dismantle his initiatives ever since.

The task for all Americans, of every social level high or modest, who hold this nation's founding aims and principles sacred, as I do, goes beyond any class loyalty. It is to design and support a practical market economy with structure and incentives that 1) reward individuals and organizations for promoting the general liberty and welfare, and 2) prevent or disincent them against reducing the general liberty and welfare in favor of any privileged group. That is the intent of the redesign proposed above.

Who Creates Poverty

I now wish to turn to the second problem, why are the poor poor? Two popular explanations have been offered: 1.) They are poor because of their personal moral failings. 2.) They are poor because they are the lower end of the gene pool in ability. There is truth in both these explanations, the people who believe them are not wholly wrong. But my point is this section is to show they are only part of the truth; they are half-truths. My goal is to broaden the vision of those who think them the sole reasons and show that there are significant additional factors explaining poverty, factors amenable to wise policy.

The difference in policies for addressing poverty are night and day depending on what factors are deemed significant. Poverty creates enormous suffering, for both the poor and society. If you believe the above two explanations the only significant factors causing poverty, policy decisions go one way. If you think there are other factors equal or more

significant than the above two, policy decisions go a very different way, particularly if the additional factors are more amenable to effective policy action.

I realize there are many who have made up their mind on this issue, and will not be moved by any facts, logic or evidence. They believe ... know in advance ... that anyone who comes to a different conclusion has simply swallowed false or biased facts or misused logic or distorted the evidence, and therefore must be wrong, so there is no need to look at their case. Again I invite these true believers to follow along and spot where they think my case goes wrong. For those of strong opinion but open mind, let us begin with a strongly prevailing conservative opinion which has been crucial in designing policy regarding the poor and unemployed, and ask how well-informed it is?

This opinion, widespread among conservatives, argues that the poor and unemployed are poor and unemployed because of their poor character. These conservatives regard poverty and unemployment almost solely a matter of personal moral failings. The poor are weak, lazy, lacking the ambition, grit and character to take responsibility to provide for themselves. They have no shame freeloading off others, as much as possible if someone will let them. Therefore their misfortune is their own fault, not society's, and they do not deserve more unless they change their ways and earn it.

What do the facts say, as opposed to uninformed opinion or political positions? Are they poor solely because of their own failings, beyond redemption if they do not lift themselves by their own bootstraps? Or as a group do they have no more moral failings than any other large group of Americans at every level of income, so there must be other equally important factors besides their own failings that account for their poverty and unemployment?

In this, conservatives mistake a half-truth for the whole truth, with seriously adverse consequences both for these unfortunates and for society. My hope is to get you who are stuck on this belief not to give it up but rather recognize it as a half-truth and enlarge your vision to see the whole truth about poverty.

I wish to build the case that the whole truth is that both society and the poor are responsible for poverty and unemployment. And I shall argue, in fact society... an American society pledged to promote the general welfare ... bears the greater fault. It has the resources to effect major change that the poor do not.

Perhaps the most simple powerful fact demonstrating that not just the individual but society plays a major role, is that whatever the failings of their poor, other prosperous liberal democracies have nowhere near the persistent extremes of poverty and inequality this country has. Nor do their poor all seem to be unproductive free-loaders lacking character; many have moved up the ladder, far more than in our country, and most of the remainder are able to provide for themselves, if spartanly, without a welfare dole.

A second powerful fact is that millions of poor Americans with a high work-ethic are not on welfare, indeed doing their utmost to avoid it because they despise it as shameful, yet they do not prosper. We euphemize them with the term near-poor, which means they are poor ... constantly in danger of going hungry and homeless or going on welfare from any unexpected expense of a few hundred dollars ... just not dirt poor enough to qualify for welfare. It is hard to fault the character of these proud, hard-working people. Thus char-

acter cannot be the complete explanation why they persistently remain poor. One can fall back on the alternative explanation, low innate ability, and this would certainly be true for some (but the facts suggest far fewer than popularly supposed ... see later below). But too many of the near-poor have both innate ability and high work-ethic, so that other factors must help account why they still do not prosper.

Finally, of those poor who in fact are deficient in character and work-ethic (the facts suggest far less than popularly supposed ... see later below), we as a society know many of the social factors that produce weak character and work-ethic, and we know many proven measures that would significantly reduce their number (this essay is full of them), but we are unwilling to prioritize and spend properly to address them. This does not exonerate our poor from responsibility for their failings, moral and otherwise. But the moral failings of the poor in no way exonerate our society from its failings, moral and otherwise. The other liberal democracies with much less extreme poverty and inequality do pursue these measures seriously.

Why do so many millions of conservatives firmly believe that the personal moral weakness of the poor is *solely* responsible for their poverty? For a number of reasons this proposition is very difficult for many conservatives to get beyond. First, it is flattering, comfortable, convenient, and self-serving. Second, most are so unfamiliar with the circumstances of poverty that they cannot imagine any circumstances that would trap they themselves in poverty. Therefore they assume the poor could do whatever they themselves would do were they to find themselves poor or raised poor. Indeed they assume they themselves could in fact do those things even if they did become poor or were raised poor. They so take their own upbringing and advantages for granted that they cannot imagine that the poor do not have all the same mindsets, know-how, and advantages as themselves, and so the explanation must be the poor are too lazy or incompetent to exercise them. Finally, third, this proposition is held by millions of other like-minded conservatives who constantly reinforce it to each another, so why would one think to question it. Indeed, to challenge it would be to lose standing in the conservative community.

Let us consider some of these reasons in more detail. One of the greatest obstacles to enlarging one's view beyond this proposition is how flattering it is to the holders. It divides all humanity into two groups, us the righteous and them the unrighteous, us the hard workers and them the free-loaders, us the deserving and them the undeserving. What an ego-boost. How smug.

It is at the same time comfortable and convenient because it means these conservatives can with clear conscience and in complete self-righteousness write off and ignore these suffering people. It's their own fault. You do not owe them anything.

So, conveniently, those who hold this half-truth don't have to do anything or exert themselves. The poor are slackers who need to straighten up and get a job, goes the logic. And if society helps them, the logic continues, then they escape the bitter consequences of their slothful ways, which removes any incentive to turn around their behavior. Quite the opposite, any financial relief (and too many conservatives cannot conceive of welfare programs except in terms of doles and handouts) provides incentive to continue their sloth. And

doing nothing also has the great advantage of not having to spend any effort or tax money either.

In light of the facts above ... 1) that many high-work-ethic near-poor remain persistently poor and 2) that other nations do not have our extreme poverty and inequality ... and the further facts to follow, I find this logic terribly blinkered, yet it has been the basis for much conservative social policy. As I shall show, this policy has had disastrous adverse consequences for the poor and society. Much smarter policy is available to the nation.

My own observation is that large groups of people come in bell-shaped curves; they do not come conveniently bifurcated into two boxes, the virtuous and the sinful, the good and the evil. And when two different large groups of people are compared, any differences between the two are dwarfed by the differences within each one. Thus I would caution any bifurcators to check themselves for self-righteous Phariseism.

Next, consider how so many well-off do not grasp the circumstances of poverty. They imagine it to be like themselves with less money. Consider just one situational problem which well-off people seldom think of nor can even properly imagine: a car. In America it is necessary to have a car to get to a decent-paying job, even to just buy discount groceries and clothing. In most of America, public transportation is a joke. In fact it costs far more in time, expense, and lost income and job opportunities, not to have a car than to have a car. It is a fact that people with no car lose income. But even an old used car is very expensive to own and operate, and if the car breaks down, as old cars are wont to do frequently, the average expense runs \$500 or more, enough to break most poor people.

Loans available to the poor are usually usurious, and often the poor must default on their car loan, because they need the money if they don't wish to starve or face eviction. Savings are a fantasy; the poor have no savings, they spend every cent just to put bad food on the table and an under-code roof over their head, cheap clothing on the children and themselves, and purchase inadequate household and school supplies. So, too often, they lose their car, compounding their expenses and lost income.

This situation goes far beyond cars. Too many well-off don't seem to realize that in America you have to have money to earn money; indeed, you have to have money even to get the opportunity to earn money. You need money to lift yourself by your own bootstraps. Moving where there may be better jobs (and usually costlier housing) is not an option when you are broke with no well-off family or friends or savings to tide you over. You are trapped. And this is only one of the multiple dilemmas facing the poor. What if you or a child or a parent get sick, and you have no health benefits and no paid leave? What if you are robbed or fleeced? What if you incur a large civil fine? What if you are falsely accused of crime? What if your rent is raised, or the landlord won't correct dangerous conditions, or you are evicted due gentrification? Etc. etc. etc.? These are annoyances to the well-off, disasters to the poor.

Too many of the well-off do not seem to understand that in order to improve their qualifications to advance in our flawed economy, the poor have only their own meager pay or welfare checks and meager time off from work and family, and, equally important, only

their meager exposure to competent mentors and role models and social know-how, and their lack of useful social connections. It not only takes money for the opportunity to earn better money, it equally takes these other social factors. These are all advantages that most of the well-off start with, to which most seem blind and take for granted.

It is time for the well-off not only to recognize that they have these advantages, but to grasp these are advantages the poor do not have. *The poor are not just the well-off with less money.* Those advantages ... rather than moral character ... are probably the greatest difference between the poor and the well-off, the difference which traps millions of hard-working poor, white and black, in poverty. After all, some of the richest people in America are moral disasters.

Unlike the well-off, the poor have no rich family to bail them out when they go broke from unexpected expense or loss of job. Most of the well-off, including the one in the White House, do. Even with public assistance ...desperately in need of redesign along the lines proposed earlier (a “hand up” rather than a “hand-out” as Lyndon Johnson liked to say) ... the number of working poor going hungry and homeless is growing. Unless we are to preposterously suppose that more and more Americans are becoming slackers, this fact ... that growing numbers of low-income people cannot find jobs that make ends meet despite working 40 or more hours a week, many in part-time jobs with few or no benefits (if they can find work at all) ... strongly suggests a structural problem of a flawed economy rather than an excessive character flaw of the poor: a flawed economy, as mentioned earlier, that produces an increasingly unjustly skewed distribution of income highly biased in favor of the well-off, both those who benefit and those who parasitize society.

The poor could never afford either the money or time off from their poorly paying jobs for training and education without substantial financial and social assistance. Indeed, they could never afford a public education if they had to pay for it themselves. But wisely, unlike so many other effective human development programs, we do not regard public education a hand-out; we regard it a high-return public investment and provide it with public support for everyone including the poor. We see how completing a high school education improves ability and qualifications and wellbeing, and we see how the return on investment to the economy from the resulting improved workforce and citizenry far offsets the taxes invested in schooling.

Now we know further, that completing other proven, targeted human development and training programs will also raise ability, qualifications and wellbeing, particularly for people raised in adverse conditions, and the return to the economy will also far offset the taxes invested in these programs. Like schooling, these are equally great high-return public investments. But, unfortunately and unwisely, we do not provide them publicly. This is foolish, shortsighted parsimony.

Thus beyond any moral failings, all the poor and unemployed face a flawed economy that neither generates enough low-end jobs paying a living wage for workers with poor qualifications, nor offers them as a matter of course readily available and effective training, retraining and human development programs from cradle to grave to improve their qualifications. These factors, rather than poor character, accounts for most of their inability to lift

themselves by their own bootstraps. Wise public policy, such as that proposed above, would alter this, and allow even the poor to adequately provide for themselves and their families.

So let us now consider in even more detail the two groups of poor, those on welfare and those who are not, and inquire about each, what factors might account for their poverty and whether they really differ from each other and the rest of us who are not poor. Let us begin with those Americans so poor they could not survive without welfare. How different are these welfare poor from the non-welfare poor, and how different are they from the rest of us?

The welfare poor. As a first learning example to build insight, let us start with the most widely held urban legend about the welfare poor: namely, that poor women have babies to increase their welfare check. Due heavy propaganda by special interests, this belief is now so widely held, not only by the well-off but perhaps even more strongly and resentfully by the non-welfare working class, it has become falsely elevated by many people to unquestioned fact.

The facts simply do not support this widely promoted belief. If poor women were motivated by increased benefits to have more children, we should expect to see a correlation between benefit levels and birth rates among poor women. But studies show *no such correlation*. Further, we should see higher birth rates among aid recipients in states that provide relatively higher benefits. But again, we do not. Finally, as benefits drop, so should birth rates among aid recipients. Again, we see no such drop.

Therefore all the gossip and hearsay that poor women have babies to boost their welfare check, coming from the non-poor who see poor women having babies, simply reflects the ignorance of the gossipers. They simply do not know that the pittance increases in welfare benefits with each additional child are dwarfed by the actual cost of supporting an additional child. So this hearsay is simply fake news not supported by evidence. It is a constantly repeated fiction promoted by people who wish to scapegoat welfare mothers in service to their political agenda. It is particularly used against black women by racists seeking to slander them as welfare cheats. (As a last aside, consider the much more generous increases in benefits granted the middle class for each additional child, a tax credit of up to \$1000 per child. Yet no one assumes middle class families are having more children for the tax break.)

And let us stop a moment to consider society's moral schizophrenia regarding single mothers who cannot rely on a spouse for income. On the one hand, at one time it was widely believed, particularly by conservatives, that caring for children was more important than wage labor for women. On the other hand, now it seems widely believed, at least by conservatives (and at least for poor as opposed to middle- and upper-class women), that it is more important for them to be economically self-sufficient than to raise their children. They are expected to forfeit staying at home rearing their children and instead work in the paid labor force. However, even if jobs are available and even if those jobs pay a decent wage, the cost of childcare often makes it impossible to support one's family.

Of course many self-sufficient people think the answer is that poor single adult women should either get married, or else forfeit having children like any other commodity they can't afford ... that unmarried women who have children are simply sexually wanton. Most do not realize how glib this thinking. Surveys show poor women idealize and desperately want to be married, but the number of stable males at low income who would add more to family life than detract is in short supply, and divorce always leaves poor women worse off than remaining single. Indeed divorce can impoverish even well-off women.

Nor does it seem to occur to many of the well-off in their rush to moral judgment ... a cold judgment that seems to me much lacking in humanity or humility ... that for most women ... as conservatives above all should understand ... children are not a commodity or luxury to be foregone, any more than foregoing breathing. Poor women in fact want children just as deeply, innately, and powerfully as all women, including the growing numbers of well-off single women who are increasingly having children ... want them like most women for the meaning and purpose it gives their lives, particularly for poor women in lives so barren otherwise. Most women will have children no matter how adverse having children makes their circumstances.

Turning more generally from this urban legend to all the poor on welfare, are these people unwilling to work? Again, let's look at facts rather than myths and presumptions. Are these people slackers, or victims of a flawed economy, or some of both?

Contrary to uninformed presupposition, both public and private surveys show most able-bodied people on welfare are working or desperately looking for work. Roughly 30% of food stamp recipients worked outside the home, and another 41% lived in a household with earnings. (For recipients of TANF, time-limited Temporary Assistance to Needy Families, the numbers are, as expected from loss of jobs, slightly smaller: 24% of adults receiving this temporary aid were employed, 47% were unemployed but actively looking for work. Of the remainder, 13% were too disabled to work, and the remaining 16% were mostly "discouraged workers" ... persons not in the labor force who want and are available for a job and who have looked for work, but who are not currently looking because they can find none for which they would qualify or that would pay the bills or even the cost to get to work. In short, up to 85% want to work, but few can find work that will keep the wolf from the door.

Certainly those numbers allow for a small minority of slackers (the "discouraged"?), but there are slackers at every income level. Those who can, sponge off families and friends, those who can't sponge off begging and welfare. But the numbers show that slackers are at most a minor percentage of the welfare population, and do not appear to concentrate excessively more among the poor and unemployed than in other income levels.

Overall, the numbers show the great majority of able-bodied people on welfare are not shiftless deadbeats dodging work; they are either working, many holding two jobs, or looking for work. But they are limited to the kind of low-paying jobs, many part-time, that are the best they can get given their limited situation and qualifications. Without assistance such as food stamps and child support, most would go malnourished or homeless in one of the world's richest societies.

These are not the numbers of a population with excessive slackers and weak moral character beyond any other income group. The well-off can maintain such fictions because they do not mix with a representative group of poor and unemployed in enough depth to understand their character, work-ethic, or problems. They just assume that if the poor had character they would be making a reasonable living like themselves, and dismiss any facts suggesting otherwise.

You may draw your own conclusions but these data suggest to me that the greater majority of the poor on welfare are not a group who don't want to work, they are a group who can't find work of the kind, stability, and advancement opportunity that would lift them out of poverty, nor the resources or know-how to afford the training that might make such jobs open to them. These are largely people with the normal range of human failings who start from behind and, without extra help that the well-off get from their upbringing and connections, stay behind. In our flawed economy, once you get enough behind, you become trapped at the bottom. The rare exceptions that beat the odds do not alter this truth.

Remember, the middle class, too, make their fair share of poor choices and are properly held accountable. However, their resources and social support systems buffer and soften the consequences, making them far less disastrous and permanent, while little shields the poor from severe, long-term consequences. The well-off and most of the poor are playing on an uneven game field, one could even say they are in altogether different games.

And remember, second, there is a growing technology of human development programs starting prenatally and extending up through adulthood that can ameliorate many of these deficits, which would return to the economy far more than they cost in taxes. Few conservatives think beyond welfare as doles and handouts. These human development programs are welfare as a hand up, not a handout. Such programs would help level the playing field and restore opportunity and social mobility.

Presently a helter-skelter smattering of human development and training programs, some proven, some unproven, are offered by the voluntary sector, but the voluntary sector offers only a test-bed, not a production system. Many poor are desperate to improve themselves but haven't the time, money or know-how. The public sector could provide proven development programs from cradle to grave just as we provide public schools. But we don't because of the blinkered logic that if we offer the poor the kind of assistance that would help them improve themselves, they won't have any incentive to improve themselves.

(I caution that no human development programs are sufficient if even well-qualified people cannot earn a living wage. Thus redesign of the economy is crucial. The idea is both to lift people to the best of their innate ability, but also, by redesign of the economy, to lower the cost of living by using publicly provided universal services like health care and coverage, day care, training programs, etc. that strengthen the economy and relieve personal private income of substantial financial burden, so that even those in the lowest paid work can provide for themselves.)

So a first major corrosive effect of this half-truth ... that poverty is due solely the moral failings of the poor ... is that it absolves the well-off (who are more than comfortable with

the present flawed economy and cannot imagine any other, nor wish to) from recognizing their own and society's great responsibility for poverty and unemployment and responsibility to ameliorate it. They can comfortably rationalize society's inaction and undue parsimony ... neglecting both correcting the underlying cause (which this essay's redesign proposals seek to address) and sensibly ameliorating hardship until we do. I would hope that reading the redesign proposed in this essay (that not only saves liberty but promote the general welfare of the poor as well as the rich) would inspire some thinking about how much a society committed to our Constitutional goals could do. Other capitalist countries have actually accomplished such redesign to astounding success: they are not only prosperous, they are the happiest societies on earth.

Yes, the poor we will always have with us, but the dirt poor and undue poor are more our fault than theirs. Poor people unable to provide for themselves we do not have to have with us. As Will Durant in his profound little book *The Lessons of History* puts it:

The relative equality of Americans before 1776 has been overwhelmed ... so that the gap between the wealthiest and the poorest is now greater than at any time since Imperial plutocratic Rome.

And it is getting steadily and disastrously worse because of unconstrained incumbency power. It is our shame that other nations who take a more active positive approach do not suffer the extreme poverty and inequality we do. We, a nation founded on and committed to promote the general welfare and liberty, should not and do not have to abide the extreme disparities that now exist and are growing.

The non-welfare poor. Now let us consider the second powerful corrosive impact of this half-truth that poverty is solely due the moral failings of the poor, namely its powerful undermining of the spirit and self-esteem of millions of hard-working low-income Americans not on welfare. We are not talking psychosocial mumbo-jumbo, we are talking serious, palpable, widespread powerful malaise among the non-welfare poor to the point of falling life expectancy, rising suicide, and epidemic addiction, and the consequences to society that flow from that.

I have already discussed people on welfare, most of whom are working if and when they can find it, and have neither more nor less personal moral weakness than any typical cross-section of people from any other income level. Now I turn to lower-income working people not on welfare, and what this half-truth does to them and our society. Most of the discussion regarding what traps the welfare poor in poverty applies even more so to these millions of non-welfare poor.

