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# **The War On Liberty: How Our Capitalists Can Save Us**

*Walter McClure*

## **Summary Digest**

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

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### **Summary Digest\***

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. It will 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 remains virtually unknown, wholly unaddressed. We are on a countdown to disaster.

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 reward concentration of wealth with no built-in or natural limit. Unless redesigned to supply such constraint, the flawed economy will drive inequality relentlessly upward, concentrating ever more of the nation's wealth and financial power at the top 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 modern societies all fail economically and politically. And we can rationally argue what that optimal level should be.

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\*A summary digest of an extensive essay of the same name, available on the Center website: [centerforpolicy.org](http://centerforpolicy.org). Omitted for brevity in this digest are many topics in the essay integral to redesigning the economy, including reconciling individual and general liberty, political financing redesign, economic redesign and racism, and others.

But unlimited runaway inequality brooks no argument. As the concentration of wealth becomes sufficiently extreme, runaway inequality will increasingly give way to tyranny: a small, financial aristocracy ... gradually *de facto* hereditary ... at the top controlling the nation with their vast wealth 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 runaway extreme concentration of financial power in ever fewer hands.

Constraint on runaway inequality will require redesign of the economy and of other necessary institutions with new mechanisms that prevent this excessive concentration.

Remember, 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 a human contrivance; Adam Smith showed us that. An economy is a "macrosystem" whose function is to create and distribute wealth. It can be designed well or poorly. A well-designed economy serves and promotes the objectives of its society, a poorly designed one does not. 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.) These are prized American values and goals that we pioneered for the world.

Thus the measure of the economy of a democratic country, including our own, is strictly empirical ... not whether it meets this or that ideology's criteria or criticism but rather: how well is this economy doing on promoting the general welfare and liberty compared to other economies. There are several reasonable measures of the general welfare and liberty, and all should be used. The most important is, do the people of the country report themselves happy and satisfied with their lives and wellbeing and liberty. Prosperous democracies with the highest happiness and liberty are the best economies. These measures show the United States doing poorly compared to many other nations, even though they are exactly what our Constitution explicitly obligates us to achieve. To save liberty it is imperative to redesign the economy, and the design must optimize these measures. It must avoid preconceived economic ideologies proven to fail on these measures.

Because a nation can adopt whatever economic system it pleases, the design of a nation's economy is a political decision. Therefore 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 have substantially altered the design of the economy, and have reversed and now drive inequality inexorably upward.

- If an economy is flawed and producing either too little or too much inequality to maximize the general welfare and liberty, *it can be redesigned*. The surest way to stop runaway inequality is to design an economy such that policymakers can, by legislative act, actually hold inequality fixed. A well-designed economy can prosper while holding inequality at any fixed level that a society and its policymakers deem optimal for promoting the general welfare and liberty.

Empirically some of the world's most prosperous capitalist countries operate with half the ballooning inequality of the United States. Moreover, they have greater political freedom, entrepreneurial freedom, and social mobility than we have, and their populations are by all measures the happiest in the world. Their capitalists prosper and their people prosper with them.

With a well-considered redesign of our economy, there is no reason that American policymakers cannot actually fix and maintain inequality in this country at a level comparable to those at which these successful capitalist economies operate, and do as well or better on all these aspects. The essay describes a technical strategy to accomplish that.

But a technical plan for the economy is not enough. Redesigning an economy is a massive transformational act of social engineering. To implement it will require a powerful political strategy. Americans are good at grand scale social engineering. Our founders, largely the colonies' wealthy privileged patriots, transformed a monarchy into a democracy, implemented a capitalist market economy, and changed the world. Now it is our turn, particularly of our wealthy privileged patriots of today, to complete the social engineering that the founders began, to complement our constitutional governance with a parallel redesigned "constitutional capitalist market economy" that protects the democracy, capitalism, and liberty that the founders bestowed on us from falling back into despotism.

The only ones with the political power and resources adequate to accomplish this grand transformation of our economy are our superrich capitalists themselves. No other interest group today begins to remotely have the political and organizational horsepower necessary. So again we must turn to our wealthy privileged citizens. If there are enough patriots among our superrich, ready to seriously mobilize like our founders did, and come to the barricades, we can do it. If there are not, the nation is doomed.

The essay lays out the steps likely necessary for these superrich patriots to effect redesign of our economy. They will be operating in the face of powerful rapacious superrich opposition who will resist at every step. Success will likely take several decades.

In sum then, there are two major strategic problems: First, a technical strategy, a proposed technical redesign plan for the economy which, if it can be implemented, would successfully constrain the runaway concentration of wealth and financial power and allow inequality to be held fixed at an optimal level to protect democracy, the general welfare and liberty. Second, a proposed political strategy, to successfully implement the

redesigned economy, without which the most brilliant technical redesign is simply a wishful ivory tower exercise. Let us discuss first the technical design and then the political strategy.

