OMNI US CAPITALISM NEWSLETTER #9, November 12, 2012. Compiled by Dick Bennett for a Culture of Peace and Justice (#1 Jan. 30, 2011; #2 August 24, 2011; #3 October 2, 2011; #4 Oct. 29, 2011; #5 Jan. 29, 2012; #6 April 7, 2012; #7 June 8, 2012; #8 July 14, 2012).

My blog: The War Department and Peace Heroes
http://jamesrichardbennett.blogspot.com/
Newsletters:
http://www.omnicenter.org/newsletter-archive/
Index:
http://www.omnicenter.org/omni-newsletter-general-index/

See OMNI Corporations, Occupy, and related newsletters.

See nos. 5 and 6 below.

Contents of #7
Hedges, the Cash Nexus
NYT Review of Boomerang
Buchheit, Shameful Facts
Magdoff, Harmony Impossible
Book on Marx’s Capital

Contents #8 July 14, 2012
Robert Scheer, Crime of the Century: Libor
Alterman, Money Flows Secretly Against Health Reform
Stiglitz, Market System Failing
Frank, Billionaire (2 reviews)
Lehman, Moral Limits of Markets
Satz and Sandel, Why Some Things Should Not Be for Sale
Hedges and Sacco, Days of Destruction, Days of Revolt

Frontline: Wall Street Crisis
Barlett and Steele, Middle-Class Decline

Contents #9
Hedrick Smith, Who Stole the American Dream?
To Schneiderman: Prosecute or Resign
Taibbi, Why Government Doesn’t Fight Wall Street
Barofsky, Bailout on TARP
Nader: Where Were the Whistleblowers?
Freeland, Plutocrats
Reich, Book on US Capitalism
Reich, Interviewed About US Capitalism
Survey: Confidence in Capitalism Declines
Wolf: Global Financial Fraud
Looking Back at Capitalist Greed, PBS: Remember the Triangle Fire
Here is the link to all OMNI newsletters:

http://www.omnicenter.org/newsletter-archive/  Many of these newsletters expose the liabilities of US capitalism (unregulated corporations, large gap between rich and poor, deceptive advertising, and so on).

**Who Stole the American Dream?**


See larger cover

Listen to an excerpt

Download MP3 Excerpt

Visit RANDOM HOUSE AUDIO to learn more about audiobooks.

**ABOUT THE BOOK**

**ABOUT THE AUTHOR**

**PRAISE**

**Synopsis**

Pulitzer Prize winner Hedrick Smith’s new book is an extraordinary achievement, an eye-opening account of how, over the past four decades, the American Dream has been dismantled and we became two Americas.

In his bestselling *The Russians*, Smith took millions of readers inside the Soviet Union. In *The Power Game*, he took us inside Washington’s corridors of power. Now Smith takes us across America to show how seismic changes, sparked by a sequence of landmark political and economic decisions, have transformed America. As only a veteran reporter can, Smith fits the puzzle together, starting with Lewis Powell’s provocative memo that triggered a political rebellion that dramatically altered the landscape of power from then until today.

This is a book full of surprises and revelations—the accidental beginnings of the 401(k) plan, with disastrous economic consequences for many; the major policy changes that began under Jimmy Carter; how the New Economy disrupted America’s engine of shared prosperity, the “virtuous circle” of growth, and how America lost the title of “Land of Opportunity.” Smith documents the transfer of $6 trillion in middle-class wealth from homeowners to banks even before the housing boom went bust, and how the U.S. policy tilt favoring the rich is stunting America’s economic growth.

This book is essential reading for all of us who want to understand America today, or why average Americans are struggling to keep afloat. Smith reveals how pivotal laws and policies were altered while the public wasn’t looking, how Congress often ignores public opinion, why moderate politicians got shoved to the sidelines, and how Wall Street often wins politically by hiring over 1,400 former government officials as lobbyists.

Smith talks to a wide range of people, telling the stories of Americans high and low. From political leaders such as Bill Clinton, Newt Gingrich, and Martin Luther King, Jr., to CEOs such as Al Dunlap, Bob Galvin, and Andy Grove, to heartland Middle Americans such as airline
mechanic Pat O'Neill, software systems manager Kristine Serrano, small businessman John Terboss, and subcontractor Eliseo Guardado, Smith puts a human face on how middle-class America and the American Dream have been undermined.

This magnificent work of history and reportage is filled with the penetrating insights, provocative discoveries, and the great empathy of a master journalist. Finally, Smith offers ideas for restoring America's great promise and reclaiming the American Dream.