These are the people with a strong work-ethic who labor long and hard yet do not prosper or move up the ladder. They are the forgotten citizens of the United States! At one time championed by Democrats, they have now been abandoned by both parties. The consequences have been disastrous. They are the true victims of the flawed economy, an economy that at the top keeps shoveling an ever more disproportionate share of the nation's wealth to the superrich yet at the low end does not produce enough jobs with a living wage. In the richest country in the world, millions of Americans remain trapped in these low-wage jobs that only marginally keep their heads above water.

There is no way one can fault the work-ethic of these fiercely independent people who despise welfare as weakness, who regard it a sign of defeat and character failure just as strongly (and wrongly) as well-off conservatives. They work hard yet live in constant fear that any large unexpected expense ... a few hundred dollars ... will push them over the edge into impoverishment, welfare, and homelessness. And the facts show many do go over the edge, and their number is increasing. Few of these low-income working poor have either the money, time, or know-how to get the retraining that offers their only escape. Many get suckered by fraudulent training programs, Trump University being simply one of the more notably publicized.

If we cannot fault the work-ethic of these low-income Americans, then to what shall we attribute their failure to prosper and rise? The all-too-standard answer of the well-off is, when it isn't bad character, it's bad genes. They are poor because of low innate ability, whence their poor skills and undisciplined work habits.

This is another Pharisaic, and convenient, bifurcation of humanity: us the innately superior, them the innately inferior. Convenient because if its due innate inferior ability, their woes are ineluctable and irremediable, a hard fact of nature, thereby excusing the well-off to ignore all this human misery. So either the poor are poor because of poor character and deserve no more, or the poor are poor because of poor innate ability and worth no more. In the first case we should do nothing. In the second, there is nothing we can do. Blinkered and utterly erroneous logic!

Throughout history every overclass presumptively assumes the underclass are there due their inferiority. Just as the well-off now fault the inferiority of the poor, nobles used to similarly fault peasants, the British upper classes to fault the criminal class they exported to Australia, imperial powers to fault subject native populations, and masters to fault slaves.

And yet in every case when given structural opportunity to rise ... human development, education, mentors, training and connections ... the underclass have proven to have much the same degree of ability and inability as the overclass. The descendants of peasants, not just the lords, now run most liberal democracies, and the general welfare is much higher and poverty much lower than in feudal days. The descendants of the criminal class now run Australia, and they do a sight better for the general welfare than their still socially stratified British cousins. Native populations winning independence from colonial masters often prove to lack the long-standing social institutions and traditions to operate a liberal democracy and fall into exploitive despotism as bad as their old colonial masters; but when individuals from these societies come to liberal democracies where these institutions are long-standing, they prosper quite as well as the locals. Descendants of slaves have risen, particularly since the passage of civil rights laws, despite systematic racism to suppress them. Today, segregation and lynching have been supplanted by racist voter suppression laws and rampant unjustly severe incarceration to keep black Americans in their place, yet many have risen to high-level professions, including the Supreme Court and Presidency.

Thus it seems the poor appear natively to have neither much better nor worse potential talent than any other large group of humans, the *intra*-group differences in all large groups

dwarfing the *inter*-group differences. The distinction, sadly, is that like so many peasants and slaves before them, an excessive proportion of the poor are ill-developed, so this substantial body of talent and potential goes unrealized, wasted.

These non-welfare poor ... certainly some with below average talent (which is not a moral failing), but most with below average opportunity, or connections, or mentors, or parenting or role models, or all of the above (none of which are moral failings) ... constitute a great pool of wasted talent. Many also face class, gender, and racial bigotry (which are the moral failings of the perpetrators not the victims), beyond the understanding of most people who don't face such bigotry unless they make a determined effort to understand.

These hard-working poor already believe the American dream, the Horatio Alger tale, that America is the land of opportunity: if you work hard you will prosper, and if you don't, it's your fault. It's that old half-truth again, this time deeply held by hard-working low-income Americans themselves, not just well-off conservatives.

Unfortunately, a troublesome fact is that the American dream, still widely believed by most Americans, is now belied by the facts: social mobility in America has fallen below other prosperous liberal democracies. Increasingly we are a land of opportunity only for the wellborn; for the ill-born and ill-bred less and less. The other unfortunate fact is so few Americans know or believe this.

So the wellborn, who have the greatest liberty and social mobility in the land, continue to believe the myth; it feeds their ego as well as their pocketbook. So they continue to promulgate the idea that opportunity is basically universal, that anyone can make it like they have. And if they don't, it must be their own shortcomings in talent and character.

But most Americans, particularly these low-wage Americans with a high work-ethic, not knowing our social mobility has slipped so badly, also continue to believe the myth, even though their freedom and opportunity is much more severely circumscribed. These low-income working people are responsible people, doing their best to support themselves without public assistance, the very opposite of moral weakness. But they not only struggle to make ends meet, they also struggle desperately with their strong belief in the American dream ... that those who work hard will prosper ... they struggle with shame and self-blaming for their failure to prosper. Neither political party has recognized how deep and widespread this morale problem of these millions of abandoned Americans. It is truly severe.

Now comes the insult to injury, the added widely promulgated moralistic half-truth ... that the poor are slackers wholly responsible for their own poverty. That only aggravates their poor self-esteem to the point of a rising suicide rate. Their work-ethic makes them detest government assistance, and the half-truth makes them detest the welfare poor even more than their own poverty. At least they themselves are working ... their only point of pride ... and neither asking for and certainly not getting any government help (except for those who fall over the edge into our hodge-podge welfare system). But they do not prosper, so they still feel failure. And they see government helping these presumed welfare "deadbeats", and they bitterly resent any taxes on their own meager hard-won earnings going to support them. The consequences of moralistic cant in place of constructive action makes these

hard-working, ignored, demoralized, resentful low-income Americans sitting ducks to be plucked for their votes by political demagogues. To this I shall return.

The Black Poor and the Black Rich

The black poor have all the same problems as all poor, welfare and non-welfare, but severely compounded by systemic racism (defined later below). No group is more strongly accused of character failure and inferior genetics by many conservative Americans than black Americans. This is the default reason offered by much of conservative culture for black Americans inability to lift themselves from poverty, for their high crime rate, high school drop-out rate, and high rates of single mothers and children born out of wedlock. Many conservatives are thoroughly convinced that the persistence of these serious problems, so excessive beyond other racial groups, is obvious evidence that black people are by and large inferior to whites.

Let us begin by summarizing the widespread litany of conservative complaints about black Americans which leads them to infer inferior moral character and talent. Rather than assume I know what conservatives think, I will summarize the opinion of two thoughtful, responsible conservatives, Mitch Pearlstein, white retired founder of the conservative Center of the American Experiment, and Peter Bell, conservative black retired chairman of the Twin Cities Metro Council in Minnesota. They say America has spent prodigious sums on reducing racial disparities with limited results. And much of the reason for the limited results is that these expensive programs, mainly pushed by liberals, have de-emphasized what the black community must do to improve its own fate, that whites cannot do for them.

Achievement gaps, say Bell and Pearlstein, generally are not the result of racist teachers, or insensitive curricula, or biased disciplinary practices, but that is exactly the default charge leveled in many academic, media and political circles. A much larger cause, as many educators acknowledge (albeit quietly and privately) is that too many young black people are watching too much television, playing too many video games, and not taking school seriously enough. Regarding jobs, they say, despite claims to the contrary, implicit or explicit hiring barriers are not the major cause of employment problems in the black community. When it comes to matters of criminal justice, an allegedly racist system is not the reason so many blacks are caught up in it. The fact that black Americans commit far too many crimes is the reason. We must ask, will police relations with the black community ever be “normalized” as long as hugely disproportionate amounts of crime are regularly committed in those communities? Will economic development in black communities ever take off if entrepreneurs don’t believe they, their property, and their livelihoods, will remain safe? Likewise, how can “household” incomes ... the most frequent metric used when measuring inequality ... ever become more equal so long as fewer working-age adults, on average, reside in black American households than in other households? Most critically of all, will any of these and other social disparities get sufficiently better ... sufficiently equitable ... as long as so many black American children come into this world outside of marriage and grow up with only one parent to provide consistent guidance?

Whites, they say, are not the reason that young black people do not study seriously, and instead watch too much television and play too many video games. Whites are not the reason that blacks commit too many crimes and have too many children outside of marriage.

These are things the black community must do for itself, whites cannot do it for them.

All these observations about the excessive rates of dysfunctional behavior in poor black ghettos are certainly true. But is this the whole truth? Are we now justified to jump to the conclusion, as Bell and Pearlstein do, that these behaviors are solely, or even mainly, due to the moral failings and poor competence of black Americans? Bell and Pearlstein, like a great many thoughtful conservatives, seem to imply there is nothing the larger white society can or should do, that the solution to these problems lies solely in the hands of black Americans, and that solution is for black Americans to get a moral grip.

Is this terrible dysfunction in poor black ghettos the whole truth? Or is it only half the truth, and the whole truth casts the entire terrible problem in a very different light?

Let me remind us that the aristocrats of old thought their peasantry to be inferior human beings. They correctly observed the ignorance and crudity of the peasantry compared to their own competence and sophistication; this was certainly true. Was it not obvious then that this drastic difference was clear evidence that peasants were inferior, and of course they themselves superior human beings?

And they were not wrong in the least about the drastic difference. But, as we now know and most of them did not, it was only half the truth. They missed ... were blind to ... the whole truth. The whole truth is that the reason that peasants were ignorant and crude had nothing to do with the innate character and competence of peasants. It was in fact the power and oppression of aristocrats themselves that kept peasants ignorant and crude and denied them all ability to advance themselves. There were plenty of aristocrats less smart and talented than most peasants, but their status alone conferred knowledge, connections, power and privilege, all denied to peasants.

The aristocracy no longer runs Europe. By and large it is run by the descendants of peasants. And by and large, it is far more prosperous, far more just, and the great majority of its citizens far more happy than under the old aristocracy. Similarly Australia is now run by the descendants of Britain's "criminal class", deemed a hopelessly inferior lot wholly beyond redemption by the British aristocracy, and shipped off as prisoners to the "fatal shore". And they are doing as well or better a job running their nation as the mother country.

Aristocrats saw a half-truth ... that peasants were inordinately crude and ignorant ... and most of them sincerely but terribly erroneously mistook it for the whole truth. Are conservatives making the same mistake ... the same terrible fallacious logic about the failings of black Americans ... as aristocrats once used to decry the failings of their peasants?

We all agree that a feudal economic system unfairly traps people in poverty not because of their personal moral failings or talent but because of the accident of birth. Do we begin to see that our present flawed economy while not quite the iron trap that is feudalism, is, as Will Durant starkly reminds us, far from the land of universal opportunity and meritocracy promised by the American dream that the founders intended but has now been eroded into travesty? It too traps millions of people, white and black, at the bottom not because they

have exceptional moral failings or poor talent beyond the rest of us, but because of the accident of birth? Democracy exploded the sophistry of the feudal lords. Turns out that those supposedly inferior people, when helped to rise, offer a wealth of talent, and a society prospers far better when all prosper. I will argue the same is true for poor Americans, black as well as white.

Now, ideological racists will not be convinced by facts. But just like thoughtful aristocrats of old, thoughtful conservatives who believe they have validly reached their conclusion about the generally inferior moral character and genes of blacks might want to know why research says the whole truth is different ... very different.

Research finds the supposition that blacks have significantly inferior genes and moral character to be soundly invalid. This is not some liberal bias of researchers, it is based on solid empirical evidence. There are two big reasons, the first biological, the second sociological. I shall summarize them briefly in a moment, then unpack them in more detail.

But first, I certainly agree it would be seriously self-defeating for black Americans to think of themselves or their community as wholly the victim of external forces. An attitude of determination and self-reliance can enable people to overcome backgrounds of poverty, crime, injustice or drug abuse to become inspiring, solid citizens. All the more credit to the those who make it, but the barriers that the dominant white culture erects against them, elaborated below, make them exceptions rather than the rule. That a few American prisoners escaped the Nazi stalags does not mean or prove that all could have, that those who didn't were inferior in character and talent.

By all means, black Americans must be encouraged to believe in themselves and do all they can to lift themselves up by their own bootstraps. That is their share in the responsibility for their plight. But as I shall show, all of us as a society must accept our even greater responsibility, because it is our dominant white culture that has imposed on black Americans the harsh, threatening, dysfunction-producing environment in which so many black people are compelled to live and grow up, and from which it is improbable that most can escape on their own.

Society must, and can, help replace this toxic environment with a safer, more stable and nurturing community where such dysfunctional behavior does not arise. (I will explain how below.) Black Americans must do their part. But like the peasantry of old, our black citizens cannot earn free and fair entry to society, no matter their talent, character and hard work, until we as a society remove the unjust barriers, the adverse factors, that our dominant white culture imposes on them that keep them out and hold them down.

Conservative inability to see or unwillingness to accept this responsibility ... to continue to lay the plight of black Americans solely to poor genes and moral character ... simply continues this injustice. We not only insult our ideals of liberty and justice for all ... held high by liberals and conservatives alike ... we aggravate social unrest, create significant drag on our economy, and perpetuate needless and unjustifiable suffering. I do not believe conservatives favor such results. Thus getting to the whole truth is important.

Let me summarize in a couple sentences the biological and sociological scientific arguments refuting any distinctive inferiority in character and competence of black people, then I will elaborate. The biological explanation is that the variation in genes regarding talent and character between races is small and dwarfed by the huge variations within each race, nor do these genes have anything to do with the genes determining skin color.

The sociological explanation is that the deleterious effects of the adverse factors concentrated in poor black urban ghettos appear largely independent of race. First, to the degree that whites grow up and live in areas with similar toxic factors, they begin to exhibit the same deleterious social traits ... poverty, unemployability, violence, drugs, crime, unstable families and children born out of wedlock. Second, when the toxic elements in a poor black neighborhood are eliminated, black Americans do quite as well as whites: for example crime falls more than 90% and educational disparities disappear. The big difference between the races sociologically is that so few whites live in areas where these terribly adverse factors are anywhere near so concentrated and intense, whereas a majority of blacks do ... not by choice, but because white society, by both public policy and private practices, has forced black Americans into these concentrated seriously toxic areas and makes it exceptionally difficult for them to move out.

To elaborate on the biological explanation, we know the differences in character and competence *between* races is dwarfed by the differences *within* each race. Indeed with the new DNA discoveries we can actually look at these genetic differences. No correlation is found between the genes for character and talent and the genes determining skin color. Race defined by skin color is a social construction not a scientific reality. But socially constructed distinctions can produce their own social reality: great disparity if one group (such as an aristocracy, or white Americans) has power to control and suppress another (such as its peasantry, or black Americans).

The biological variation in genes for character and ability within any race dwarfs the small average difference between races. These huge differences *within* races on any given metric of talent and character versus the small average difference *between* races, means for example that on any given metric ... say intelligence, or executive ability ... millions of whites could be bested by millions of blacks, and vice versa. There are millions of blacks who may not be superior on a particular trait to all whites, but are superior to many or most of them, just as there are millions of whites who may not be superior on a given trait to all blacks but are superior to many or most of them.

For example, on intelligence only a handful of white people could best scientist George Washington Carver, who almost single-handedly created from the lowly ignored goober today's billion-dollar nutritious peanut industry, or rear admiral Grace "Amazing Grace" Hopper, who invented the computer compiler in universal use today and the COBOL computer language which opened computer use to business for the first time. Restricting all this talent in one or another race to menial jobs simply on the irrelevant basis of skin color has impeded rather than helped human progress.

When peasants of old were restricted to poverty and menial labor no matter their innate talent and character, was human progress and wellbeing advanced or impeded? Suppose all

whites, like the peasants of old, were restricted to poverty and menial work no matter their innate character and talent, would human progress and wellbeing be advanced or impeded? Suppose like peasants and slaves of old, all the millions of talented blacks right up to and including the Carvers and Hoppers, remained restricted by white society to poverty and menial labor, is human progress advanced or impeded? The reality is, too many of them still face such restriction.

We see how sports performance has improved since white society stopped restricting blacks from professional sports. Note carefully, there was no way that blacks athletes could earn admittance no matter how staggering their moral character and talent, no matter how hard they worked. The dominant white society itself had to take down the walls it had erected to keep them out.

Consider Jackie Robinson. Could any human being have more character, talent and work-ethic than the great Mr. Robinson? But there was no way that with all his sterling superiority he could earn his way into Major League Baseball on his own. The argument that his low status was his own fault, due a lack character or talent, is simply and flatly wrong. Until Branch Rickey, a white owner, not only out of competitiveness but conscience, engineered his entry into the League could he compete fairly and equally with white athletes.

The number and dominance of black players today in so many sports exposes as false the racist argument that what kept black athletes out of these sports was some widespread deficiency in character and talent. It shows there was never any shortage of character and talent; there was an ocean of it champing at the bit and going wasted. Rather it was the moral character of the dominant white culture that was deficient and holding them down.

It also puts to rest the conservative default argument that (1) when people do not succeed it is solely due their own deficient moral character or talent rather than any fault of society, and (2) that any help from society only provides them incentive not to improve themselves. Here were all these talented blacks desperately eager to advance themselves, and it was the fault of the dominant white culture that they were held down. The objective evidence shows this argument simply wrong.

Blacks are still under-represented in high-level sports positions ... for example, as quarterbacks and, even more so, as head coaches, in professional football. Again, it is not lack of character or talent or scarcity of such individuals; the few black quarterbacks and fewer black head coaches who have been given such positions have gone to the Pro Bowl and Super Bowl at the same or higher rates than their white peers. It is that the legions of highly qualified blacks in professional sports are still simply being passed over for these high-level positions by white management and assigned or kept in lesser positions.

Hence to argue, as many ideologues blinded by their own racism still do, that the present underrepresentation of blacks in high-level sports decision-making positions proves blacks are inferior (as they once argued it was the reason they were excluded entirely), is as fallacious as the aristocrats who claimed their lowly position proved peasants were inferior. Quite the opposite. The outstanding performance of black players and coaches, once they have

been let in, proves that their past absence, and their present underrepresentation at the highest levels still, is solely the fault of white owners and management who exclude them.

This is what I mean when I say the whole truth is that, yes, black Americans must earn their way like all Americans, and, like all Americans, black Americans exhibit the same wide range and diversity of character and talent as any other large group of humans. But, no, their unrepresentative lack of advancement and self-improvement in America is as much or more the fault of a society which excludes them than any unrepresentative lack of moral character, talent and effort of black people themselves.

Now some racist ideologues plead well, that's just sports (as though sports doesn't require high intelligence and decision-making ability, particularly in high-level positions). On the other hand, they say, the military, the professions and management at the top-levels require intelligence and judgment beyond the capacity of most black people.

Not so, and by the same argument. There is no scarcity of qualified black Americans with the character, intelligence and judgment required for these positions. The moment whites take down the barriers excluding them, they perform as well (and as badly) as their white peers. There is no shortage of Gen. Colin Powells, Dr. Jocelyn Elders, CEO Bernard Tyson, Pres. Obamas. They are simply passed over by the dominant white male culture in charge, and kept or assigned to lesser roles. No matter their talent, character and hard work, there is no way for equally highly qualified blacks to earn their way into these positions until dominant white society allows them free and fair entry. That, as in sports, is why they remain underrepresented in the trades, the professions, and management. Only when given fair entry can they earn their way like everyone else.

Perhaps it may be clearer if we make the parallel with women. Blacks face the same racial discrimination as women face gender discrimination. It is not a shortage of qualified women who wish these positions that keep them underrepresented and underpaid in the trades, professions and management, especially at the highest levels. It is the barriers imposed by the dominant white male culture who control these positions: the same disinterest in hiring; the same lack of serious search for talent; the same last-hired, first-let-go bar to seniority; the same lesser pay and promotions for equal or superior quality work and responsibility; the same glass ceilings; the same ego threat. These are the same walls black Americans face.

Professional sports never used to seriously look for qualified black talent; now they seriously do and they find no shortage. Similarly the trades, the professions, and management claim they can't find qualified black talent. When they start looking as seriously as professional sports does, they will similarly find no shortage. It is not blacks and women who need training how to assert or improve themselves; they have already done that. It is the dominant white male culture that needs training to actively remove these unjust barriers that they alone impose. Until they do, neither blacks nor women can earn their way up the ladder by their own character, talent and hard work ... any more than Jackie Robinson.

Bell and Pearlstein are absolutely correct that all too many poor young blacks lack adequate work and social skills for employment. But to conclude from this that blacks do not

face explicit or implicit hiring barriers is simply wrong. It is one problem to improve the severe employment deficiencies of many poor young blacks, a second problem to remove the racial barriers to employment that all blacks face even when they have achieved more than adequate qualifications. Bell and Pearlstein rightly point out the seriousness of the first problem, they seem to overlook the seriousness of the second.