The essence of the proposed technical design is the principle of Nordic capitalism, a design highly successful on the general welfare and liberty, arrived at and implemented by Nordic capitalists in their own countries, proving transformational economic redesign can be done if capitalists will mobilize. Over several decades before and after WWII the leading capitalists in the Scandinavian countries gradually came to the same conclusion:

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.

Prior to adopting this principle, capitalists in these countries had been at war with their workers, often with bloody consequences. They were also conscious of the threat of socialism from the Soviet Union next door. Wanting to protect their private property and new industries and avoid further conflict and bloodshed, beginning in the '30s and on into the '60s the capitalists in each of these countries one by one decided instead of exploiting workers and trying to keep them down, to reverse course.

These amazingly farsighted capitalists, informed by their nations' prior failed efforts, realized that *it would be in their own long-term interests to accept steep progressive tax hikes* to actualize the principle above. The taxes would help pay for new government programs to keep workers healthy and productive, which, they recognized, would build a more beneficial labor market uninterested in socialism.

They decided to cooperate with government and unions to map out long-term strategy and get workers onboard. These programs became the universal taxpayer-funded public services of Nordic countries today, including pensions, education, health care, day care, paid parental leaves, unemployment insurance, and the like.

While at first glance these Nordic taxes may appear steep to Americans, in fact they are less burdensome to citizens than our own because they take all the major expenses of these crucial services, needed by all citizens, off private individuals' budgets, freeing up the rest of their income to better provide for themselves, especially low-income people who could otherwise never afford these services on their own. This gives all citizens far more financial freedom, security and wellbeing both during their work-life and in old age.

In other words, Nordic capitalists engaged in massive social engineering, redesigning their economy to entrench redistribution of income, not by doles (which seems all that too many Americans, left and right, can envision) but by subsidizing through the public

sector collective goods and services vital for citizens, capitalists, and the economy alike to flourish.

These services are excellent public investments when universalized, returning more to the economy than they cost in taxes, and making the workforce healthier and more productive. Moreover, it takes the burden of arranging and financing these services ... services which have nothing to do with their business ... off the back of Nordic employers.

Nordic capitalists may pay steeper taxes, but they more than get their money's worth. Not only do they themselves prosper, but their capitalism protects and promotes the general welfare and liberty, the very ideals pioneered by America ... a positive capitalism that benefits everybody, rather than a rapacious capitalism that exploits the many for the benefit of the few.

The results of this redesign of their capitalist market economies have been profound. Compared to the United States, objective international bodies find that business is easier to conduct and freer of government interference; start-ups flourish; and social mobility and political freedom are greater. Capitalists prosper, workers prosper, and these nations are happier and have more liberty and justice for all than any other nations in the world. This is capitalism at its best, a capitalism to aspire to.

Rapacious American capitalists relentlessly try to propagandize Nordic capitalism as socialism, but Nordic capitalists and citizens scoff at these lies. Nordic capitalism is simply not the unbridled "free-market" capitalism leading to despotism that rapacious capitalists lust for, and are trying to foist on our country and the world by a constant drumbeat of disinformation and deception.

The United States pays no less for these crucial services than the Scandinavian countries, except it does not get what it pays for. It does not gain the public investment advantage of universalizing them as public services. By running them through the private sector on employer and worker budgets, these services in our country are an uneven administrative and financial burden on employers, and an uneven, insecure, out-of-pocket patchwork for workers: millions of workers have generous benefits but increasing millions have little to none, all depending on not losing or changing a job, the kind of job, and the kind of employer. As a consequence our workforce is sicker, more insecure, more costly and less productive than our competitors, our elderly population more vulnerable to destitution, and the country polarized and disenchanting with capitalism. Wake up, capitalists.

Holding inequality at a fixed level requires redistribution of income from those above median income to those below. The amount of money that must be redistributed is thus also fixed. Too much redistribution, then inequality will sink below the specified optimum level, too little redistribution and it will rise. If this redistribution is accomplished as in the Nordic countries by tax-supported universal public services, then fixing inequality means the total budget for these services is now guaranteed and can't be stinted on. The issue is no longer about the total budget for these services. The issue in the redesigned

economy is, within this assured total amount, what kind and mix of public services will best maximize the general welfare and liberty.

This important attribute is absent in the current flawed U.S. economy in which, because there is no such protection for the total public services budget, in the name of parsimony we clearly underspend on them, to the detriment of the general welfare and liberty. How do we know we underspend on public services? Compare our general welfare and liberty with the Nordic countries.

The durable performance of Nordic capitalism suggests these 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 capitalists and their appointed experts to solve.

Such a redesign of the economy ... inequality held fixed via high-end progressive taxes supporting vital universal services ... can only be implemented if a sufficient percentage of America's capitalists, concerned for the future of liberty and our country, see the wisdom of their Nordic colleagues and their Nordic form of capitalism, and will seriously mobilize to implement an American version in our country.

If they do decide to redesign the economy ... which I emphasize, is *the only way* to preserve democracy, market capitalism, the general welfare and liberty ... what will these enlightened superrich patriots face, and what will they need to do?