"Hedrick Smith has done it again! Who Stole the American Dream? provides a readable and comprehensive account of how Americans have been robbed of our dream of a broad middle class over the past forty years. It is essential reading."—Jay W. Lorsch, the Louis E. Kirstein Professor of Human Relations, Harvard Business School

No Banker Is Too Big To Jail.
Petition to Schneiderman
MALtha6995@aol.com via uark.edu
9-21-12
http://other98.com/eric-schneiderman-indict-wall-street-or-step-down-in-protest


A Rare Look at Why The Government Won't Fight Wall Street.  Rolling Stone.  POSTED: September 18, 2012

Wall Street sign in New York
Michael Evans/Getty Images
The great mystery story in American politics these days is why, over the course of two presidential administrations (one from each party), there’s been no serious federal criminal investigation of Wall Street during a period of what appears to be epic corruption. People on the outside have speculated and come up with dozens of possible reasons, some plausible, some tending toward the conspiratorial – but there have been very few who’ve come at the issue from the inside.

We get one of those rare inside accounts in The Payoff: Why Wall Street Always Wins, a new book by Jeff Connaughton, the former aide to Senators Ted Kaufman and Joe Biden. Jeff is well known to reporters like me; during a period when most government officials double-talked or downplayed the Wall Street corruption problem, Jeff was one of the few voices on the Hill who always talked about the subject with appropriate alarm. He shared this quality with his boss Kaufman, the Delaware Senator who took over Biden's seat and instantly became an irritating (to Wall Street) political force by announcing he wasn’t going to run for re-election. "I later learned from reporters that Wall Street was frustrated that they couldn’t find a way to harness Ted or pull in his reins," Jeff writes. "There was no obvious way to pressure Ted because he wasn’t running for re-election."
Kaufman for some time was a go-to guy in the Senate for reform activists and reporters who wanted to find out what was really going on with corruption issues. He was a leader in a number of areas, attempting to push through (often simple) fixes to issues like high-frequency trading (his advocacy here looked prescient after the "flash crash" of 2010), naked short-selling, and, perhaps most importantly, the Too-Big-To-Fail issue. What’s fascinating about Connaughton’s book is that we now get to hear a behind-the-scenes account of who exactly was knocking down simple reform ideas, how they were knocked down, and in some cases we even find out why good ideas were rejected, although some element of mystery certainly remains here.

There are some damning revelations in this book, and overall it’s not a flattering portrait of key Obama administration officials like SEC enforcement chief Robert Khuzami, Department of Justice honchos Eric Holder (who once worked at the same law firm, Covington and Burling, as Connaughton) and Lanny Breuer, and Treasury Secretary Tim Geithner.

Most damningly, Connaughton writes about something he calls "The Blob," a kind of catchall term describing an oozy pile of Hill insiders who are all incestuously interconnected, sometimes by financial or political ties, sometimes by marriage, sometimes by all three. And what Connaughton and Kaufman found is that taking on Wall Street even with the aim of imposing simple, logical fixes often inspired immediate hostile responses from The Blob; you’d never know where it was coming from.

In one amazing example described in the book, Kaufman decided he wanted to try to re-instate the so-called "uptick rule," which had existed for seventy years before being rescinded by the SEC in 2007. The rule prevents investors from shorting a stock until the stock had ticked up in price. "Forcing short sellers to wait for the price to tick up before they sell more shares gives a breather to a stock in decline and helps prevent bear raids," Connaughton writes.

The uptick rule is controversial on Wall Street – I’ve had some people literally scream at me that it doesn’t do anything, while others have told me that it does help prevent bear attacks of the sort that appeared to help finally topple already-mortally-wounded companies like Bear Stearns and Lehman Brothers – but what’s inarguable is that Wall Street hates the rule. Hedge fund types or employees of really any company that engages in short-selling will tend to be most venomous in their opinions of the uptick rule.

Anyway, Connaughton and Kaufman were under the impression that new SEC chief Mary Schapiro would re-instate the uptick rule after taking office. When she didn’t, Kaufman wrote her a letter, asking her to take action. When that didn't do the trick, he co-sponsored (with Republican Johnny Isakson) a bill that would have required the SEC to take action.

Nothing happened, and months later, Kaufman gave a grumbling interview to Politico about the issue. One June 30, the paper’s headline read: "Ted Kaufman to SEC: Do Your Job."

The next day, the Blob bit back. Connaughton was in the basement of the Russell building when a Senate staffer whose wife worked for Shapiro shouted at him. From the book:

"Hey, Jeff, you're in the doghouse." He meant: with his wife.

"Why?" I asked.

"That Politico piece by your boss."

I was taken aback but tried to downplay the matter. "We just want the SEC to get its work done."

"Remember," he said. "We all wear blue jerseys and play for the Blue Team. I just don’t think that helps."

When Connaughton told Kaufman over the phone what the staffer said, Kaufman exploded. "You call
him back right now and tell him I said to go fuck himself in his ear," Kaufman said.

Similarly, when Kaufman tried to advocate for rules that would have prevented naked short-selling, Connaughton was warned by a lobbyist that it would be "bad for my career" if he went after the issue and that "Ted and I looked like deranged conspiracy theorists" for asking if naked short-selling had played a role in the final collapse of Lehman Brothers. Naked short-selling is another controversial practice. Essentially, when you short a stock, you're supposed to locate shares of that stock before you go out and sell it short. But what hedge funds and banks have discovered is that the rules provide "leeway" – you can go out and sell shares in a stock without actually having it, provided you have a "reasonable belief" that you can locate the shares.