In sum, if you still think segregation a way to improve the human species, you could never justify doing so by race. Do you really think you are smarter than the Carver's, the Hopper's, the Powell's, the Obama's? Rather you would have to segregate off the less talented portion of both races for restriction to menial work from the more talented portion. And beware, many racial segregationists might not make the cut.

To turn now to the sociological explanation, there are two major sociological arguments. First, any group of human beings ... no matter what race ... on whom is imposed the same concentrated powerful toxic conditions that characterize low-income urban black ghettos, begin to exhibit the same dysfunctional behaviors seen in those ghettos. Second, when these imposed toxic conditions are removed from a neighborhood with the help of the larger society, residents, whether black or white, no longer exhibit the dysfunctional behavior. It disappears, and residents, black or white, show the same range of moral character and talent, and the same range of functional and dysfunctional behavior, as other human beings.

In America no race is anywhere nearly as strongly subjected to these toxic conditions as black Americans, which is why it is in poor urban black communities where the most extreme dysfunctional behaviors excessively concentrate. Bell and Pearlstein are simply wrong that whites bear no responsibility for the excessively high dysfunctional behaviors in poor black communities. It is whites, as we shall see, who impose the toxic restrictions on blacks that breed such dysfunction, and have done so ever since slavery, if more subtly today. It requires whites to do their part, not just blacks, if the toxic conditions that breed these dysfunctional behaviors are to be brought under control.

To elaborate the first argument, children of *any* race who grow up in concentrated poverty areas amid toxic stress ... inadequate nutrition, crowded deteriorating housing, lack of adult role models, constant fear of domestic violence inside, constant fear of criminal violence outside, constant fear of going broke and homeless, addiction, and humiliation and insult and exclusion when they interact with the dominant culture, etc., etc. ... have their brains awash in the cortisol that fuels fight or flight. They incur actual structural brain changes, observable in research, that promote aggression, risky behavior, drug abuse, even early pregnancy.

The adverse consequences continue to be felt the rest of their life. Adults, even successful well-off adults, who grew up with and still face many of these adverse conditions, which include regular arbitrary humiliation, arbitrary force, and arbitrary denial of means and opportunity, have more chronic physical and mental health problems, more infant and maternal mortality, and die younger. It is known as "weathering" theory, and the empirical support is strong.

To take an extreme example, was the social breakdown of Jews in Nazi concentration camps ...collaborators, theft and rape among inmates ... an indication of innate failings of Jews? Or was it the fault of the concentration camps. Any large group of human beings, no matter their race or ethnicity, confined in such toxic conditions begin to exhibit social breakdown.

Consider black crime. As Pearlstein and Bell observe, black crime rates are seriously higher than the rates for whites. But it cannot be said that they are higher than rates for whites in comparable areas and circumstances, since it is virtually impossible to reproduce in white communities the toxic circumstances ... i.e., the number and strength of adverse community factors ... under which most black Americans are forced to grow up and live and cannot escape. Analysis of nationwide neighborhood crime data for the year 2000 demonstrates that violent crime rates in predominantly black and Latino neighborhoods differ little from predominantly white neighborhoods after controlling for segregation and disadvantage. In other words, to the extent poor whites live in areas with some degree of the same toxic factors, to that degree they begin to exhibit the same deleterious behaviors so rampant in poverty-stricken black ghettos.

Nor can the inferior race hypothesis explain that black crime varies significantly by type of neighborhood. Many black neighborhoods, not only well-off but poor neighborhoods, have low crime. Blacks are not a homogeneous group any more than are whites. And even in low-income areas of concentrated adverse factors with high crime, it is fact that most poor people do not commit crime at all.

Studies suggest the serious crime and violence in these areas that terrorize and kill residents and drive good employers out, arises disproportionately from “disconnected” young adult males, perhaps 5% of residents. About 20% of young black men 16 to 24 years old are disconnected — defined as neither in school nor in paid employment — compared with 13% and 10% of Latino and white young men, respectively. The proportion of disconnected youth is a strong, statistically significant predictor of a state's violent-crime rate, whereas neither the poverty nor employment nor high-school-completion rates were significant. In particular, for every 10% increase in the state's disconnected rate, the statistics predict a 7% increase in the state's violent-crime rate.

In the ten largest U.S. central cities roughly 70 percent of all poor whites do not live in concentrated poverty areas. Only 16% of poor blacks live in non-poverty areas, 84% of poor blacks do. Even more striking, less than 7% of poor whites live in concentrated low-income “white ghettos”, whereas 38% of poor blacks live in concentrated all-black ghettos.

Black Americans do not live there by choice. White America allows them neither the financial means nor racial freedom to escape. Yet racism paints all black people with the problems of that 38%, either because in all goodwill many white people don't know or realize the facts, or in ill-will they don't want to. They simply deny them.

Many whites, particularly conservative whites, think that with the passage of Civil Rights laws, black Americans now have equal opportunity and can rise like anyone else. This is tragically untrue. True, laws that once confined blacks to manual labor and domestic help for more than a century ... which helped cement white attitudes towards blacks as fit only

to be menials ... have now been declared unconstitutional. And true, the residential covenants and biased lending practices that have long barred people of color from better neighborhoods and forced them into ghettos, are now illegal or unenforceable. But black entry into white neighborhoods and into skilled trades, professions and management continues highly restricted, now maintained socially by white custom, business practices, and prejudice, as well as indifferent application and enforcement of the law.

Most white male Americans are unaware of their privilege, they consider themselves normal, not privileged. Many think of themselves as tolerant, neither gender nor race biased. It does not occur to them that history is anything but white male history. Anything else, women's history or black history, are specialized exercises with limited appeal to satisfy particular groups, and should not be allowed to unduly intrude or distract from "real" history.

Most whites seem unaware of the high barriers faced by black Americans, even well-off black Americans, in all aspects of life. Consider a few examples. Whites wander freely alone in parks, but blacks, even well-to-do blacks, cannot because whites feel threatened by their presence and police detain them. Or, what white cardiologist walking between medical school buildings talking on his cell phone about a patient he has been called to see has to worry about being arrested for jaywalking by campus police and taken down to the station and booked? What white has to fear for their life at a traffic stop, or being forced from their car at gunpoint while it is rifled for possible drugs? Such threatening police encounters, rare among whites, are a constant in most blacks lives, even well-to-do blacks. So constant that even educated blacks teach their children to avoid police when there is trouble and seek out other adults of color. Blacks, even well-to-do blacks, are excluded from most private clubs where high-level business is done. And many unions make blacks feel unwelcome, and make apprenticeship difficult. White children and adults are not daily subjected to insults, bullying, harassment, ostracism, or threat for their skin color; few black children and adults are spared. The list is endless. What would you do, what would I do, we of the dominant white culture, if we were black? How would we feel and act if faced with similar offense daily? Until these severe barriers are removed, black Americans cannot earn their way freely and fairly in society. It is not a matter of character or talent.

In other words, too many white Americans, unmindful of their own advantages, wrongly assume that minorities have roughly the same circumstances and opportunities in living and growing up as themselves, so if minorities don't advance, it must be their own fault. In fact the difference in circumstances and opportunities is so vast it is difference in kind rather than degree. Having forced so much of black America to live in what sociologists term a "behavioral sink" ... an overcrowded, poverty-racked area with high violence, high drug use, high crime, excessive family disruption and children born out of wedlock ... too many in white America want to then blame black America for the deleterious social behaviors that emerge when people are forced to live in such a behavioral sink, whether those people are black or white or green.

Research finds the poverty-stricken black ghetto a self-amplifying cancerous engine for breeding dysfunction. When males can't make a living wage, they do not make acceptable marriage partners, so single-mother families increase. A poor working single mother hasn't

time to adequately supervise and nurture children particularly teens. So the more single-parent families, the more juvenile delinquency, a strong precursor of adult crime. Lacking responsible male role models at home or in the neighborhood, teen boys develop a toxic teen-age masculinity prone to crime and violence and abuse of women; it lends itself to gang culture. It dominates in schools and marginalizes students who oppose it. Indeed, they have to join gangs to protect themselves. It does not lend to young people preparing themselves for adult employment. Seeing only a life of menial employment scarcely paying subsistence for the adults they know, ambitious boys do not see it as anything to aspire to. Sports, music, and crime are the only visible ways up.

Notice how these conditions compound with one another to steadily worsen all of them into a vicious downward spiral destructive to the entire neighborhood. As crime and violence rise, employers with decent-paying jobs leave and shun the area. Travel to distant well-paying jobs, usually by inadequate public transportation, becomes prohibitive in time and expense for people who cannot afford a car. They cannot find work that pays a living wage with their poor qualifications particularly in their neighborhood, and they face financial inability to travel to such work, and financial and racial barriers prevent them moving to better work. Hence more males go without employment, therefore responsible male role models decline, therefore single-mother families multiply. With increasing inadequate male role models and inadequate parenting time, more youth fall prey to delinquency, violence and crime, and more and more children are being raised in a stressed environment of domestic violence inside and criminal violence outside. The rising number of disconnected young males ill-prepared for employment and the collapsing employment opportunities combine, and that is the reason that Bell and Pearlstein find fewer working people per household in poverty-stricken, crime-ridden black ghettos. Few whites, including poor whites, face confinement to such strong adverse conditions.

Note crucially, because of your race you are not allowed to move out to a low-income white area where conditions are not nearly so bad. That is imposed by the white world ... by white developers, white banks, white public housing policy, and white homeowners. Poor blacks can do little about it no matter how wonderful their character and effort. Nor have you the means to afford to move to a middle-class black neighborhood. So once you get behind in work skills because of your deprived upbringing, you have no money for training to try to raise your skills. Due the longstanding impositions of the white world you have neither family wealth nor useful connections nor mentors nor ability to escape. It is then very hard to recover and get ahead. Most who fall behind, stay behind.

In the white world, youth who make mistakes get constant second chances from family help and connections, and freedom to move away. All too many whites obliviously assume this true for blacks, whereas in fact for poor blacks, the consequences of youthful mistakes are usually life-long; there are seldom second chances. They are trapped in this toxic cycle of structural poverty and violence that spirals downward into the concentrated urban behavioral sink that is the low-income high-crime black ghetto.

And Bell and Pearlstein imagine that blacks can lift themselves by their bootstraps when they are forced to remain in these conditions! Certainly they must try, and be encouraged to try. That an exceptional few do escape is remarkable. But I see no remedy until the larger

society is ready to lend a hand to ameliorate this racial structural poverty that society itself bears the main responsibility for perpetuating and letting get so out of hand.

The second sociological argument (that it is the toxic conditions of concentrated urban poverty rather than any innate deficiency in black character and talent that produces the excessive rates of dysfunction observed in poverty-racked, crime-ridden black ghettos) is even more powerful. And that is: when a neighborhood is transformed by removing these conditions, replacing them with a safe nurturing community environment, the dysfunctional behaviors in the residents disappear. Formerly troubled areas where these toxic conditions have been removed begin to fare like untroubled communities.

For example, when the catastrophic crime-ridden public housing black slum of East Lake Village in Atlanta ... with all the problems lamented by Bell and Pearlstein at double strength ... was transformed into an attractive mixed-race mixed-income neighborhood by external help from society working with the residents, the results were eye-opening : in the 20 years since the transformation was accomplished,

- the crime rate fell over 90%,
- unemployment rose from 14% to 70%,
- the drop-out rate fell dramatically and
- the percentage of children passing the state math exam rose from 5% to 80%.

Note, only 15% of the original all-black residents were allowed to remain, and these had to be full-time employed and have no criminal record. The remaining 85% of the original residents were relocated by the Atlanta housing authority or given vouchers to relocate themselves. All looked for safer neighborhoods. Because of an absence of research, there are open questions about the fate of these relocated original residents. Were most better off, the same, or worse off than before, in the neighborhoods where they ended up? In particular what became of the large number of disconnected violence-prone young males displaced from East Lake, were these broken up and dispersed or did they reaggregate and increase crime and violence in the neighborhoods where they wound up?

While the answer to these questions specifically for East Lake's original residents is not known, other studies elsewhere provide some reassurance. The conventional wisdom about gentrification is that any benefits are greatly outweighed by a) displacement of existing lower-income residents, b) increases in rents, and c) upticks in cultural conflicts. Most studies find the opposite, however. A 2019 study of gentrification across the 100 largest U.S. metropolitan areas found that for all types of individuals, movers from gentrifying neighborhoods do not experience worse changes in observable outcomes than movers from non-gentrifying neighborhoods. That is, they were not more likely to end up in a higher-poverty neighborhood, to become unemployed, or to commute farther than individuals moving from non-gentrifying neighborhoods; nor had gentrification any effect on reported monthly rents paid by original less-educated resident renters.

Not only does gentrification apparently not harm existing residents, it can improve the quality of life for everyone. A study of neighborhoods in five major U.S. cities found increasing numbers and shares of high-income movers into low-income central city

neighborhoods is associated with falling neighborhood violent crime, bringing safer streets and better schools.

That certainly appears true in East Lake where the gentrification was not left to the market alone but was highly directed to ensure a balance of race and income, including low-income residents. The attractiveness of the development drew in new higher-income residents both black and white. Today, 20 years later, the community is 48% white, 41% black, 11% other, and 21% of households are under \$25,000 annual income. A new charter public school, Drew, created especially for the neighborhood transformation strategy is 68% black, 24% white, 45% low-income, and is one of the five highest performing public schools in the state and also has among the lowest disparities by race and income.

The East Lake transformation shows that when blacks are allowed to live in an attractive community with high employment, responsible adult male role models, and excellent schools, the toxic dysfunction observed in concentrated overcrowded poverty-stricken crime-ridden ghettos does not arise. Employment does not fall, employers move in not out, adolescents study hard and do not drop out, disconnected youth, violence and crime do not arise. Bell and Pearlstein simply missed that all the dysfunction they correctly lamented was not caused by innate deficient moral character as they incorrectly concluded, it was due the toxic neighborhoods in which these black residents were forced to live. Bell, Pearlstein, and all the rest of us would do well to recall the prescient words of Buckminster Fuller: “Reform the environment: stop trying to reform people. They will reform themselves if the environment is right.”

The neighborhood transformation strategy in East Lake was the brilliant brainchild of white multi-millionaire developer and philanthropist Tom Cousins, and there are now efforts, with the help of Warren Buffett and others, to replicate it around the nation. Not only does it show that such transformation is feasible when society lends the residents a substantive hand, it also shows that black residents then exhibit all the moral character and talent of any other community. Was this a sudden creation of character and talent *ex nihilo*? Of course not, it was never lacking, it was overwhelmed by the previous toxic environment. No human community trapped in such conditions can avoid the dysfunctional consequences, or, on their own, correct them.

Tom Cousins finally addressed and removed the underlying cause ...the concentrated toxic poverty-racked urban ghetto itself ... instead of the usual whack-a-mole public policy of separately trying to treat each of the symptoms of that underlying cause ... the poverty, the unemployment, the violence, the crime, the drugs, the drop-out rate, the single parent households and kids out of wedlock that it produces. And lo and behold, all the symptoms have remarkably evaporated to normal levels. Treating each of these symptoms separately as we now do ... omnibus tinkering ... is extremely expensive and fruitless, therefore wasteful. Until the underlying cause is removed the symptoms will persist. Omnibus tinkering should be used as only a temporary stopgap while we rid America of these urban blighted areas created by white barriers that trap and destroy human lives.

Cousins' neighborhood renewal strategy in East Lake reversed a century of bad private development practices and bad public policy: The private covenants, and selective selling

and renting, by developers, often with the aid of deliberate municipal zoning laws that pushed affordable housing options out of high-income neighborhoods and excluded black Americans, are here undone. The legacy of urban renewal and redlining that tore apart mixed-income urban neighborhoods and pushed the poor, and especially the black poor, into slums is here eradicated. The unforeseen consequences of busing policies that drove the middle class to the suburbs are here extinguished. And the highways, designed (apparently) for the express purpose of hollowing out the urban core of our cities (with the destructive consequences Jane Jacobs pointed out long ago) no longer serve that purpose. In short, this brilliant neighborhood renewal strategy has erased all evidence of the malignant private and public policies that impoverished our black urban neighborhoods in the first place.

To give a better feel for how some of these racist private practices worked in the past and still do, consider Chicago. In the 60's a great influx of black Americans came north seeking opportunity denied them in the South. Chicago was typical of their experience. Taking advantage of patently racist practices by banks such as "red-lining," speculators were able to make a handsome profit off the incoming blacks, sometimes doubling their money. Banks would draw a red line around an "undesirable" neighborhood and deny mortgages to the new black residents. As a result, although black Americans fought housing discrimination by protesting and filing lawsuits, the first black American families seeking to move into these areas would have no choice but to work with the speculators on extremely disadvantageous terms. They could acquire houses for a low down-payment, but the speculators would demand an astronomically high monthly payment. Since the black families would also have to sign an installment contract-for-deed that left the title to the house in the speculator's possession, a family could be evicted for the smallest violation of the housing agreement.

Because there were so many people coming into the few areas open to blacks, demand far exceeded supply. Black homeowners had to take in many boarders to meet their house payments. Landlords would divide apartments into tiny units called "kitchenettes" and charge exorbitant rents. These apartments often had no bathrooms, with all the occupants of a floor having to share a single hall unit. Despite building codes, landlords were rarely penalized for owning slum housing and the few landlords who were fined found it was far more profitable to pay the usually small fine than to maintain their buildings.

Slowly, as an increasing number of black Americans rose into the middle class, they sought to move out and escape these slums. Some were able to move to better neighborhoods and enjoy improved quality of life. But for many, the migration only amounted to an expansion of the slums they were trying to escape. When they sought to move into a better, primarily white neighborhood, unscrupulous real estate speculators would increase their profit margin by playing on whites' fears of black neighbors. Working-class whites whose homes often were their only asset were especially vulnerable because they feared declining property values. Thus arose wholesale the practice known as "block-busting," in which speculators would convince working-class whites that their neighborhoods were about to deteriorate owing to an influx of blacks. Then when the speculators offered cash for a house, white owners often accepted less than the house's actual value on the assumption that their houses would be worth even less later. These the speculators sold at exorbitant

rates. As a legion of block-busting speculators enriched themselves, block by block, mile after mile, vast areas fell to resegregation from white to black, and the cycle of overcrowding and deterioration would repeat itself. Rapacious capitalism at its finest.

For conservatives to absolve themselves of society's responsibility to alleviate these adverse factors largely created by whites, when we know it is possible, is irresponsible and unjust. Liberals have a different problem. While most accept that society bears a major share of responsibility for the problems of black Americans, their approach has too often been token symptom curing, imposed top-down, rather than a larger vision addressing underlying cause. Merely providing welfare checks without altering the factors producing poverty, unemployability, violence, crime, and family disruption is ineffective symptom treating. Too often their symptom curing is based on good intentions rather than research-proven measures, and proves ineffective. It can even intensify all the adverse factors (e.g. minority public housing projects, which concentrate poverty, segregation and crime; e.g., running freeways through intact stable low-income minority neighborhoods that disperse and destabilize resident families and destroy community; etc.)

These are reasons we spend so much to overcome racial disparities with so little result. It is not as Bell and Pearlstein contend, because the larger society can do nothing and only blacks can solve their problems by showing more moral character. East Lake proves they are in error. The main reason is that America has spent unwisely. It has not addressed the underlying cause. If we spent more wisely, we would get substantive results without having to spend so much.

So what is to be done? What can be done to ensure that in a redesigned capitalist market economy ... the major purpose of this essay ... Americans of color prosper as fairly and well as white Americans and do not continue to be left behind.?

In a perfect economy and a perfect society, moral character and competence would determine people's place in society. Even the poor with reasonable moral character despite less talent would be able to provide a decent living for themselves and their families, and contribute their part to the economy and society. And a decent society would provide for those too old or mentally or physically challenged to provide for themselves. Only those who are recidivist dangers to society and refuse rehabilitation would be incarcerated, not to punish them because that does not rehabilitate, but to protect society.

But we live in neither a perfect economy nor perfect society nor ever will, in much part because human nature is far from perfect. Our economy is deeply flawed, rewarding concentration of wealth and runaway inequality, driving us toward tyranny. Our society is still deeply flawed with systemic racism denying equal opportunity to millions of Americans of color whose moral character and competence differs little in variety and quality than whites. By systemic racism is meant that although many individuals are not racist in intention, the society is racist; systemic racism is about power: when power is disproportionately held by whites and operates to white advantage over people of color, that is systemic racism.