They will face their disloyal rapacious capitalist brethren. And the rapacious have an enormous head start. What started as an effort to redress perceived government overreach in the 1970's has turned into a massive right-wing social engineering juggernaut to eviscerate American government ... to capture the legislature, executive, judiciary and regulatory agencies, the whole kit and kaboodle ... and emasculate all government ability to impede rapacious capitalists from eating up ever greater amounts of the nation's wealth and consolidating them in ever fewer hands at the top, no matter the vast harm to the general welfare and liberty. And this rapacious juggernaut has become so successful that our democracy, the general welfare and liberty all now stand in mortal peril.

This social engineering juggernaut operates on four coordinated fronts which combine to generate immense power.

-- First, big business has united in their efforts, accruing financial and political power that no firm could ever muster on its own. ...("the new unity")

-- Second, they are spending enormous amounts on highly skilled disinformation, capturing ... either by ownership or leveraged advertising ... more and more of the media and the blogosphere to mislead the public on any issues which threaten their commercial or political interests. Climate change denial is only the most visible example of such disastrous disinformation. Another is that contrary to their claims, taxes have not been

cut, merely shifted from the rich to our children and grandchildren by shameless massive borrowing in a period of prosperity, irresponsibly further accelerating runaway inequality. ...("the new propaganda")

-- Third, they have made elections so expensive that candidates cannot get elected without superrich financial support. If favors are not forthcoming, that support is soon withdrawn and switched to more pliant candidates. Those unwilling to compromise the public interest soon lose superrich support and fall by the wayside. Over thirty years of this pruning, the Congress has increasingly become filled with obedient handmaidens of their superrich patrons. ...("the new bribery")

-- Fourth, having emasculated regulatory power, capitalist ventures have almost unlimited power to merge and eliminate competition and to trample on consumer rights, workers' rights, citizens' rights, the environment and the planet. For example, residential air and water tables are being freely poisoned; employees forced to work in adverse conditions and for less than a living wage; precious national parks endangered by mining operations and commercial development; national security endangered by denial and abetting of foreign threats ... all for the rapacious to amass ever greater wealth and power. ...("the new size")

To counter this juggernaut, superrich patriots will have to adopt these same four powerful tactics, and then out-think and out-spend their rapacious opponents to save liberty rather than destroy it. They will need to organize for the long term, to set up their own modern-day equivalent of the Continental Congress to mount this countercharge successfully, and be prepared to stay the course for however many decades it takes. This essay lays out a battleplan for these patriots at some length.

Capitalists, observe that the price of civilization since the Stone Age has been profound inequality. In all this time it is almost universally true that only violence and bloodshed have brought about redistribution of wealth ... revolution, war, pandemic, disaster. Nordic capitalism is the first time in centuries that inequality has been constrained peacefully. The privileged were wise enough to lead the change themselves and accomplish a constructive outcome for everyone rather than chance a chaotic alternative. The lessons of history are plain, a similar choice is rapidly bearing down upon us.

To conclude, let us cut to the chase ...

To all in the grassroots ... whether organized or as individuals ... do all in your power to provoke serious discussion and action among our privileged on the choice below.

To all you concerned capitalists and superrich ... all you capitalist patriots who love this country, human rights, democracy and liberty, and want capitalism to serve these ideals ... it comes down to this. We are addressing the most perilous issue facing our nation: we will either redesign the economy or lose the Republic. Therefore, you have two choices for our future:

- A. You can do nothing, and America will ineluctably 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, all of it, their controlled handmaidens; the popular vote a sham; the great majority of Americans impoverished and in servitude to the few; liberty and justice for all, long ago succumbed to tyranny and misery; and government of the people, by the people, for the people just another failed experiment on the dustbin of history. History says there will eventually be bloodshed and you will be the target. But it need not be. You can create a different future for your nation and yourself:

- B. At considerable effort, you can organize and lead a massive, sustained effort to redesign the economy and establish our own American version of Nordic capitalism, a positive capitalism in which capitalists prosper and with them the entire society; where even the poor can provide adequately for themselves; where opportunity, democracy, liberty and justice for all are secure; and our nation among the happiest and most free countries in the world. Nordic capitalists did that for their countries, so can you for ours.

Consider the counsel of the great Enlightenment Age polymath and admirer of the young United States, Denis Diderot, who in 1780 brilliantly predicted exactly the dire dilemma we face today:

“People of North America, may the example of all those nations that have preceded you instruct you. Beware of the affluence of gold that brings with it the corruption of morals and the scorn of laws; beware of an unbalanced distribution of wealth that will give rise to a small number of opulent citizens and a horde of citizens in poverty, a situation that will engender the insolence of some and the deprivation of others”.

The real threat to American democracy, Diderot observed, would not come from foreign powers: it would stem from within, from unbridled luxury, class tensions, political corruption and, in the worst scenario, from the rise of a cynical autocrat who turns his back on the founding values of the Republic.

Which future do you want for America? It is in your hands.  
And to wait is to fail. ■

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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](http://centerforpolicy.org)]

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