Nonetheless, that we will never come close to perfection does not excuse any of us from steadily working to improve both our economy and our society toward that noble ideal. Our Constitution pledges us to form a more perfect union.

The underlying cause of excessive and rising poverty and homelessness in America, especially for blacks, is the nation's flawed economy rewarding runaway inequality. Because it is creating so much needless hardship and suffering for increasing millions of Americans, black and white, and even more because it will drive us into tyranny if not corrected, redesign of the economy is the first and highest priority. *Do you hear, capitalists? Do you hear, legislators?*

While redesign of the economy to reverse runaway inequality will not solve all the problems of racism, it is unlikely that racism can be solved without it. Both redesign of the economy and ending racism are necessary; either one alone is insufficient if all Americans are to share in the benefits of economic redesign. People of color must have opportunity to provide for themselves and accrue wealth that can be handed to the next generation. Liberals have yet to seriously address redesign of the economy. It does not even occur to conservatives.

For the nation's white poor we have earlier enumerated the structural barriers which stifle their self-improvement and upward mobility no matter how fine their moral character, competence and how hard they work. Many people of normal competence are working extremely hard yet fail to prosper. That is not their fault, it is ours as a society because of our flawed economy. These structural barriers are beyond their power to remove no matter how ambitious or hard-working they are. Redesign of the economy will minimize these barriers. The poor cannot redesign the economy, only those with wealth and power.

The black poor not only face these same structural barriers as the white poor, they and all black Americans, even the well-off, face additional highly toxic and disabling barriers to upward advancement that have been imposed ... some deliberately, others obliviously ... by the dominant white American culture. These must be ameliorated. Redesign of the economy will not solve systemic racism, only make it easier because there will now be dedicated redistribution funds for public services required to hold inequality constant. These public services can be used to help all low-income people, black and white, provide for themselves.

It would be lovely if one could wave a wand and change white attitudes toward black equality. But no such wand exists. Enlightened leaders can and should do their best to use the bully pulpit to enlighten white racists. But many poor whites are racist for the same reason many males are sexist, not because of ignorance but because of ego protection: we may have it bad but at least we are superior because we are not one of "them". And many rich whites are racist because allowing blacks equal opportunity threatens their business and real estate investments. These people will not be persuaded by exhortation. These people will reluctantly change their views only as blacks become equal members of society in wealth and position. So how is this to be accomplished?

I have stressed earlier, it takes money to earn money, even the opportunity to earn money. Hence the biggest need for people of color is opportunity for families to build equity ... incomes substantial enough that they can accumulate and hand down to the next generation

wealth in property and investments. Ever since slavery white society has systemically suppressed wealth-building by black Americans. Home ownership public policies have deliberately excluded black Americans, and the private housing and finance industry has been severely biased against blacks, profiting by segregating them into lower quality residential areas and exacting usurious loan rates. In the first decades of the 20th century, white mobs even murderously pillaged prosperous black areas. Thus well qualified blacks for decades have suffered fewer and more fragile (seldom and last hired, first let go) job opportunities with lower pay. As a consequence, they haven't a tenth the wealth of comparably qualified white Americans.

As wealth is often key to the training and the capital needed to enter the most skilled careers that earn the greatest wealth, the lack of wealth is perhaps the largest barrier preventing blacks from rising economically. Because it takes money to make money at all levels from poor to rich, establishing equal access for black Americans to fairly accumulate wealth is perhaps *the first and highest priority* to alleviate racism. It is the first requirement allowing people to rise by their own bootstraps. That means tearing down white-erected walls and opening opportunities for black Americans to well-paying employment and home ownership.

Employment Barriers. Middle- and high-income blacks face systematic discrimination in employment opportunities and advancement, no matter their moral character and talent. Bell and Pearlstein simply overlook this. They only remark on poor young blacks who won't work or study. But these are not the only black Americans. There is no shortage of highly qualified black Americans (any more than a shortage of qualified women who face similar gender prejudice). They cannot gain equal opportunity until the dominant white culture takes down the walls they have erected to exclude blacks. There is no shortage of Jackie Robinsons, not only in sports but all fields. There is a shortage of Branch Rickeys.

Equal opportunity laws are a blunt, red-tape-ridden, troublesome, burdensome instrument. Far better for private and public employers to seriously take it upon themselves to actively recruit qualified black Americans, and pay and promote them fairly to positions from the bottom to the top of the ladder. When white management says they can't find them, they are either looking in the wrong place or not seriously looking. They must seriously seek out people of color qualified to fill the gamut of positions as diligently as sports teams seek out players of color, and unlike how sports teams, and all other big business and big government, seek executives of color. They should set quantitative targets for representative numbers of, and equal pay for equal work for, people of color, like they do for any other serious business objective. And annually they should publicly report their score on meeting those targets to keep the pressure on themselves. *Are you listening Business Roundtable?*

Community Renewal. The best investment for people of low and middle income is home ownership in areas where houses are likely to appreciate. But black Americans have been barred for decades from owning houses in such areas by red-lining in FHA programs and residential covenants and developer practices, often with the assistance of local governments, to exclude black people from white areas. These continue today in more subtle but just as real ways. This is a terrible conundrum because of white flight. Realistically, the

moment that even well-to-do blacks buy into an area, whites fearing loss of property values leave, and housing values fall rather than appreciate.

I do not have any definitive answer but I urge three proposals. First, in every locality, all racist exclusionary real estate practices, both their history and present status, and the names of the developers and public agency heads responsible, both historically and presently, must be publicly exposed in detail, the practices stamped out and the responsible persons pressured and embarrassed. Indeed there should be pressure for remedial action, suggested in the two proposals next, by those individuals and public agencies responsible, to aid blacks to buy into affordable areas likely to appreciate. It will make white flight more difficult, the more that blacks are able to buy into any area they can afford. *Activist scholars and investigative reporters, are you listening?*

Second, for healthy communities under threat of deterioration, I urge use of the brilliant “Oak Park strategy” to prevent white flight and decline whenever middle-class blacks seek to buy into a previously all-white community. Oak Park is a prosperous municipality in the Chicago metro area that, in the ‘60s, was directly in the cross-hairs of block-busting speculators capitalizing on white flight. Racial steering and block-by-block panic peddling caused rapid racial change on Chicago's west side and by 1968 had reached areas adjacent Oak Park. Oak Park decided to resist this juggernaut and developed a strategy that averted white flight and successfully integrated the village into a prosperous mixed-race mixed-income community that continues today, while the communities around it and beyond, all succumbed to the block-busters. The block-busting pattern in effect leaped over Oak Park to other, less wise, all-white suburbs farther west, which resegregated in a relatively short time and became concentrated all-black low-income areas.

Fifty years on, Oak Park remains a prosperous town of 52,000, now 68% white, 22% black, and 10% other. As of 2016 the estimated median annual income for a household in Oak Park is \$91,945, the median income for a family \$105,217, well above the national average. About 6% of families and 8% of the population are below the poverty line, including 9% of those under age 18 and 4% of those age 65 or over. Overall crime in Oak Park remains low with zero homicides, particularly when compared to nearby Chicago. The village is protected by the Oak Park Police Department with 23 sworn officers per 10,000 residents. It is a great success story, and bears replication. *Are you listening city fathers, foundations, and leading citizens?*

The Oak Park strategy bears study by all wishing to promote integration that does not provoke white flight collapsing housing values. Two key elements were, first, the Village of Oak Park, with strong community support, passed a fair housing ordinance in 1968 to ensure equal access to housing in the community. Second, the Oak Park Housing Center was founded in 1972 by Roberta Raymond to promote and guide integration and development by ensuring equal access, a diverse mix of incomes and occupations, and discouraging white flight. This device of an independent non-profit center to guide development appears important in strategies both to prevent community deterioration before it happens, and to restore communities where it has already occurred. *Are you listening mayors, councils, businesses, voluntary organization, and leading citizens?*

Third, for already deteriorated communities, I urge use of the neighborhood renewal strategy devised by Tom Cousins described earlier for turning catastrophic black ghettos into prospering mixed-race, mixed-income communities.

A key element is that this is *neighborhood* strategy ... a comprehensive strategy of planned “directed gentrification” of a target toxic neighborhood ... with the clear objective of giving both low- and middle-income blacks and whites affordable healthy integrated neighborhoods, having both subsidized and market-rate homes, condos and apartments in which to live. Because cities do not presently govern by neighborhood, a second key element of the Cousins strategy is to create a non-profit neighborhood foundation to guide, coordinate and gradually bring together all the elements ... private developers, public housing authorities, charter schools, YMCAs, YWCAs, new businesses, and other institutions ... necessary to transform the target neighborhood. Indeed the success of this strategy suggests *the need for municipal government reform: cities should govern by neighborhood not only by city-wide “silo” agencies.*

Steady pursuit of this strategy is a way for a city to gradually rid itself of its festering neighborhoods and relieve their suffering residents by gentrifying them into attractive thriving integrated neighborhoods with low crime and high employment. It should be amplified across the land. There is already a movement starting to spread the Cousins strategy called Purpose-Built Communities. It is a cooperative effort by capitalist philanthropists, private developers, local housing authorities and volunteer agencies working with local residents. *Are you listening, capitalists? Are you listening public officials? Are you listening activists?*

Police Reform. Since renewal takes some years, the most immediate and practical high priority that will help residents of low-income crime-ridden black ghettos is substantive police reform. Indeed this should be the first move in these low-income ghettos until they have been readied for renewal by directed gentrification. Better policing will reduce the crime and violence that terrorize and kill residents and make employers shun the area.

Police reform is desperately needed because the nation’s dominant policing approach is an aggressive, racially biased paramilitary approach called “warrior” policing that has failed spectacularly. It is racially biased, not because officers are more racially biased than other Americans, but because the approach is racially biased: it is exercised most aggressively in poor black ghettos where crime is more concentrated, much less aggressively in white areas where crime is more dispersed and political pushback is high. White areas would simply not tolerate the adversarial tactics warrior policing uses so cavalierly on people of color. Warrior policing has failed to contain crime in these catastrophic ghettos while escalating arrests, police violence and killings, and undue incarceration, particularly against people of color.

While individual officers may not be racist, the decision to concentrate enforcement in black ghettos has decisively racist consequences, producing disparities that Bell and Pearlstein and many other conservatives fail to recognize. Presumably it is because black ghettos are considered a more efficient target for enforcement because concentrated adverse factors concentrate and escalate crime there. For example, drug crime occurs at equal rates among blacks and whites, but outside ghettos it is more dispersed across a broader area. Thus

despite comparable usage, due the warrior focus on black ghettos drug arrests and incarcerations have *declined* among whites and *skyrocketed* among blacks. These differences cannot be attributed solely to objective levels of criminal danger, but rather to the way in which minority behaviors are symbolically constructed by the dominant white culture and subjected to official control

It is this failed warrior paradigm that has cost police the trust, legitimacy, and cooperation of communities of color. They desperately want good policing, but their experience with warrior policing makes them feel the people who are supposed to keep them safe are as dangerous to their safety and wellbeing as the criminals. The majority of officers are good and brave people, but they are drilled and trapped in this approach, and can do little because warrior-minded officers control most large police departments and national security agencies.

The measure of warrior policing's destructive failure is two-fold. First, countries which shun this approach have far less police violence, far fewer arrests and incarcerations per capita, far less violent crime, and citizens trust and cooperate with their police force to prevent and apprehend crime. Second, in America a superior new policing approach is available called "procedural justice" policing. The most outstanding example of its application is the formerly high-crime, high minority low-income city of Camden NJ. Since implementation in 2012, it has proven dramatically superior to the warrior approach on every aspect of policing: reducing and solving crime, keeping not only officers but suspects safe, and building trust and cooperation.

The new procedural justice approach is a disciplined approach to policing that continually trains and manages officers to be not only fully competent in the use of force when necessary, but equally, to:

- consistently de-escalate all unnecessary use of force;
- commit that all lives come back safe, not only officers but suspects;
- uniformly and fairly give all people ... white or of color, rich or poor ... respect, patience, and voice in all encounters with police; and
- engage in community work and interactions that build trust and cooperation between police and community.

Added to this approach should be neighborhood improvement associations and focused deterrence.

Neighborhood improvement associations can beautify the neighborhood to create pride, eliminate "broken windows" to discourage crime, put eyes on the street, and look out for kids. Coupled with good policing and community cooperation, this helps reduce crime and delinquency.

Focused deterrence eschews the warrior approach of using flimsy pretexts to engage in aggressive policing of any black residents police deem "suspicious-looking". This has low payoff because most residents are not criminals, and does great harm because warrior policing shows neither patience nor restraint in escalating police violence and has caused needless resident harm and death (the source of our major nationwide protest), and creates

fear and destroys trust, stifling citizen cooperation (the most fruitful source of tips) with the police.

Instead, focused deterrence concentrates aggressive policing on high-risk disconnected youth and gangs already identified as falling into violence and crime, where there is high payoff of apprehending delinquent and criminal behavior ... i.e. it focuses on identified young criminals not random putative “suspicious-looking” residents. But it goes further. It offers these young men a choice: a package of services and programs to help them prepare for and obtain employment, or very harsh policing and incarceration for any hint of crime minor or major. This focused approach has proven to moderately reduce crime and violence.

I caution the new procedural justice approach only works when officers are committed to it. It will not work ... has been tried and failed ... with warrior-minded officers who, impervious to persuasion or discipline, continue to think it bunk and weak despite its definitively superior track record on every dimension of policing performance. All such warrior-minded officers must therefore be removed from the police force permanently, otherwise the strategy will fail. Because of the resistance and power of warrior-minded police and police unions, adoption of this superior approach has been slow. It should be replicated across the nation. *Are you listening, legislators, mayors, judges, police chiefs?*

Human Development Programs. An equally high priority for low-income people, especially those of color in high-risk areas, is a set of research-proven human development programs which poor people, white or black, could never afford on their own. The most important and effective is *early parent education* for parents of high-risk infants from pre-natal to two years by regular visits from a child-development nurse or social worker. This has been proven to have life-long benefits. The children do better in school, exhibit less delinquency and are more highly employed as adults, exhibit less crime and domestic violence, less addiction, and better lifelong mental and physical health. The increase in contribution to the economy and to taxes and the decrease in welfare, health, and enforcement costs is estimated to net a staggering 18% return on the cost of the program in taxes. It is an enormously rewarding public investment both financially and in human wellbeing, not to mention greatly improving the competence and competitiveness of our workforce. It should be a major priority of public policy for all high-risk infants; we are foolish not to do it. Yet neither party has shown serious interest. *Are you listening legislators and volunteer agencies? Would you wake them up, concerned capitalists?*

For poor young adults, black or white, with inadequate upbringing who have wasted their youth and lack education and preparation for work and responsible adulthood, there are proven *work training* programs that can do much to improve their work and social skills and help them find employment with livable wages. These poor young people could never afford such programs privately. Far from all will succeed, but enough will succeed to make this a worthwhile public investment that will more than pay for its cost in taxes, although starting this late does not have the staggering high rate of return as starting with high-risk infants.

Also not to be overlooked are adequate *subsidized quality daycare programs*, so children of low-income parents have adequate supervision and guidance while parents work. Not only

will this help family income and stability, it will reduce the juvenile anti-social behavior and delinquency that follows from inadequate supervision.

Education Reform. A final priority is education reform. Bell and Pearlstein suggest schools are largely not racist. I would agree that they are not racist by intent, but rather by inertia. The American public school system is a monopoly, more precisely a set of unevenly financed district monopolies ... low-income school districts are poorly financed resulting in poorer schools which senior teachers use seniority to avoid. All monopolies, public or private, eventually serve themselves rather than the mission for which they are created. Our public school system is no exception. It has comfortably locked itself into a one-size-fits-all model, and a mentality that if children don't learn, then it is the children's and their parents' fault. Since many low-income minority students do not do well in this standardized model and drop out, it produces achievement disparities.

Now, if you do not go to McDonald's or drink Coca-Cola, McDonald's and Coca-Cola do not regard that as your fault. They bend over backward at great expense to attract you. But public schools seldom think this way.

There are outstanding district public schools and outstanding charter public schools in low-income high-minority districts that perform superbly, raise student performance while reducing racial disparities. This puts the lie to the idea that disparities can't be strongly reduced.

But they remain rare. Why? For example, consider the Union district public school system in a low-income high-minority area of Tulsa. These students perform well above the national average on all metrics, and at lower average cost per student. A school can't do much better. But their district public schools look and act nothing like most public schools; they have adapted to their student body and community's needs brilliantly. A similar innovative approach rejecting the standardized model has been taken by the Drew Charter School set up in East Lake Meadows as part of the neighborhood renewal project there described earlier, with the same results: high student performance while disparities by race and income become minor. Are district and charter public school officials from around the nation beating a path to their door to learn and replicate their innovations? Not a one. Are even other Tulsa school districts with low-income high-minority students right next door jumping to emulate Union? Not a one.

Why? Because there is no reward or penalty for schools whose students don't learn; no one loses their job, no one goes out of business. The system, like any monopoly, runs for itself on its own momentum independent of whether children learn. If we redesigned our public school system so that all public schools, whether district or charter, were objectively rated and parents were informed and given free choice (called the "parent choice" education reform strategy), then poorly performing district and charter public schools would lose students to good district and charter public schools, and have to improve or close for lack of students. Under such strong new incentives, innovation might spread more rapidly and become ongoing.

This does not require more money, it requires redesign of the public education system to reward good performance and deter poor performance. I urge States use state funds to eliminate per-pupil funding disparities across school districts. I further urge States to promote charter public schools in every district, and State Education Departments to publicize to parents the comparative performance of all public schools, district and charter, to create incentives on schools and educators to perform well or lose students to schools that do. Finally I urge State Education Departments to sponsor conferences and training courses on how the best schools around the country raise student performance while reducing racial disparities. And State Education Depts should promote creation of charter public schools designed around these disparity-reducing innovations, and place them in low-income high crime black ghettos. *Are you listening legislators and educators?*

I caution, schools cannot do the job alone, they cannot perform miracles. There are too many factors outside a school's control. But every student in every public school should have at least one teacher who knows that student and his or her home situation and try to help if that child is not learning. Public schools start too late for high risk children; these children should be started prenatally with early parent education. Students trapped in toxic high-crime neighborhoods will have difficulties with the disconnected youth culture that pervades schools in these areas. If the proposed neighborhood renewal strategies are seriously pursued by a city, the same kids that would have become disconnected delinquents and gangs under toxic conditions will perform well in healthy neighborhoods.

Also free education should be extended to trade school and college. When every student gets as much education as he or she is capable of, this creates such extraordinary gain to our economy, to the productivity of our workforce, and to the general welfare that society is foolish not to do it. Look at the returns to our economy of the GI Bill.

Funding. Finally let us talk about funding for all these reforms. All of them require competent, well-funded public services and programs. In the present flawed economy there are no funds to support these reforms. A combination of the selfish rapacious wealthy and the mindlessly tax-cutting parsimony crowd unite to fight any public spending on collective services no matter the immense benefit to the public wellbeing. They chop and fight funding for any social programs, even if they would more than repay the cost in taxes in high return to the economy and general welfare.

The proposed redesigned economy solves this problem. Because inequality is held fixed by redistributing income, and this income is dedicated to the public services, there will be ample funds for productive social programs, and no ability to gut them. These funds will be earmarked to support such reforms, and by public subsidy lift the expense for economically productive collective goods off the backs of the poor. The only issue will be the best way to choose the mix of public services that best maximize the general welfare. There will no issue about the amount of funds or whether they should be spent on something else than collective public service, because anything else will not contain inequality at the specified level set by policy.

A Proposed Racial Justice Policy Agenda. The above discussion can be summarized into four action initiatives: 1) calming violent protest, 2) removing employment barriers, 3) police reform, and 4) transforming toxic urban neighborhoods.

1.) Calming violent protest. The death of George Floyd has triggered one of the most massive protests in American history, long overdue, against racially unjust policing specifically and racial injustice generally across the nation and around the world. People of color in the United States are overpoliced and underprotected. While the great majority of protesters are and have been peaceful, a small minority have lost patience that peaceful protest will produce progress and have resorted to violence.

This unlawful violence by a minority of the protesters is harmful in two ways. First, it attracts parasites: the looters, who use the protest as cover for their stealing, and the violent extremists from both the left and the right with subversive agendas having nothing to do with the protest, who use its cover to escalate the violence for their own purposes.

Second, violence by any protesters provokes strong opposition from people rightfully concerned about breakdown in law and order. Their fear and anger lead them to overlook the just cause that provoked the violence and vilify the entire protest, including the great majority who are peaceful. The Floyd protest violence is a symptom of an underlying cause, injustice. Focusing solely on the violence distracts many people from that bothersome fact, and allows them to comfortably absolve themselves of any civic duty to correct it. Sadly, their energy is directed solely to attacking the symptom; no energy goes to correcting the underlying cause: major racial injustice in the nation crying out for remedy for decades.

The wrong way to quell violent protest is to unleash a paramilitary police riot against the protesters. This is simply provocation that will incite greater counter-violence. The only way ... and only just way ... to permanently end violence by protesters with a just cause is to grant them justice. Then the need for protest is over ... end of protest, end of violence, end of injustice. It does not take much wisdom to see that anything less will prolong the protest and any violence.

Leaders at every level must therefore constantly publicly acknowledge the just grievances of the protest and propose remedies which they begin to act on. If the acknowledgments and action are sincere, this will help cool the anger and increase the patience of legitimate protesters. If insincere, it will only aggravate protest and violence.

It will also likely prove useful if government quietly helps activists and protesters of all political stripes organize training sessions in non-violent protest. This discipline, organized by the activists themselves in the civil rights protests of the 1960s, proved effective, and may help today's protests remain forceful but peaceful.

In the meantime, police must humanize and de-escalate all unnecessary use of force whenever and as much as practical. Remarks on public bullhorns and individual officers should speak to protesters as friends not enemies, even when using physical force. This firm but friendly attitude, not natural in the face of threat, ought to be an important part of police

discipline and training. The idea is not only to have officers not treat protesters as the enemy, but to encourage protesters not to see officers as the enemy, but rather fair and trusted guardians keeping all sides safe while peaceful protest proceeds.

Official approval of a protest's grievances is not a decision for police to make, but rather for civil authorities. Until such decision is forthcoming, police, while always remaining friendly and deescalating force as much as safety allows, must professionally remain firmly neutral as to the legitimacy of the protesters' cause. However, if civil authorities who oversee the police do acknowledge the justice of a protest's cause, police may in both public and individual remarks and actions legitimately show sympathy to the protesters for their cause. Expressed sympathy for the cause by officers in direct contact with protesters can further help calm anger and encourage patience, reducing risk to both police and protesters. This is why it is wise for civil authorities to acknowledge the legitimacy of a protest both publicly and to police leadership as soon as they have made such an assessment. (In the Floyd protest it is clear that without official sanction many individual officers have acted on their own to show solidarity with the protesters, while others have gratuitously escalated brutal force. Solidarity by police does not excuse them from stopping violence, nor does stopping violence excuse excessive police brutality.)

On the contrary, when civil authorities fail to acknowledge just grievances or, worse, unconstitutionally incite police violence against legitimate protest, the job of the police is made enormously more difficult and dangerous. Such unwise civic leadership raises unnecessary risk to police as well as protesters. It does not dispel legitimate protest, indeed more people are likely to join and more protesters may be provoked to retaliate violently against police. But worse, it provides cover for extremists targeting both police and protesters, attempting to discredit and incite public animosity against a legitimate protest or discredit and incite breakdown of public authority. For example, it has been determined that members of a right-wing terrorist group, the Boogaloo Bois, came from long distances to assemble at the Floyd protest and fired AK-47s into an occupied police precinct building and later, when police were ordered to abandon the building, set fire to it and many private businesses.

When faced with aggressive violence against officers, whether from legitimate or illegitimate protestors, police and guards must mass sufficient forces between the protesters and property to defend both themselves and property. But still, whenever and as much as safety allows, both police bullhorns and individual officers should ask for cooperation and express regret ... "help us out here, we don't want to do this" ... not bark imperious commands as if to inferiors. And they should avoid as much physical injury to protesters as possible. Bullhorns and individual officers can also ask protesters to help police identify and quell the parasites ... the looters and incendiary agitators ... for arrest.

Violent protesters are not the enemy, they are American citizens acting unlawfully to express their legitimate (or illegitimate) grievances. They certainly must be stopped and arrested, but not treated with anger and brutality. This deliberately trained, disciplined police courtesy and kindness elevates officers in the eyes of both the public and protesters. The violent angry beatings constantly seen on the media represent irresponsible gratuitous, and counter-productive police violence, and only incite more protester anger and violence

in return, and feed into the hands of violent extremists. The objective of excellent policing is to serve and protect everyone, protesters as well as all other citizens and property.

2) Removing employment barriers. It is up to the dominant white leadership of the nation to see that employment barriers to qualified people of color are removed. They should set targets for representative numbers and equal pay for equal work, and annually publicly report their score on meeting those targets. They must seriously seek out people of color qualified to fill them as diligently as sports teams seek qualified players of color, and unlike how sports teams, and all other big business and big government, seek executives of color.

3) Police reform. Cities must bring racial justice to policing and housing for people of color. The first practical step is police reform, phasing out warrior policing in favor of procedural justice policing, as described at length earlier. Immediately initiating and carrying through on this reform will most calm and eventually end protest, both peaceful and violent.

4) Transform toxic neighborhoods. But police reform must be followed by serious resolve to systematically rid the city of toxic concentrated low-income high-crime segregated neighborhoods using the Oak Park and East Lake strategies of planned directed gentrification into mixed-race mixed-income neighborhoods with both market-rate and subsidized homes, condos and apartments. People who must be moved out during the transformation of these areas must have housing responsibly provided for by vouchers and subsidies. The more toxic neighborhoods that are transformed, the less demand on policing. These attractive transformed neighborhoods do not breed the crime and dysfunction of toxic neighborhoods.

Are you listening city fathers and leading private citizens of America? Police reform is the tip of the iceberg. Want a better city? Then let's get rid of the crime that creates need for so much policing. Let's give the protest not just policing justice but the full justice it deserves, and the city the wellbeing it deserves. Let's get rid of the employment and education disparities that produce so many un- and under-employed low-income black Americans, and so many single-mother households with kids out of wedlock. Bell and Pearlstein say, first, it can't be done, and second, whites didn't cause it, the black community must do it for itself. They do not suggest a single actionable item how the black community is to do this, except the implication that black Americans need to get a moral grip on themselves.

Bull! When Jewish society fell apart in the concentration camps, was it the fault of Jewish moral character and talent, or the fault of the concentration camps? The worst of our poverty-racked urban ghettos are akin to toxic concentration camps, engines of social dysfunction, all the things Bell and Pearlstein complain about, extremely difficult to escape once you grow up in it and know nothing else. Black people cannot on their own end these toxic conditions. Even if every black American had extraordinary moral character and talent that Bell and Pearlstein think the answer, they couldn't solve it themselves. Despite his extraordinary character, ability and work ethic, Jackie Robinson could not earn his way into Major League Baseball until the dominant white culture tore down the wall excluding him, and for that he needed Branch Rickey. No, black America can't do it until white America gets a better moral grip on itself and decides to reverse the conditions and policies

that created toxic concentrated poverty-racked crime-ridden black ghettos in the first place. With wise and just policy it did not have to be that way, and with wise and just policy it does not have to continue that way.

Can't be done?? Bull! It has been done! We can replicate Camden to transform our police, we can replicate Oak Park and East Lake to transform our cities. Our biggest problem in each city will be to identify the cadre of private and public city leaders with the smarts, resources, and more importantly, the loyalty, commitment, and stamina to see it through. If you are one of these Americans, appoint yourself a committee of one in your city, round up colleagues and ignite action. *Are you listening?*

Scapegoating. Ronald Reagan and the Republicans, who wanted to slash the welfare programs of Lyndon Johnson (another symptom-curing politician who did not understand that the problem was the flawed economy), were happy to scapegoat the welfare poor and government to the near-poor as the cause of their problems. Reagan was one of the main perpetrators hyping the racist myth that black welfare mothers have babies to increase their welfare check, as he successfully sought the racist white southern and near-poor vote (euphemistically called the Southern Strategy). But he did nothing for them. He did not strengthen their wellbeing, quite the opposite, he eroded the progressive income tax, a political decision that reversed 30 years of declining inequality and started its runaway rise and the stagnation of low incomes, the real cause of the worsening plight of the working poor.

Democrats have also advanced their own moralistic cant. With the drying up of labor unions and their campaign contributions (labor unions have largely succumbed to the massive right-wing social engineering onslaught), the Democratic establishment, in a bid to attract campaign funds more competitive with the contributions that Republicans win from big business, have also walked away from low-income Americans and become the party of the professional and managerial class,

Democrats could have recognized this widespread undeserved culture of shame, despair and economic plight among the working poor as real and serious, and addressed it by 1) challenging the moralistic cant and myths feeding it, and also by 2) proposing economic redesign solutions that help all low-income Americans better provide for themselves. Instead, the left has quietly kowtowed to "free market" business interests and rebranded itself as the champions of the downtrodden. It has created its own version of shaming by blaming white males for the sins of slavery, lynching, Jim Crow, Native American genocide, gender abuse and discrimination, as though being white and male is something to be ashamed of, and as though this offers any practical actionable steps toward ending systemic racism such as those proposed above. Moreover, many liberal Democrats express contempt for religion, which is bedrock for most low-income Americans. The rage many white working-class people feel is that, once again, they are being shamed ... morally accused, their religious convictions violated ... as they have been all their lives, and abandoned by Washington.

On the other hand, Donald Trump, unlike the Democratic and Republican establishments, shrewdly recognized these abandoned millions of hard-working, seriously demoralized and

angry low-income Americans. And he played them with consummate skill, the only politician who made them feel special, praising them as the real America, pumping up their self-esteem by richly plying them with invented scapegoats ... demonizing immigrants, people of color, and “the elite”... as the cause of their hardships. That is why he is now President instead of the Democratic or Republican establishments who abandoned them.

Unfortunately, words were all he did for them. Donald Trump skillfully played to the low-income white working class by making the racist recipe (now euphemistically called Make America Great Again) blatantly overt: comforting lies scapegoating immigrants and people of color as the cause of their problems, and praising white supremacists as good people. Trump’s flattery and scapegoating words have mesmerized many low-income workers who have become absolutely devoted to him and blind to his treachery. Not only has Trump done nothing to actually strengthen their financial wellbeing, like Reagan he has done the opposite. He did not cut taxes as Republicans claim. Rather, by shameless massive borrowing, he simply shifted the tax base from the rich to our children and grandchildren. With his gutting of social programs that help the poor and unemployed advance themselves, and his bestowing lavish gratuitous tax breaks and deregulation upon the rich, giving new freedom for them to poison and plunder the environment and our air and water-tables, and to compromise worker and citizen safety, he is harming the general welfare, and accelerating the runaway inequality that is the true cause of the problems plaguing both the welfare and non-welfare poor.

In short, both Republicans and Democrats are using divisive, unconstructive moralistic cant that accomplishes nothing except to trying to win votes by making one side feel self-righteous at the expense of the other. Neither party has recognized the flawed economy producing runaway inequality as the underlying root of most of the nation’s major problems. Those problems will not be solved stably and satisfactorily until the flawed economy is properly redesigned.

On Positive Vs. Punitive Morality

The conservative moralistic mentality that the poor are wholly responsible for their poverty, extends beyond poverty to most of the nation’s social problems. But it carries further baggage. With it has come an equally narrow mentality that the best if not only way to solve these social problems is punitive. We have become the most punitive nation in the world. Miscreants must be punished for their bad behavior as an incentive for all bad behaviors to change their ways. Otherwise, if we coddle them, they won’t. It does not seem to occur to these advocates that constructive help might be more effective, and indeed, more moral. And in too many cases when the punitive approach has failed, the failure is attributed that we simply haven’t been punitive enough. The remedy is more of the same but harder, often carried to inhuman, utterly immoral extremes.

For example, we can look at the consequences as applied to the drug problem, the so-called “war on drugs”. Three strikes and you’re out. No coddling users. The result has been a disaster, a calamitous waste of money and human lives. Many of these incarcerated people were recreational drug users, of no more danger to society and no less productive than recreational alcohol users. Few serious addicts get clean by spending twenty years in jail; they relapse almost as soon as released. Few can get work, so in the absence of rehab they steal

to support their habit. Rehab programs are not coddling; they are the only way for serious addicts to escape addiction. The well-off know this, they send family members to rehab not prison.

So are there really only two classes of addicts, 1) those who can afford rehab and lawyers, who are then the morally redeemable and get humane help, and 2) those who cannot, who are then the morally irredeemable and get nothing but years of incarceration? Is this not patently absurd? Patently grossly immoral? Not to mention enormously costly?

All psychological research on human motivation supports the superiority of positive reinforcement over negative. If the punitive approach worked, I would be first to recommend it. But it doesn't, it consistently backfires, badly and expensively. The general point I urge on all people concerned with strengthening moral character is that helping is usually more productive both for the individual and society than mindless punishment, whether we are talking about drugs, the criminal justice system, or the economy. A second general point I urge is that addressing personal moral weakness is crucial but not sufficient. We must also address moral man and immoral society, our own irresponsible society's moral failings for not correcting the structural faults that would reduce the social problems that too many attribute solely to the moral weakness of those who suffer them.

Suppose we had mobilized a compassionate war on drugs rather than a punitive war ... help rather than punishment, a medical problem rather than a criminal problem. Suppose we had spent on rehab programs 10% of the money now spent on our inhuman prison system ... a prison system disgracefully, outrageously, cruelly incarcerating a far greater percentage of its citizens than any other nation in the world, even the most repressive. Would not both addicts and society be far ahead, far better off? Addicts on rehab cost far less than addicts in prison and do not have to steal to support untreated addiction. And just as with alcoholics, serious rehab would have turned enough of these addicts, human beings now rotting away in our prisons, into productive citizens to save the taxpayers a fortune ... not all but more than enough. If the point is reforming and reintroducing wrongdoers productively back into society, then prolonged incarceration should be reserved for those who are a danger, not for ineffective mindless, vengeful, counterproductive punishment as now seems dictated by our punitive mentality.

Returning to the economy, the same punitive moralistic logic says that if you offer people temporary financial relief or unemployment benefits they will be seduced by the good life of no work and subsistence income into becoming permanent wards of the nanny state. Millions of people working steadily until the economy collapsed, as in 2008 and the pandemic today, and suddenly thrown out of work, have suddenly become morally suspect under this punitive mentality. Any help from the state to these putative slackers-in-waiting and they will happily trade their old life for the dole forever. Incredibly, even as I write this, Labor Secretary Scalia ... raised in rarified privilege by a father on the Supreme Court whose life was spent protecting privilege under his rarified doctrine of "originalism" ... is publicly fretting that if we give them unemployment benefits, the 22 million-plus hard-working people who have lost their jobs in a single month due the pandemic are all going to prefer to live on the dole rather than wanting a job.

Is this not patently absurd? The well-off have smugly morally bifurcated humanity into us, the hard workers, and them the slackers-in-waiting ... the previously employed thrown out of work and homes, now suddenly slackers responsible for their own plight.

If we give up this misguided punitive morality and embark on some hard-headed helping morality, everyone will benefit. Experience shows the punitive approach has not worked; structural poverty and homelessness are increasing. Permanent doles are certainly no answer. But we are not helping people rise out of poverty and unemployment by denying them the kinds of services and economic structural change that could help them provide for themselves, we are only perpetuating it. A successful society must have a strong moral mindset. But that mindset must be sensibly and robustly compassionate, not one that smugly bifurcates humans into us the moral and them the immoral, us the deserving and them the undeserving. A sensible compassionate approach ... no politically-correct bleeding hearts on the left, no self-righteously punitive on the right, need apply.

On Giving Back

The lords of feudalism justified their privilege by claiming they inherited noble blood and the people at the bottom, the peasants, were inferior human beings. It did not occur to them to question this. Some gave the peasants charity, but none gave structural opportunity that would allow them to rise. Just so today, too many of our wealthy ... our modern economic lords ... justify their privilege because they legitimately earned or inherited their wealth or both, and the people at the bottom are morally inferior and deserve what they get, or they lack talent and are not worth more. It does not occur to most to question this. Many give charity, but not structural opportunity that would allow the poor to rise.

We all agree that a feudal economic system unfairly traps people in poverty not because of their personal moral failings or talent but because of the accident of birth. Do we begin to see that our present flawed economy while not quite the iron trap that is feudalism, is, as Will Durant starkly reminds us, far from the land of universal opportunity and meritocracy promised by the American dream that the founders intended but has now been eroded into travesty? It too traps millions of people at the bottom not because they have exceptional moral failings or poor talent beyond the rest of us, but because of the accident of birth? Democracy exploded the sophistry of the feudal lords. Turns out that these supposedly inferior people, when helped to rise, offer a wealth of talent, and a society prospers far better when all prosper.

Now suppose the financially blessed want to give back, give back seriously, in a way that promotes the general welfare and liberty, both in gratitude for what they have received from this nation, and in patriotism honoring the foundational values which define it. What is the best way?

The key to a helping approach to the general welfare, including low-income and unemployment, is a redesigned sound capitalist market economy, along the lines of the redesign proposed above, with well-financed, well-run collective public services that (except for token income-related incentive cost-sharing) take the major cost of services like health care, day care, education, basic livable pensions, social services, and training and retraining programs off the table as private goods paid privately out of pocket. These collective

services will be available to rich and poor alike. These services are a major drain on the income of the poor, which a collective services approach removes from everyone's budget.

Such a redesigned capitalist economy would have the cost of living to low-income people sufficiently low and the supply of work paying a living wage sufficiently high that all people, even low-income people, can provide for themselves and feel they have gotten a fair and just share of the pie. Such a capitalism would win over the world.

For example, the American public education system is not a dole; it is not an incentive for people not to work, it is just the opposite. It is a collective service available to rich and poor alike. It makes the economy flourish and more than pays for itself. However, the American education system suffers serious weakness due constant budget cutting particularly in poor neighborhoods. But an economy designed to hold inequality constant will not suffer this problem for any of its collective public services; they will be funded from the necessary redistribution of wealth required to maintain the fixed level of inequality.

Consider the public schools. We give all children, the well-off and the poor, a public education; indeed we require it unless they can afford a private education. No low-income people could possibly afford the cost of their public education. So we provide it through the public services, and they receive a heavily subsidized public education. Is this a hand-out? No, it is a public investment, a contribution to an educated work force and citizenry that returns far more to the economy than it costs in taxes. And equally important, it is an immense contribution to *the goal of the economy ... as first proposed by Adam Smith himself ... to help people be able to provide for themselves*. It both raises their skills and employability and lowers their cost of living.

Consider the GI Bill, which paid for vocational training and college educations for returning veterans most of whom could never afford it on their own. Was this a handout? Most of the citizenry thought this less a handout than a deserved gift to veterans for their service, overwhelming the parsimony crowd who didn't want to spend the money. But it turned out the real gift was to the nation. Year after year the enhanced skills of these newly educated veterans kept returning far more to the economy than the program ever cost in taxes. It was a public investment in productivity-enhancing public services that provided high financial return to both the vets and the nation.

Consider daycare. Few low-income people can afford the cost of daycare on the jobs available to them. So how can they afford to work, as the right-wing blindly proposes; are they to leave the children uncared for and unsupervised? What kind of moral youth and adults would that produce for the community and society? Unfortunately we are now seeing too many of such youth and adults because of our short-sighted knee-jerk "parsimony" and mindless calls for "small government". Excessively small government and parsimony mean excessively inadequate collective services.

Suppose, instead, we do for daycare what we have done for schools, provide it for all children, the well-off to the poor. Is this a hand-out? No, no more than schools or the GI Bill. It is a public investment in both better rearing of our children, producing demonstrably more capable, productive, and less anti-social adults, while enabling more low- to median-

income people to provide for themselves because their wages aren't eaten up by daycare expense. Thereby we boost the economy as well as the general welfare.

There are many further examples of proven human capital development programs and infrastructure programs that build the economy and help people provide for themselves. These programs should all be part of the redesigned economy, financed from the redistribution-of-income funds described earlier that hold inequality at a fixed desired level.

The most important and productive way to honor the immense assistance that your nation and its public services has done for you is for you is to get on board and do all you can to advance the strategy proposed here for macrosystem redesign of the economy and political financing, to save the nation's liberty and promote the general welfare of all. No hand-outs, no doles, no Socialism ... neither necessary nor desirable.

More Inability To Hear

In his book Mr. Will disparages efforts to awaken successful people to a sense of gratitude and obligation to our society whose many people and institutional arrangements contribute so greatly to their success. He says that statements to this effect by the likes of Elizabeth Warren, Barack Obama and other liberals are really just more of the same liberal agenda to devalue the concept of individualism and advance their collectivist notions that "inequalities of wealth produced by exceptional individual productivity rising from exceptional natural aptitudes do not deserve society's deference or protection."

Really, Mr. Will? I think not.

So let me make it loud and clear to all of you who, like Mr. Will, think they know what liberals think ... and I believe I speak not just for myself but for most liberals including Warren and Obama ... I am a liberal and I strongly assert this proposition – that successful people in the United States of America ought have a lively sense of gratitude and obligation to their society, and a patriotic dedication to the founding principles and values of this nation that gave them so much. And I assert they ought act on it by giving back strongly in both in their business and charitable life. And indeed, as you see from the proposed political strategy, I am asking an extraordinary commitment of those Americans with the requisite leadership skills and resources: to pledge their lives, fortunes and sacred honor to saving liberty in this nation that invented it. They are the only ones who can see to the redesign that will save the nation from despotism; that is the way they must give back if liberty is to survive. And, as I hope you see from the redesign proposals above, I have zero intention of promoting any collectivist agenda.

Indeed, unless you are similarly deaf to my words, you should have heard loud and clear by this point that I am a strong advocate of positive capitalism and sound markets and a sufficient and just degree of inequality that maximally promote our Constitutional commitment to the general welfare and liberty.

I believe that individuals who make a fortune from creative enterprises that advance the general welfare and liberty do deserve their society's wholehearted admiration, deference, protection and gratitude. Indeed, I believe all the many exceptional individuals who engage

in creative enterprises that advance our general welfare and liberty deserve our whole-hearted admiration, deference, protection, and gratitude whether they make a fortune or not, and many do not. Much of the nation's wellbeing depends on its most gifted individuals.

I am asserting three things. First, I wish to make clear that this deference is due only those who promote the general welfare and liberty. Great wealth acquired by enterprises that *ignore or, worse, knowingly and deliberately* harm the general welfare and liberty deserve neither deference nor protection, but opprobrium and justice. The Sackler's and their fortune of \$13 billion (with billions more now being secretly squirreled away in Swiss bank accounts) ... a fortune built on deliberate deception knowingly fomenting the murderous opioid epidemic ... deserve neither deference nor protection. They deserve only disgrace and just expropriation of that entire fortune to help mitigate the enormous human toll it is still taking on this nation and the world. And the founder Raymond Sackler, who dreamed up and carried out this whole monstrous fraud, should have been sent to Nuremberg (these days the Hague) for crimes against humanity.

Second, I am asserting that society does owe great deference, protection and gratitude to all who have made great fortunes benefiting the general welfare and liberty. This society depends on and must continue to strongly encourage individual initiative of all kinds at all levels of society (a liberal notion). But in turn, all individuals who have achieved any success must acknowledge the contribution of society, and feel gratitude and obligation to pay back.

Third, I am asserting that those who have made great fortunes from our system of capitalism have a particular obligation to America to see that capitalism itself becomes properly reshaped and regulated so that it benefits all rather than the few at the expense of all. Why shouldn't all honorable capitalists as convinced as I am of the value of positive capitalism, want to ensure that capitalism always serves rather than exploits?

Beyond Charity To System Redesign

While charity by caring capitalists and other caring individuals and organizations to mitigate the ills of society and the less fortunate is admirable and good and I am strongly for it, alone it has two huge drawbacks. First, it simply treats symptoms, not the causes of these ills. Second, it is voluntary. The rapacious superrich who are the cause of so much of the ills of the less fortunate are not led to alter their behavior. Needed is a redesign of the economy that will not only reward the honorable, but alter the behavior of the rapacious by making it in their own interest to perform honorably even if for the wrong reasons.

Hence concerned capitalists ought to turn their voluntary efforts to seriously promoting macrosystem redesign. Beyond simple charity, what is truly profoundly and urgently needed is efforts and donations ... particularly by the concerned responsible superrich ... to systematic endeavors that seek to redesign society's institutional arrangements with new structure and incentives that, independent of the good or bad motives of the various people and organizations in each macrosystem, promote the general welfare and lead to reduction in the problems and ills of the less fortunate, particularly the least fortunate.

Areas where macrosystem redesign is desperately needed include, among many others: human capital development for the structural poor; a universal system of daycare; a less costly universal system of health care and coverage affordable both to the nation and all individuals; a redesigned justice system that does not incarcerate the highest percentage of its citizens, heavily racially biased, of any nation in the world; a redesigned economy where all who wish work can earn better than the poverty level in a 40-hour work week and secure adequate pensions in retirement; and where savings and returns from capital are more fairly and appropriately shared with labor as well as investors. But ... above all ... the greatest need is a redesigned economy that properly and sensibly regulates capitalism to promote the general welfare and liberty and thereby halts and reverses the runaway inequality now sliding the nation into tyranny.

It is all well and good that so many of our superrich capitalists are donating to the arts, to education, to science, to space, to local and global health and other great and worthy causes. But I admonish them, when your nation and liberty are in grave peril, all these considerations become secondary. Liberty is primary, the bedrock, the foundation for all other worthy causes. It is now urgent that you unite and turn the bulk of those individual generous hundreds of millions of dollars to organized redesign of the economy and the political financing system to save your nation and liberty.

Signs of Capitalist Concern About Inclusive Growth

Is there any indication that our leading capitalists are beginning to wake up that capitalism and the nation have a monumental problem? Yes, even if they perhaps do not yet quite realize the magnitude of that problem or the magnitude of the effort that will be required to solve it.

One immensely heartening sign is the recent (Aug 19, 2020) Statement by the Business Roundtable, an organization of CEOs of the nation's leading corporations and enterprises, explicitly recognizing that business has a larger responsibility than just maximizing shareholder value. This excerpt from the Statement captures its intent:

"We know that many Americans are struggling. Too often hard work is not rewarded, and not enough is being done for workers to adjust to the rapid pace of change in the economy. If companies fail to recognize that the success of our system is dependent on *inclusive long-term growth*, many will raise legitimate questions about the role of large employers in our society." [italics mine]

These are leading capitalist executives who are recognizing and concerned that our present flawed capitalist system is failing too many Americans and, beyond their hardships, that this is jeopardizing public support and confidence in free enterprise and capitalism.

There are many key words in this thoughtful Statement. Particularly important is the term "inclusive growth". Inclusive growth, as mentioned earlier, means that any growth in the economy is shared proportionately on average across all income brackets. This is a major move away from the 'shareholder priority' corporate model, and a major start at business recognizing its Constitutional obligation to promote the general welfare.

It is this lack of inclusive growth that is fracturing the nation: causing the public to lose confidence in capitalism (as the Statement explicitly recognizes); causing the forgotten working people at the stagnant lower end of the income ladder to fall for a con-man racist demagogue who deserves a Nobel Prize in low cunning; and causing naive people on the left to fall for socialism, a proven economic failure. Research shows that all societies where inequality becomes undue begin to fracture into divisive factions. Our nation is a living example.

Business pundits have welcomed the new Roundtable statement. Their chief criticism is absence of specific actions that firms can or ought take. One critique usefully suggested that e.g., banks could remove all the forced arbitration clauses imposed on customers, raise tellers' wages, and lower fees on their products. Another observed, "The question is, how will these CEOs actually respond when the chips are down and shareholders really start making their usual demands for sky-high quarterly returns?"

Both the Statement and these criticisms show these highly knowledgeable participants, the leading CEOs in the land and leading business pundits alike, do not yet grasp the magnitude of the problem of achieving inclusive growth, nor the magnitude of the consequences of not doing so ... consequences to the nation and capitalism so dire that I hope it will motivate them, once they grasp the magnitude of effort required, to actually want and feel obligated to take it on. A larger vision is required.

The Consequences Of Refusing Inclusive Growth:

As noted earlier, the nation's problem is not inequality, it is runaway inequality, concentrating without limit ever more of the nation's wealth in ever fewer hands at the superrich top. And if limits and constraints are not established, the ineluctable end is tyranny, a de facto financial aristocracy of a fabulously wealthy few monopolizing capital, running the country for their own benefit at the expense of the general welfare and liberty.

Moreover, if the United States as a major power does not show the way and remain a model and bastion protecting and promoting liberty, the world has little hope of escaping complete collapse back into the tyranny that held sway before the American founders worked their social engineering magic.

As Will Durant puts it in his extraordinary little book, *The Lessons Of History*:

Since practical ability varies from person to person, the majority of such abilities, in nearly all societies, is gathered in a minority of men. The concentration of wealth is a natural result of this concentration of ability and regularly recurs in history. The rate of concentration varies (other factors being equal) with the economic freedom permitted by morals and the law. Despotism may for a time retard the concentration; democracy allowing the most liberty, accelerates it. The relative equality of Americans before 1776 has been overwhelmed ... so that the gap between the wealthiest and the poorest is now greater than at any time since imperial plutocratic Rome. The concentration may reach a point where the strength of number in the many poor rivals the strength of ability in the few rich. Then the unstable equilibrium generates a critical situation, which history has diversely met by legislation redistributing wealth or by revolution distributing poverty.

Durant points out this is a recurring cycle in history, and cites a classic example of each ... of redistribution (in ancient Greece); and of refusal (in ancient Rome).

- In the Athens of 594 BC according to Plutarch 'the disparity of fortune between the rich and poor had reached its height so that the city seemed to be in a dangerous condition and no other means for freeing it from disturbances seemed possible but despotic power. The poor finding their status worsened with each year – the government in the hands of their masters and the corrupt courts deciding every issue against them – began to talk violent revolt. The rich, angry at the challenge to their property, prepared to defend themselves by force. Good sense prevailed. Moderate elements secured the election of Solon, a businessman of aristocratic lineage. [Solon enacted a series of unprecedented strong measures that more justly distributed wealth, including his own.] The rich protested that these measures were outright confiscation, the radicals complained that he had not re-divided the land. But within a generation almost all agreed that his reforms had saved Athens from revolution.'
- The Roman Senate, so famous for its wisdom, adopted an uncompromising course when the concentration of wealth approached an explosive point in Italy; the result was 100 years of class and Civil War. [I would add to Durant's observation that it was this refusal and class war which eventually led to the fall of the Senate and opened the way to despotism, an overweening would-be emperor successfully courting the oppressed masses who fall prey to false promises not honored when imperial power is won, another oft recurring cycle in history echoing down to our current day.]

I raise two caveats to Durant's analysis. The first is that there are many kinds of talents contributing to the wellbeing of mankind, and financial talent is only one, and without the others mankind would be in a sorry state. Exceptional ability in more than one of these talents seldom concentrates in a single individual; rather each of these talents tends to concentrate in a different minority of men and women. But financial talent accrues power in a way that most other talents do not, so it is this talent where wealth accumulates. The second is that Durant, like so many others, conflates individual and general liberty. A democracy which allows unlimited individual liberty will soon be without general liberty and devolve into despotism. A democracy with entrenched institutional arrangements (macrosystem design) that limit individual liberty when it threatens the general liberty will remain a stable democracy with a just and stable distribution of wealth.

Contrary to Durant, despotism is neither a desirable nor necessary way to slow or stop undue concentration of wealth, because most despots are not or do not stay benevolent; the despot too often winds up appropriating the wealth himself. The desirable answer is social engineering (macrosystem redesign) to establish a good, well-entrenched design for the economy that holds inequality fixed at a fair and optimal level, and vigilance keeping the design in good repair.

To those who think these ancient examples mean bloodshed a remote possibility in modern times, I will describe in Part VI a modern case study: a modern example where widespread bloodshed over oppressive inequality and tyranny tore a nation apart, and its capitalists finally took the economic redesign course here; since then, that nation and all its citizens including its capitalists have flourished. [spoiler alert: it is the happiest nation on earth.]

Let us look at other students of the history of inequality:

Earlier was noted, Thomas Piketty found empirically that inequality does not go down by itself just because we have economic development. His work covers the past 200 years and argues that almost always only violent intervention has reduced inequality.

Walter Scheidel extends Piketty's work back several millennia, with similar conclusions. In his book *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century*, he observes civilization has come at the cost of glaring economic inequality since the Stone Age. Almost the only exceptions, he says, have been widespread violence – wars, pandemics, civil unrest. Widespread violence and disease sufficient to produce massive and violent disruptions of the established order have been the most successful factors in reducing economic inequality over thousands of years. Scheidel acknowledges his pessimism about resolving inequality. Reversing the trend toward greater concentrations of income, in the United States and across the world, might be, in fact, nearly impossible, he says. As for whether reducing inequality will ever be possible in peacetime, Scheidel simply says history does not determine the future; things can change, but change is slow, business as usual may not be enough ...

In the past few years, mass demonstrations and civil unrest have occurred in Bolivia, Spain, Iraq and Russia and before that the Czech Republic, Algeria, Sudan and Kazakhstan in what has been a steady drumbeat of unrest. The Arab Spring toppled governments, yet the outcome has not been improvement in the general welfare and liberty. In these restive countries, experts discern a pattern: growing protest against elites in countries where democracy is a source of disappointment, corruption is seen as brazen, and a tiny political class lives large while the younger generation struggles to get by. It's young people who have had enough, say these experts. The new generation are not buying into what they see as the corrupt order of the political and economic elite in their own countries. They want a change.

American capitalists take note, is this not what you observe growing in this country? Clearly the change our young people seek is a more just and optimal distribution of wealth and inequality, but because they have no credible idea of a practical strategy to accomplish that, nor do their leaders offer one, they cast about blindly, often violently, for change ranging from xenophobic fascism to socialism. And their numbers are increasing.

Listen to the warnings of social theorist and economist Henry George in his 1879 book. *Progress and Poverty: An Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth: The Remedy*. Here are some excerpts. Ask yourself if Mr. George in his lovely 19th century prose has not nailed what we see going on today in this country:

... the evils arising from the unjust and unequal distribution of wealth, which are becoming more and more apparent as modern civilization goes on, are not incidents of progress, but tendencies which must bring progress to a halt; that they will not cure themselves, but, on the contrary, must, unless their cause is removed, grow greater and greater, until they sweep us back into barbarism by the road every previous civilization has trod. But it also shows that these evils are not imposed by natural laws; that they spring solely from social maladjustments which ignore natural laws, and that in removing their cause we shall be giving an enormous impetus to progress.

So long as all the increased wealth which modern progress brings goes but to build up great fortunes, to increase luxury and make sharper the contrast between the House of Have and the House of Want, progress is not real and cannot be permanent. The reaction must come. The tower leans from its foundations, and every new story but hastens the final catastrophe. To educate men who must be condemned to poverty, is but to make them restive; to base on a state of most glaring social inequality political institutions under which men are theoretically equal, is to stand a pyramid on its apex.

Equality of political rights will not compensate for the denial of the equal right to the bounty of nature. Political liberty, when the equal right to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages. This is the truth that we have ignored. And so there come beggars in our streets and tramps on our roads; and poverty enslaves men whom we boast are political sovereigns; and want breeds ignorance that our schools cannot enlighten; and citizens vote as their masters dictate; and the demagogue usurps the part of the statesman; and gold weighs in the scales of justice; and in high places sit those who do not pay to civic virtue even the compliment of hypocrisy; and the pillars of the republic that we thought so strong already bend under an increasing strain.

Let me comment on the lessons I draw from these thoughtful observers. First, there is an unspoken assumption and value system in this critique. What Henry George understands as “bring progress to a halt” is an unjust distribution of wealth radically skewed to the top. A distribution of wealth radically skewed to the top is the mortal enemy of the general welfare and liberty. “Sweep us back into barbarism” is clearly either financial aristocracy and its exploitation of the mass of humanity, or bloody rebellion against it reducing all to poverty. Thus by “progress” he clearly understands progress toward greater general welfare and liberty, which requires a more just distribution of wealth.

The rapacious and despots do not define progress this way, nor do they consider a radically top-heavy wealth distribution unjust. They have very little regard for the general welfare and liberty. Their morality is, if you produce the wealth and I have the strength to take it from you, or the wit to rig the economic system to finagle it from you, then you do not deserve it. I deserve it. Hereditary aristocrats justify the rigged economic system by their self-proclaimed superior heredity, and are quite morally offended and self-righteous when upstart commoners demand what they deem a more just distribution of power and wealth. The rapacious do not bother with such fine points. They simply grasp all the power and wealth they can and use it to suppress by political or physical force all efforts by the have-nots to get any more. Any morality they spout is hypocrisy and sophistry, one more tool to maintain the unjust system as it is.

Liberty and the general welfare are the agenda of patriots. It is they who consider “just” and “fair” a distribution of wealth that optimizes the general welfare and liberty. Because a top-skewed distribution undermines liberty and the general welfare it is unfair and unjust and must be corrected. Also, as noted earlier, because in a large society too much equality of wealth has been empirically found to undermine the general welfare and liberty, then too little inequality must also be considered an unjust and unfair distribution of wealth, and needs correction.

Because it is those at the top who hold the power and wealth, it is only they who have the power to alter the distribution of wealth peacefully. Otherwise it can only be altered by

violence ... violent rebellion from within, or violent conquest from without, or violent natural disasters and pandemics from the earth. The rapacious superrich have no interest except to the skew the distribution of wealth ever more unjustly in their favor, even to eating each other up. Thus peaceful redistribution of wealth to a more optimal level of inequality lies solely in the values, interest and power of our superrich patriots. They must be willing, they must be committed, and they must have an effective strategy.

The Magnitude Of Effort Required To Achieve Enduring Inclusive Growth:

The Business Roundtable and pundits appear to contemplate actions only at the level of each individual firm, and steps the firm can take by itself. It also relies simply on exhortation for voluntary action. As we have seen, the problem and solution are much bigger than this and require much larger vision and strategy.

So far, those contemplating inequality have offered only an endless potpourri of symptom-curing remedies, some likely to make the disease worse. We hear of guaranteed minimum incomes, student loan forgiveness, minimum wage increases, increased welfare payments and eligibility, rent controls, etc. etc. What is not being addressed is the underlying cause, the flawed economy that creates all these symptoms and urgently needs redesign. Properly correct the flawed economy and the symptoms and the need for endless piecemeal symptom remedies will go away. Arm and support our restive young people with this constructive strategy and help them see it brings about the justice they seek, and they will stop seeking harmful solutions and support the effort.

The principal remedy to save liberty and the general welfare from the present drift into tyranny is stable enduring inclusive growth. Saving liberty and inclusive growth are almost one and the same thing. Institutionalizing enduring inclusive growth requires breaking the incumbency power of capital and entrenching proper reshaping and regulation of capitalism, and that requires major social engineering redesigning the economy and political financing. Concerned capitalists must recognize they cannot achieve inclusive growth nationally firm by firm because no firm can bring about such necessary major nationwide social engineering by itself, and nothing less will suffice.

The crucial necessity of socially engineering macrosystem redesign is shown by the limited success of two notable noble voluntary efforts by concerned capitalists to encourage positive capitalism and the general welfare and liberty, that failed to incorporate macrosystem redesign in their agenda. The first is the Caux Roundtable, the second, George Soros and his Open Society Foundation.

The Caux Roundtable, a voluntary organization of eminent international chief executives founded in 1986, embraced a set of admirable principles adopted in 1994, and exhorted CEOs around the world to follow these principles. Like the much more recent Business Roundtable Statement, these are principles to be applied firm by firm. This gallant effort has not stopped or slowed runaway inequality and the slide into tyranny here or anywhere else in the world. Rapacious capitalists ignore it with contempt, and even well-meaning capitalists whose enterprises fall on hard times set it aside until times are better. This is the weakness of all voluntary efforts which rely on exhortation rather than macrosystem redesign. Perhaps the Caux Roundtable might want to rethink its agenda and concentrate on

supporting efforts in each country to implement macrosystem redesign of its economy to promote positive capitalism.

Soros directly and through his Open Society Foundation has spent billions in an admirable effort to strengthen liberal democracy internationally, largely by supporting politicians and legislation favorable to democracy. But while these efforts have done much temporary good they have also borne little lasting fruit. By focusing overly on government and not equally on the economic system, he overlooked the leading cause driving the industrial world toward tyranny, unregulated free-market capitalism.

Rapacious capitalists have been quite happy to cooperate with ambitious political autocrats playing on national xenophobia and bigotry in return for generous favors cementing their power to control government. Rather than slander democracy, too transparently self-serving, the rapacious have used their propaganda to slander Soros. Economic system redesign was never put on the Open Society Foundation agenda, thus its efforts addressed symptoms rather than the underlying cause, unregulated present capitalism. Nor did Soros in his noble go-it-alone approach to save the world build a coalition of powerful capitalists to join in the effort. Perhaps the Open Society Foundation might want to rethink its agenda and make uniting powerful concerned capitalists to pursue economic system redesign a major focus.

The lessons I draw from these dedicated noble voluntary efforts are that the sine qua non for ending runaway equality and achieving positive capitalism is well-protected macrosystem redesign of the economy and political financing, and that concerned powerful capitalists should use their voluntary action to build a united sustained effort of like-minded capitalists to see to the technical design and political implementation and entrenchment of such a redesigned economy and political financing.

V. A Roadmap

Concerned capitalists seeking to implement the proposed economic and political financing redesigns would best take a page from the Powell memorandum, and from the founding fathers. To quote Powell again: “Strength lies in organization, in careful long-range planning and implementation, in consistency of action over an indefinite period of years, in the scale of financing available only through joint effort, and in the political power available only through united action and national organizations.”

Concerned capitalists must learn Powell’s lesson. They must mobilize for political combat. Indeed, they must far outdo the right-wing onslaught if they are to quell it.

In other words, the agenda for superrich capitalists to save liberty is virtually the same as the Powell memorandum: the means are the same but with opposite intent, positive goals to undo the havoc to the general welfare and liberty unleashed by the current right-wing social engineering onslaught. The goals for concerned superrich capitalists are exactly opposite: to unite to replace a lackey government, shareholder capitalism, and absent or inept regulation with good government, strong stakeholder capitalism, and sound regulation that promotes and protects liberty and positive capitalism.

Let us make no mistake about the magnitude of effort required in both time and expense. This positive social engineering agenda must defeat and undo the increasingly successful malignant right-wing social engineering onslaught even as it is still going on.

The agenda might proceed as follows:

1. Unite and organize concerned capitalists.
2. Set and publicize goals.
3. Recruit and fund experts.
4. Conduct ongoing media campaigns.
5. Support sympathetic candidates.
6. Support sympathetic judge appointments.
7. Support economic system redesign legislation.
8. Support political financing system redesign legislation.
9. Support necessary Constitutional amendments.
10. Stay the course.

1. Unite and organize. The Roundtable statement implies CEOs are to each act within their own firm. But that only treats symptoms while the nation continues freefall into tyranny. The diagnosis promoting tyranny is runaway inequality due the incumbency power of unregulated present capitalism. Hence to stop runaway inequality and achieve inclusive growth requires redesign of the economy to control inequality and properly reshape and regulate capitalism. A redesigned economy can neither be drawn up nor implemented firm by firm. It will require honorable superrich capitalists to unite on a proposed redesign and combine their financial, political and media might.

And as the task is too long and difficult to be accomplished by an informal group, they must form a formal organization for the long haul ... call it ‘Friends of Liberty’ or ‘Friends

of Positive Capitalism’ or ‘Friends of Inclusive Growth’ or some such. I am sure there is a more clever name, but hereafter I shall simply call it the Friends for short. Consider it the parallel of the founders’ Continental Congress; I mean this literally.

A very important function of the Friends will be to set up and cultivate a distinct culture of positive capitalism, the polar opposite of the current rapacious and unthinking capitalist culture. The Friends culture must be a model of what capitalist culture could and ought to be. Equally important, it must help them reinforce each other. We would well recall an observation of Rev. Martin Luther King, Jr.:

Privileged groups seldom give up their privileges voluntarily. Individuals may see the moral light and voluntarily give up their unjust posture; but as Reinhold Niebuhr has reminded us, groups are more immoral than individuals.

But groups are also more self-reinforcing than individuals and can keep each other on track when individuals may at times flag.

Thus members of the Friends must create their own group, insulated from the current monolithic capitalist culture of uncaring self-interest and privilege ... the prevailing malignant “all for ourselves, none for others” mentality rampant among capitalists and their current trade organizations, which they must fracture. They must nurture with each other within this new Friends group this new culture of positive capitalism. They can strengthen this culture by recognizing it has further, higher goals and purpose than just capitalism, namely preserving liberty and human rights in this nation. The Friends must promote first among themselves, and eventually across capitalism generally, a positive capitalist culture of privileged *noblesse oblige* and patriotism to protect and promote the general welfare and liberty.

Friends membership might best be exclusive to superrich capitalists willing and unapologetic to spend billions and years to accomplish the goal. This does not mean they exclude the advice and counsel of the experts whom they fund, indeed wisdom says they should aggressively collaborate with their experts. Nevertheless power and prestige reside within these concerned superrich themselves, and they must make it an honor to be invited into the Friends group. Like the Business Roundtable, the Friends members should not be allowed to delegate attendance to subordinates. When a successful capitalist has shown good evidence of sincere commitment and aid to positive capitalism, they can be inducted into the Friends as a badge of honor.

Perhaps the Friends guardianship of positive capitalism must be made a permanent part and parcel of the culture of American capitalism. The Friends must work for redesign and then remain on-going guardians of the redesign to improve it and ensure it is not allowed to erode.

The superrich already have far more money than they can possibly spend on themselves, and do not need to run their organizations if they no longer wish, so they can elevate the remainder of their life and wealth to saving the nation as fully as they wish. The Friends ought make that part of capitalist culture: when you have made your pile, time to step up

to serving the nation and positive capitalism. If you spend down to your last \$20 million, you are hardly hurting. Recall Andrew Carnegie's words:

The man who dies rich dies disgraced.

To which he presciently added:

Such, in my opinion, is the true Gospel concerning Wealth, obedience to which is destined someday to solve the problem of the Rich and the Poor, and to bring "Peace on earth, among men Good Will."

The social engineering strategy proposed in this essay ... macrosystem redesign to preserve and promote liberty and the general welfare ... is in many respects the embodiment of Carnegie's vision. But its virtue, unlike Carnegie's vision, is that once implemented it is not voluntary; the redesigned structure and incentives will encompass all capitalists, both saints and sinners.

This Friends society should be the antithesis of the Federalist and John Birch societies ... organizations of the privileged by the privileged for the privileged. The Friends should be an organization of the privileged, by the privileged, for all Americans and our posterity.

2. Set Goals and Publicize Them. Any organization of the superrich will immediately draw public suspicion. By setting and seriously publicizing goals that obviously have public support, and taking actions that show the organization and its goals are real and not a smokescreen for privilege, the Friends can win large grassroots support for the organization and its actions.

Because fine-sounding words have so commonly been cover for nefarious action by the privileged for the privileged (e.g. gutting environmental protections while calling it job creation, etc. etc.), member CEOs can counter such suspicion by taking immediate, highly visible steps within their firms, the kind the Roundtable Statement calls for, as token of good faith for the larger cause. One of the great servant leaders, Kenneth Melrose, the recently deceased CEO of Toro who rescued and rebuilt this company to eminence during his tenure, wrote a book full of practical suggestions for the kind of steps CEOs could voluntarily take with their firms, *Making the Grass Greener on Your Side: A CEO's Journey to Leading by Serving*. Visible steps by individual firms for the benefit of consumers, workers and the environment, though only symptom-curing, should help build public trust that these are first steps in a serious long-term commitment in the public interest by the Friends to address the underlying diagnosis, present unrestrained free-market capitalism unleashing runaway inequality.

The number one announced goal should be redesign of the economy to stop runaway inequality in favor of inclusive growth, bringing an end to the threat of tyranny. Media campaigns must make clear to the public that inclusive growth means that inequality should be reduced and held to a specified level set by policymakers. This is a top issue with the public, and will win the Friends widespread public support.

But further, the Friends should announce the goal of positive capitalism, reshaping capitalism to serve rather than exploit the general welfare. The media campaign must make clear this will include redesigned sensible, effective regulation so that sound market rules

are enforced in all markets and a basic level of practical consumer, worker, environmental, and public protections, are included across the board for all enterprises.

Rather than attacking these widely-supported and admirable goals as the right-wing onslaught is doing, the Friends should strongly and publicly support these goals and see to experts who can help with the design and implementation of reasonable standards, and to the design of smart regulation and institutional arrangements to accomplish them. These must be not only effective, but efficient and practical as possible for private enterprise to operate under, rather than onerous, costly, or ineffective as so much current regulation.

The antidote to poor regulation is not no regulation, it is good regulation. The Friends should make such regulatory redesign a constant subject of research to continuously improve regulatory design and policy. The Friends must see that the design of regulations, when eventually arrived at with expert help, are made practical and efficient for firms to follow, and are exercised maximally through incentives rewarding firms that follow them. This will establish a level playing field for all firms: all firms compete on quality and cost under the same sound market rules, and honorable firms cannot be undercut by dishonorable firms disserving the general welfare.

Realigning the battlefield between business and government. At present, a united business sector battles government to remove any and all regulation that prevents maximizing profit, no matter the harm to the general welfare and liberty. Why should honorable capitalists tolerate any longer a battle that disgraces capitalism and rewards rapacious capitalists and allows them to place unfair competitive pressure on the honorable to act against their principles? The idea is for the Friends to shift the battle from “business vs. government” to “positive capitalism vs. rapacious capitalism”.

If well publicized and backed up by immediate good faith actions by the firms of participating CEOs and superrich capitalists, these goals should win the Friends wide public support. Publicity will have to be major and continuing, not a one-time statement release. It will require recruiting skilled media campaign experts (see 3 next).

3. Recruit And Fund Needed Expertise. Just as the Powell memorandum advised the right-wing social engineering onslaught to fund scholars and establish think tanks to develop the agenda and propaganda, the Friends must do likewise. The Friends will need at least four types of expertise: experts in economic system redesign; in political financing system redesign; in political operations and lobbying; and in media campaigns.

Once the Friends are well organized, the most pressing early need will be media experts, so that planning for an organized media campaign promoting the Friends and their goals can begin immediately.

The Friends must then recruit and fund supportive scholars, and recruit or create and fund supportive think tanks, to work on the technical and political redesign issues of the economy and political financing. These experts’ work must be published in professional journals not only to ensure sound critique to improve design ideas, and build reputation and prestige, but to demonstrate honesty and transparency.

These experts must devise proposals for new rules, regulations, and institutional arrangements for the economy and political financing. These proposals can then be brought to the Friends for decisions on which they think best, and these will be the ones they will support for implementation. It is not the technical experts they recruit who will decide the final proposed redesigns, it is the Friends themselves. The experts are architects, the Friends are the client with final say. The technical experts propose, the Friends decide.

While one might object this gives the Friends too much power ... why should they have the right to decide ... the objection is academic: the Friends are *de facto* the only group in the nation who can decide, because they are presently, and will be for a long time to come, the only group with the power to implement their decisions.

The risk is that the Friends may begin to hedge their decisions in favor of their narrow self-interest rather than the goals. The Friends must adopt every device that helps them stay on the honorable course and keep from straying. First will be who is accepted as members as membership in the Friends grows: honorable capitalists committed to the goals. Second, it may also help if these are from a great diversity of enterprises, so that no particular self-interest gains excessive adherents. Third would be continuing counsel and collaboration with the technical and ethical experts they have sponsored to do the technical redesign work. Fourth will be maintaining transparency and publicity about all deliberations and decisions, so public opinion and pressure can help keep the Friends on track.

Thus this approach utterly depends on the Friends living up to the trust the nation needs to save liberty and the general welfare, simply because I see no alternative approach with the political power to work. It succeeds if they live up to that trust, it fails if they do not.

4. Initiate the Media Campaign. Just as the Powell memorandum advised a massive media campaign, so the Friends must design and carry out their own. The campaign should be explicit about the Friends' goals. The public's loss of faith in capitalism comes not from critics of capitalism, it is self-inflicted. It arose when our capitalists united and shortsightedly went to war on the above goals, goals shared by the great majority of Americans ... to oppose rather than lead on these very reasonable and laudable goals. The campaign should also publicize every firm that has taken individual symptom-curing steps along the lines of the Roundtable Statement and the nature of the steps to build pressure for more firms to take similar steps, and build public confidence that the Friends are for real. Espousing these goals, and now seriously helping to make them practical and operational, will do more to build public confidence and support for the free enterprise system than anything else capitalists could do. It will also help build public confidence and voting support for legislative and executive candidates and policies that the Friends endorse and contribute campaign funds and lobbying effort for.

The media campaign should begin not only with publicizing the goals but all members of the Friends as well. Full and public listing of members will provide a direct attack on dark money. And anything that operatives can discover about dark money opposing the Friends goals ... the lies and disinformation campaigns, the nefarious operatives designing them, the superrich corporations and individuals behind them doing the funding, and their real

motives ... can be fed into the Friends' media campaigns as exposés to shame and bring pressure to end dark money. The public is fed up with dark money, so this too will win support for the Friends and their goals.

As the Friends agenda identifies sympathetic candidates and judges, support for these can be added to the media campaign. And when promising economic and political redesign proposals become hardened up, these can also be added to the campaign to win public support. Media support can be directed to candidates who will support the new designs.

Perhaps the greatest skill of right-wing operatives is deceptive sound bites sowing disinformation. For example: Don't say "health care reform", say "government takeover." Don't say "white supremacy", say "Southern Strategy" or say "Make America Great Again." Such sound bites are disinformation genius. Liberals seem totally inept at creating compelling sound bites; they need to develop genius at sound bites of truth. The Friends' media, marketing and political operatives must be the most expert available to craft a winning rhetoric strategy to overturn the massive skillful disinformation directed and sponsored by rapacious capitalists.

5. Identify and support sympathetic candidates. The Friends must immediately start to oppose the bought candidates of rapacious capitalists with campaign and media support for their opponents. Political operatives must identify promising candidates supportive of the Friends' goals in the election districts where they are most likely to succeed in unseating officeholders subservient to the rapacious. Because of the right-wing onslaught, excellent, attractive candidates starve for financial and media support, which the Friends can now amply supply. Skill and spending on campaign and media funds must exceed that of rapacious capitalists.

6. Identify and support sympathetic judges. An important part of the right-wing social engineering onslaught is The Federalist Society, an organization of privileged members of the bar, whose aggressive agenda is to stack the courts with judges who will protect and promote privilege over the general welfare. While they gussy up their intent with fancy talk about originalism legal theory, a glance at the membership shows men who have spent their lives exercising and protecting privilege.

Those whom they have engineered onto the bench have seldom decided any case between ordinary citizens and privilege in favor of ordinary citizens. Somehow the "original" intent of the founders is always discovered by these judges to be protective of privilege.

These political forces protecting privilege have allied with the religious right who have with great success been securing judgeships for judges who accord with their religious beliefs to privilege "Christianity" ... meaning their minority interpretation of Christianity including their interpretation opposing abortion and sexual preference rights (which the substantially greater majority of Christians as well as all Americans do not think should be illegal) and to obtain tax support of religious schools and their proselytizing curricula. The law has looked the other way as these tax-exempt minority conservative religious groups have spent millions on overt and covert political advocacy for elected officials and judges who will legally impose their articles of faith on the majority of Americans, including the

majority of religious Americans, who do not share them. These two interest groups ... the privileged and the religious right ... have only passing regard for the interests of each other, but are happy to join forces to secure judges who will forward both agendas.

The Friends must adopt all the same means successfully plied by the political right-wing and the religious right to identify and secure judgeships for outstanding judges with values that support the general welfare, liberty, human rights and positive capitalism, and to expose and discredit judges and decisions that protect privilege or impose religious beliefs at the expense of the general welfare and liberty.

We now have the spectacle of a bare Senate majority, highly partisan and unrepresentative of the popular vote, asking older conservative judges to retire so that it can replace them with highly partisan extreme right-wing appointments, few of whom meet the standards of the American Bar Association. This same process was used to deny appointment of a highly qualified non-partisan judge and force onto the Supreme Court a judge who in his appointment hearings showed extreme partisanship angrily attacking the Democratic Party, extreme emotional volatility varying from rage to tears, and little of the calm wisdom and composure expected of judges, which should have disqualified him on the face of it; he may also have lied under oath, but the Administration forbade more than a cursory superficial investigation. To prevent such blatant, unprecedented partisan stacking of the courts, the Friends should consider a Constitutional amendment that judicial appointments, like treaties and veto-overrides, require a supermajority 2/3 vote of the Senate.

7., 8., 9. Support legislation enacting the chosen economic redesign and political financing redesign proposals. The technical experts working on redesign of the economy and political financing only propose, they do not decide. The Friends make the final decision on the final designs they will support. They may have the experts emend proposals or go back to the drawing boards until satisfactory designs are arrived at.

Once that decision is made, the Friends' political operatives, lobbyists, and media campaign experts must go into high gear to secure widespread support for legislation enacting the designs. If the legislation requires Constitutional Amendments against opposing laws and judicial decrees, the Friends must mount a campaign for the needed Amendments. If favorable legislation and judicial decrees are not forthcoming, the most obvious Amendments needed will be that corporations are not persons and do not have the same rights as people, that political money is not free speech and may be regulated, and that Supreme Court appointments require a 2/3 majority vote of the Senate.

10. Stay the course. One cannot read the above agenda without grasping how far we are away from the goals, and the uphill battle and time it will take to achieve them. Just as the Powell memorandum recognized the need for organization that would stay the course for "an indefinite period of years", so here for the Friends. It will require the same decades of commitment. They must outspend, outsmart, and outlast the right-wing onslaught.

The great asymmetry faced by the Friends viz a viz the rapacious superrich is that the more successful the rapacious are in deregulating rapacious capitalism, the more unlimited the wealth they gain to fuel their attack on government and regulation. Whereas because the

object of the Friends is to see that no capitalists are able to concentrate unlimited wealth, their efforts will not gain similar financial rewards to fund their efforts. However the concerned superrich have more than enough assets to adequately fund decades of effort by the Friends.

VI. A Modern Case Study of Successful Economic Redesign

Empirical Results of Redesign: The economic redesign proposed above for honorable capitalists is not theoretical, not a pipe dream. It has actually been done. There are living examples where a nation's capitalists have succeeded in redesigning their economy along the proposed lines, with admirable results from all accounts for both the general welfare and liberty, and for capitalism. The fine example I shall describe here is the small prosperous capitalist nation of Finland.

To hear the deafening disinformation of the rabid right-wing social engineering onslaught, Finland is one of those Nordic "socialist nanny states", full of dysfunction and authoritarianism, where citizens and business pay a steep price in lost freedom, limited opportunity and exorbitant taxes. The facts show this right-wing prattle is flatly false. It is truly "fake news".

In fact the nonpartisan Freedom House has determined that citizens of Finland actually enjoy higher levels of personal and political freedom, and more secure political rights, than citizens of the United States! Finnish citizens report extraordinarily high levels of life satisfaction ... highest in the world according to the Organization for Economic Cooperation and Development ... followed by Norwegians, Danes, Swiss and Icelanders, all of whom have thriving sound capitalist market economies similar to Finland. The United Nations World Happiness Report found Finland to be the happiest country on earth this year (2019), for the second year in a row. All the Scandinavian countries have ranked at the top of this "happiness" list for years. In contrast, the United States consistently ranks near the bottom, 18th this year, on the list of the 20 most happy nations, well below the Nordic countries.

Regarding business, Finland has become one of the world's wealthiest societies and, like the other Nordic countries, is a prolific home to small business as well as highly successful global companies. JPMorgan Asset Management concluded the Nordic region is not only just as business-friendly as the U.S. but also better on key free-market indexes, including greater protection of private property, less impact on competition from government controls and more openness to trade and capital flows. The World Bank reports doing business in Denmark and Norway is actually easier overall than it is in the United States.

How Was It Done: What brought this extraordinary Finnish performance about? In a nutshell: massive liberal social engineering shortly after World War II *by Finland's capitalists!*

More than a hundred years ago, a socialist revolution was attempted in Finland. Finland was in the process of industrializing when the Russian empire collapsed and Finland gained

independence. Finnish urban and rural workers and tenant farmers, fed up with their miserable working conditions, rose up in rebellion. The response from Finland's capitalists, conservative landowners and members of the middle and upper class was swift and violent. Civil war broke out and mass murder followed. After months of fighting, the capitalists and conservatives crushed the socialist uprising. More than 35,000 people lay dead. Traumatized and impoverished, Finns spent decades trying to recover and rebuild.

Call it one more example of Will Durant's tragic lessons of history, that massive inequality with refusal to redistribute leads to class war and bloodshed. This example should help demolish skepticism that bloodshed in the modern era is unlikely.

Finland fell into another bloody conflict as it fought off, at great cost, the Communist Soviet Union next door during World War II. After the war, worker unions gained strength, bringing back socialist sympathies as the country entered a more industrial and international era. This is when Finnish history took an unexpected turn.

Finnish employers had become painfully aware of the threats that socialism continued to pose to capitalism, particularly with the Soviet Union right next door. They also found themselves under increasing pressure from politicians representing the needs of workers. Wanting to avoid further conflicts, and to protect their private property and new industries, Finnish capitalists changed tactics. Instead of exploiting workers and trying to keep them down, after World War II Finland's capitalists cooperated with government to map out long-term strategies, and discussed these plans with unions to get workers onboard.

More astonishingly, Finnish capitalists also realized that it would be in their own long-term interests to accept steep progressive tax hikes. The taxes would help pay for new government programs to keep workers healthy and productive – and this would build a more beneficial labor market. These programs became the universal taxpayer-funded services of Finland today, including health care, day care, education, paid parental leaves, unemployment insurance and the like.

In other words, Finnish capitalists engaged in massive social engineering, redesigning their economy to entrench redistribution of income, not by doles (which seems all that too many conservatives can envision) but by subsidizing vital collective goods and services for all citizens through the public sector.

The Finnish public services have strengthened citizen health and wellbeing, allowing most citizens to provide for themselves as Adam Smith envisioned, thereby building a more productive and mobile labor force beneficial to capitalism and the economy. This prosperous productive little nation with its capitalist market economy has achieved and maintains inequality in the sweet spot (GINI = 27). In short, by economic redesign of their capitalist market economy they have achieved inclusive growth under positive capitalism and made themselves one of the happiest nations on earth. How much better can positive capitalism and capitalists do?

The Finns actually borrowed much of this approach from other Nordic countries, whose capitalists made similar decisions ten years earlier in the 1930's. The Nordic nations as a whole, including a majority of their business elites, have arrived at a simple formula:

- Capitalism works better if employees get paid decent wages and are supported by high-quality, democratically accountable public services that enable everyone to live healthy, dignified lives and to enjoy real equality of opportunity for themselves and their children.

Call it one of Will Durant's most positive lessons of history.

Right-Wing Disinformation: Many right-wing American capitalists and their client pundits and media loudly complain that the positive capitalism of Nordic countries is not "real" capitalism because they don't meet the academic definition of a "free market". Of course they don't. That's the point: to replace rapacious free-market capitalism with positive sound-market capitalism. Positive capitalism is demonstrably real capitalism, just not the rapacious capitalism that rapidly proliferates in so-called free markets. Rapacious capitalists of course disguise their real objection, namely that these countries don't allow rapacious capitalists to run wild and milk the citizenry dry. They never mention the outstanding track record of Nordic positive capitalism: they don't want Americans to hear about it.

The Public Services: The other constant right-wing carp is the high level of taxes in Finland and other Nordic countries, up to 50% of national income. This is serious disinformation, lying by omission and half-truths. They tell you loudly about the high tax levels ... harping on a half-truth ... and falsely call this "socialism", as though merely high taxes means socialism or impoverished incomes. They don't tell you the other half of the truth: the superior collective goods and services Finns are getting for their tax dollars and how highly satisfied they are with it. Finland's reported wellbeing is the highest in the world. Taxes do not squeeze their income because they do not have to buy collective goods out of pocket like Americans do. They are doing something right that we Americans aren't. It is not socialism, it is highly successful capitalism. Just ask Nordic capitalists and their fellow citizens. But you hear nothing about that from American right-wing critics.

To the consternation of the parsimony crowd who treat low taxes as an end in itself, in fact the level of taxes is a derivative issue, a means not an end. The real end is the general welfare and liberty. All societies need a mix of both collective and individual goods and services. We know individual goods and services (e.g. cars, computers, etc.) are best produced in private markets. And we know collective goods and services (e.g. the national defense, a skilled workforce, etc.) can only be produced or purchased by government and financed by taxes. The actual mix and kind of collective and individual goods will be determined by the kind of society.

In a despotism where the privileged rule, the non-privileged will be taxed disproportionately for the collective goods, but the quantity, kind and distribution of the collective goods will be determined by what maximizes the wellbeing and liberty of the privileged and keeps the non-privileged in their place. In a democracy committed to the general welfare, liberty, and rule of the people, the purpose of both the private market and the public collective services, and the chosen mix of the two, is to maximize the general welfare and liberty. The collective services will be financed by proportionate taxes on all, and the quantity,

kind and distribution of collective services will be determined by what, in combination with the private market, maximizes the wellbeing and liberty of all.

If a successful democratic society finds empirically that its general welfare and liberty are maximized by providing collective goods roughly equal in aggregate value to the aggregate value of the individual goods it buys ... which appears to be the Nordic experience ... then no one should be surprised or alarmed that up to 50% of the economy is financed by taxes to pay for these optimal collective goods.

Hence the real issue is, are you getting your tax money's worth in needed beneficial collective goods from the public sector? If you are, then the level of taxes is good, whatever that level turns out to be. If not, then government must improve the quantity and kinds of public services, and their quality and efficiency ... which might require raising taxes! ... until you *are* getting your money's worth. And if a nation's wellbeing is found maximized by a high level of efficient, high-quality collective goods, then blindly cutting taxes means you are blindly cutting the national wellbeing.

Americans have much lower taxes than the Finns, and we have lousy collective services, with millions of low-income Americans partially to completely left out. ... inadequate schools, inadequate health care coverage, inadequate day care, inadequate pensions, etc. What good are low taxes if too many citizens have income too low to afford what ought to be collective services ... like health care and day care ... and their personal wellbeing along with the general welfare are heavily compromised thereby. Clearly we are not getting our money's worth from our tax dollars.

It is America with its niggardly, spotty public services and inadequate taxes that is well down on the happiness list with an angrily divided, roiling body politic. To our own detriment, we appear far too miserly for the level and quality of collective services that would maximize our general welfare. Were we to get smart and adopt the Nordic capitalists' creed and *raise taxes*, so everyone has universal high-quality, democratically accountable public services in addition to decent wages, then we might finally be getting our money's worth.

And this is why there is no interest in socialism in Finland. They are happy with their well-performing sound-market capitalist economy from which the entire society benefits. In contrast, this is why there is left-wing flirtation with socialism in America. It is in free-market countries where rapacious capitalists can still practice "all for ourselves, none for others" that one finds leftists still naively romancing socialism despite its proven failure.

Detailed study of how Finnish capitalists reached *sufficient* agreement among themselves (we assume no unanimity; Finland would have its own share of rapacious capitalists) to adopt this Finnish model of positive capitalism and get it implemented, might prove useful to honorable American capitalists wanting to develop and implement their own American model of economic redesign for positive capitalism.

Vulnerabilities: Finland's model of positive capitalism now has a successful track record of several decades. It appears quite stable from within. But study ought be made as to how vulnerable Finland's economy may be to predation from rapacious foreign capitalists ("all

for ourselves”) moving in with big investment and trying to push Finland towards “free-market” unregulated capitalism and end the redistribution of income that finances the public services and keeps inequality in check. What measures, if any, is Finland using to block such foreign assault on their economic model? An American model of positive capitalism must have strong mechanisms in our redesigned economy that ensure that foreign, as well as domestic, rapacious capitalists are not able or allowed to undermine proper regulation of any capitalist enterprise and investment on American soil, whether foreign or domestically owned.

Bottom Line: Are you listening Jeff Bezos, Bill Gates, Warren Buffet, Sergey Brin, Larry Page, Mike Bloomberg, et al? Finland shows it can be done. If their honorable capitalists can do it, so can ours. Please get to work. Our honorable capitalists can see to redesign of our flawed economy, and if that redesigned economy can be protected and maintained by our honorable capitalists and their successors, experience suggests it will work quite well ... for business, for society, for positive capitalism, and most importantly ... for liberty! But they must they get their act together and soon.

VII. In Sum

This essay has made the following points:

- Present free-market capitalism has put America on an express train to tyranny.
 - The nation's problem is not inequality, it is runaway inequality.
 - The present flawed economy powerfully rewards runaway inequality, concentrating evermore of the nation's wealth without constraint or limit in ever fewer hands.
 - Unless constraints are introduced, such unlimited concentration will inexorably end in tyranny, a small uncontrolled de facto hereditary aristocracy of a fabulously wealthy, powerful few financial oligarchs running the nation for their own benefit at the expense of the many, decimating the general welfare and liberty.
 - The underlying cause of runaway inequality is that our present flawed economy has conferred incumbency power on capital ... meaning the increasing power without limit of the holders of capital – the incumbents – to gain more capital the more capital they gain.
 - Inequality was slowly declining until the 1980s, when a) undoing adequately progressive taxes, b) undoing the stakeholder model of capitalism in favor of the shareholder model, and c) undoing proper regulation of sound markets, conferred incumbency power on capital. These were purely political decisions, not some ineluctable iron law of economics. And inequality has been rising steadily ever since.
- The only way to halt and reverse the present stampede into tyranny is to redesign the economy and properly reshape and regulate capitalism and markets. Honorable capitalists simply working voluntarily firm by firm, though important, is insufficient to accomplish this.
 - To stop runaway inequality the economy must be redesigned to break the incumbency power of capital. The redesign must allow policymakers to set inequality at a fixed desired level ... neither too low nor too high (I have suggested GINI between 25 and 29) ... deemed to optimally promote the general welfare and liberty.
 - This must include proper reshaping and regulation of capitalism, and of the tax system to make the nation's economic growth inclusive (not equal but proportionate) across all income brackets
 - To hold inequality constant will require proper redistribution of income from above the median income to below, not by doles and handouts but by income-related subsidizing of vital public services necessary for people to provide for themselves as well as make the nation more productive.
 - The redesign must ensure, by proper law and regulation, a strong positive capitalism that promotes the general welfare and liberty, with proper financial rewards (including the making of fortunes) for risk, innovation, and hard work, as well as financial penalties that prevent exploitive capitalism that amasses wealth by harm to the general welfare and liberty.

- The redesign of the economy must be accompanied by redesign of political financing to insulate government adequately from the ability of rapacious superrich capitalists to politically undo the new economic redesign and return to unregulated present capitalism and its march to tyranny.
- The proposed redesign seeks to embody the below principle. This principle works. Empirically, countries whose capitalists subscribe to this principle and put it into practice are found to promote the general welfare and liberty much better than those with any other kind of capitalist or non-capitalist economy, including our own:
 - Principle. Capitalism works better if employees get paid decent wages and are supported by high-quality, democratically accountable public services that enable everyone to live healthy, dignified lives and to enjoy real equality of opportunity for themselves and their children.

These capitalists believe it in their own long-term interests to accept steep progressive tax hikes to entrench this kind of sound capitalist market economy, and the results bear them out. Their countries have the highest measured quality of life and personal happiness in the world.

 - They are among the most prosperous nations yet among those with lowest inequality.
 - Their capitalists prosper and find entrepreneuring and business easier to conduct with less interference from government.
 - Their citizens enjoy higher levels of personal and political freedom, and more secure political rights, than citizens of the United States. Even those with lowest incomes are able to reasonably provide for themselves. They have no interest in Socialism.
- The only group in the United States with the political and economic power to bring about proper redesign of the economy, of capitalism, and of political financing simultaneously are the concerned superrich capitalists themselves, superrich Americans whose love of country commits them to protect and uphold its foundational values of liberty, wellbeing and justice for all, not just the privileged few.
- The technical and especially political implementation of any economic redesign properly controlling inequality and reshaping capitalism will require social engineering on the scale of Adam Smith and the founding fathers, far too complex and sustained to be accomplished by individual firms acting alone, or by responsible capitalist leaders exhorting their colleagues to a more moral capitalism. The concerned superrich will have to unite, join in a formal organization, and mount a sustained effort for economic and political financing redesign that finally defeats the present massive right-wing social engineering onslaught to emasculate any regulation of capitalism.
- The growing capture of government by rapacious superrich suggests we are rapidly approaching a tipping point beyond the power of the Constitution to contain, beyond which the only alternatives will be tyranny or bloodshed. We are on a countdown to disaster. The redesign counter-strategy must start now.

- I do not recommend this redesign approach because it seems likely or easy. I recommend it because it appears the only strategy with any chance to save the country from tyranny, and the world from rebirth of aristocracy. I see no other.

Obstacles to the Proposed Redesign

The proposed redesign could falter at any number of points for which I do not have ready answers. Others will have to help. I see two main immediate points, and others will surely arise during implementation. First is that not enough concerned superrich may show up at the barricades to carry the day against the rapacious. Due the success of the massive right-wing onslaught, the current Congress and Supreme Court and increasingly the lower courts are in the hands of those who have spent their career exercising or protecting privilege. It will take great persuasion and power exercised for the indefinite future to overcome. Only the concerned superrich themselves can mobilize the necessary numbers and power. If too many of the concerned are unwilling or reluctant to take this mobilization task upon themselves, the redesign strategy is dead in the water, along with liberty.

Second, we are a federal system. The Federal government certainly can shape the federal tax system as proposed. But it is unclear to me how the necessary collective public services, such as a subsidized national system of health care and day care and human development programs can be created without strong cooperation from the States. The opposition to the poorly designed Affordable Care Act (it lacks an adequate cost control strategy, which requires the legislation redesign the health care and coverage system), and its narrow approval through the Supreme Court show the difficulty.

Of course much of the opposition has been the from rapacious capitalists who do not want to spend a dime on anyone or anything else than their own enrichment. Their client legislators have stymied effective legislation, and their massive disinformation machine has deliberately misled the public (“don’t say health care reform, say government takeover”, “don’t say hospice care, say death panels”). Of course if sufficient, organized concerned superrich (call their organization the Friends of Liberty, akin the colonial Sons of Liberty) advocate for the proposed redesign against the rapacious superrich this will change the political landscape. And if strong popular support were built by the Friends media campaign, Congress and the States might seek to cooperate. But the last thing needed is another poorly designed joint Federal-State program like our disastrous current Medicaid. Under the proposed redesign good Federal-State program design should be possible due the guaranteed flow of tax support to the collective services necessary to hold inequality constant. Thus these programs cannot be nickel and dimed to death by the parsimony crowd as now. There will be adequate funds and the only question will be how best to spend them that allows low-income people to provide for themselves.

What Can I Do?

- If you are a concerned capitalist, it is probably superfluous, even impertinent, to suggest to any entrepreneurial leader like yourself how to start. So with apologies, if you love your country and liberty I suggest you might begin by expressing your concern to colleague capitalists and their spouses who you think might share this concern, and ask them to do the same with their capitalist friends. Circulating this essay, or your sum-

mary of it (I know it's too long), might help. At some point some of you might begin suggesting meetings to figure out how to ignite a movement. An important task is for you and your colleagues be on the lookout for a George Washington or two in the ranks of concerned capitalists, the kind of capable leaders who command the respect of all, build trust, and can help the group organize itself and grow. If you think this someone else's job and do not yourself start taking action as soon as possible, liberty in this nation that invented it is doomed

- If you are in the grass roots, I urge every American who loves this country and liberty to use every means at your disposal to help provoke a discussion among our privileged, and their spouses, forcing the question what is their honor and responsibility to this their country, whose indispensable gift of liberty along with extensive tax-supported societal support made their success possible, and what do they wish as their legacy: to be the honored generation who saved the Republic...or the ungrateful generation that destroyed it? Circulate this essay to friends, associates, prominent people, and social media; place excerpts, or your own abbreviated rewrites of its message, in local and national media; look for and query political candidates on their knowledge and commitment to action on this issue; join and support any movement that appears to help forward the agenda outlined herein; and dream up every other useful thing you can do and put it to work. All of us together might light a fire.

Conclusion

In order to protect and promote human rights, the general welfare and liberty America's founders left us with a brilliant if not perfect redesigned system of governance overthrowing millennia of aristocracy and state church rule. At the time there were no economic enterprises large or powerful enough to consider a threat to this redesigned government and its noble goals. In the two hundred years since, that has radically changed and now huge, scarcely restrained capitalist enterprises, larger than most national economies, are threatening to unravel the Constitution and destroy democracy and liberty.

If the nation is to preserve liberty without bloodshed, then it must complete the task the founders so nobly began, and there is no time to lose. The nation now needs to design a complementary 'Constitutional economy' consistent with our 'Constitutional governance' to achieve our Constitutional goals: to achieve a redesigned economy that halts runaway inequality, that returns and holds inequality at an optimal and just level; that harnesses the great power of capitalism for good by proper reshaping and regulation; and that extinguishes rapacious capitalism and promotes a positive capitalism that by inclusive growth lifts rich and poor alike.

Left alone, unregulated present capitalism and the flawed economy will destroy liberty and the general welfare, and the nation will sink into tyranny. The only people with the political and financial power to derail the nation's present express train to tyranny and put us back on the track to liberty are our concerned superrich capitalists themselves. If they are to succeed, enough must answer the call and organize for the long haul. If they remain indifferent, rapacity at the top will win, and liberty in the once land of the free is doomed.

If they succeed, these honorable capitalists will have earned themselves a place in the American pantheon of honored statesmen who saved their nation and liberty, and uniquely contributed positive capitalism to the world. It will be not only a supreme act of patriotism but also compassion. They will fully deserve the admiration, deference and gratitude of a grateful nation and its posterity, and a grateful world.

Let's cut to the chase. To all you concerned capitalists and superrich who love this country, human rights, democracy and liberty, and want capitalism to serve these ideals... after all my verbiage, it comes down to this: there are two choices for our future ...

A. You can do nothing, and America will fall to despotism: the Constitution overthrown; a *de facto* hereditary financial aristocracy of the rapacious few living on the backs of the many; government, the courts, the economy, their controlled handmaidens; the popular vote a sham; the great majority of Americans impoverished and in effective servitude to the few; liberty and justice for all long ago succumbed to tyranny and misery; government of the people, by the people, for the people just another failed experiment in the dustbin history.

or:

B. At considerable effort, you can oversee invention and establishment of your own American version of Nordic capitalism, a positive capitalism in which capitalists and the entire society prosper; where even the poor can provide adequately for themselves; opportunity, democracy, liberty and justice for all secure; and our nation among the happiest and most free countries in the world. Other capitalists have done that for their country, so can you for ours.

Which future do you want? It is in your hands.
And to wait is to fail.

Are you listening Jeff Bezos, Bill and Melinda Gates, Warren Buffet, Larry Page, Laurene Powell Jobs ... all of you brilliant superrich capitalists? We need you. Are you listening, Mr. Will; I hope you are persuaded, and will put that brilliant pen of yours in the service of liberty and properly reshaped capitalism. We need you. Are you listening, all you millions of conservatives? I hope you are persuaded and will help forward this strategy? We need you. Are you listening all you millions of omnibus tinkering liberals lacking a larger vision? Will you wake up and forward this strategy? We need you. We need everybody. ■

Acknowledgement

In this essay I am greatly indebted and wish to thank the numerous named and unnamed authors of the many passages I have lifted, some word for word, from the Internet, in particular from Wikipedia (my deepest thanks to Jimmy Wales and Larry Sanger). All the research referred to is available on the Internet. My comments on the Finland case study draw heavily from the informative article by Partanen and Corson "*Finland Is Our Capitalist Paradise*" ([nytimes.com/2019/12/07/opinion/sunday/finland-socialism-capitalism.html](https://www.nytimes.com/2019/12/07/opinion/sunday/finland-socialism-capitalism.html)) ... well worth concerned capitalists attention ... that I discovered only after comp-

leting this essay. It offers a startling real-world confirmation of the practicality of the ideas proposed here, and was quickly added. As with all my writing, my colleague Jeff Johnson assisted me magnificently with editing and improving both the content and clarity of the text, and other colleagues have reviewed and helpfully critiqued the text. While I have frequently shamelessly borrowed from all these authors' and colleagues' prose and content, the argument and any errors are my own.

Finally, in a word, I believe in this essay, to my surprise, I have simply independently reinvented Nordic capitalism scarcely knowing anything about it until I finished. So I wish to gratefully acknowledge that a lot of brilliant Nordic capitalists got there first and proved it feasible and impressively successful. The only thing I may have added new is that the level of inequality in a nation can and should be explicitly set by policy, and the economy be managed to maintain it at that level. The durable performance of Nordic capitalism suggests the ideas are sound. But of course Nordic capitalism obtains in the relatively small Nordic nations and will have to be adapted and generalized for more populous nations, particularly for a large nation like the United States and its Federally organized governance. This seems eminently doable, a homework assignment for our superrich capitalist Friends and their many appointed experts to solve. □

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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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