This leads to the obvious possibility of companies creating false supply in a stock by selling shares they don't have. Without getting too much into the weeds here, there is an obvious solution to the problem, which essentially would be forcing companies to actually locate shares before selling them. In their attempt to change the system, Kaufman and Connaughton discovered that the Depository Trust Clearing Corporation, the massive quasi-private organization that clears most all stock trades in America, had come up with just such a fix on their own. Kaufman recruited some other senators to endorse the idea, and as late as 2009, Connaughton and Kaufman were convinced they were going to get the form. "I said to Ted, 'We're going to change the way stocks are traded in this country.'"

But before the change could be made, Goldman, Sachs issued "data" showing that there was "no correlation" between naked short selling and price movements. When Connaughton asked an Isakson staffer what the data said, the staffer, intimidated by Goldman, replied, "The data proves we're full of shit." Connaughton looked at the data and realized instantly that it was a bunch of irrelevant gobbledygook, even firing off an angry letter to Goldman telling them the tactic was beneath even them.

But Goldman’s tactic worked. A roundtable to discuss the idea was scheduled by the SEC on September 24, 2009. Of the nine invited participants, "all but one" were for the status quo. Connaughton expected the DTCC representatives to unveil their reform idea, but they didn’t:

Afterwards, I went over to [the DTCC representatives] and asked, "What happened?" Sheepishly, and to their credit, they admitted: "We got pulled back." They meant: by their board, by the Wall Street powers-that-be.

Essentially the same thing happened in Kaufman's biggest reform attempt, the amendment to the Dodd-Frank bill he co-sponsored with Ohio’s Sherrod Brown, which would have broken up the Too-Big-To-Fail banks. But the Brown-Kaufman amendment, which was really the meatiest thing in the original Dodd-Frank bill, the one reform that really would have made a difference if it had passed, just died in the suffocating mass of the Blob. The key Democrats one after another failed to line up behind it, and in the end it was defeated soundly, with Dick Durbin, the number two man in the Democratic leadership, giving it this epitaph: "a bridge too far."

Again, those interested in understanding the mindset of the people who should be leading the anti-corruption charge ought to read this book. It's the weird lack of concern that shines through, like Khuzami’s comment that he’s "not losing sleep" over judges reprimanding his soft-touch settlements with banks, or then Southern District of New York U.S. Attorney Ray Lohier’s comment that the thing that most concerned him – this is the period of 2008-2009, the middle of a historic crimewave on Wall Street – was "cyber crime."

On the outside we can only deduce the mindset from actions and non-actions, but Connaughton’s actually seen it, and with the book you get to see it too. It’s scary and definitely worth a read.

WATCH MOYERS AND CO. 10-21-12 INTERVIEW OF TAIBBI AND
CHRISTYA FREELAND. They see the same ruinous plutocratic power, grabbing all they can
for themselves, disconnected from the populace, but Freeland invests a lot of concern and empathy for
the ruling super-rich (they sincerely feel they are doing the best for the country etc.).

BOOKS OF THE TIMES

Bad Banks, Big Bailouts and Bruises,

_BAILOUT: An Inside Account of How Washington Abandoned Main
Street While Rescuing Wall Street,_ By Neil Barofsky.

Published: July 24, 2012.
Rev. By _JACKIE CALMES_

From the opening of this latest book on the government’s (mis)handling of the 2008–9 financial
crisis, Neil Barofsky establishes his populist narrative from his two-plus years as the “TARP cop”
overseeing the $700 billion big-bank bailout officially known as the _Troubled Asset Relief
Program._

_BAILOUT: An Inside Account of How Washington Abandoned Main
Street While Rescuing Wall Street,_ By Neil Barofsky


Multimedia

Neil Barofsky Talks TARP and Ever After

Related

• _Fair Game: Into the Bailout Buzz Saw_ (July 22, 2012)
Mr. Barofsky, a former Manhattan prosecutor, is the idealistic alien sent in an emergency to Planet Washington, where he does battle with the self-important, self-serving powers entrenched there or simply taking a spin through its revolving door to Wall Street. He is SIGTARP (in Washington-speak, the Special Inspector General for TARP). But ultimately he is outmatched, and evil triumphs over good.

In the preface to “Bailout: An Inside Account of How Washington Abandoned Main Street While Rescuing Wall Street,” it is April 2010, and after more than a year on the job, Mr. Barofsky is meeting for a clear-the-air drink with one of his nemeses, Herbert Allison, the former head of the financial giants Merrill Lynch, TIAA-CREF and Fannie Mae, who came out of retirement to run the bank-rescue program for the Treasury Department. Mr. Barofsky, wearing an unseasonal wool suit at odds with a “Washington-appropriate wardrobe,” is poised to let the hostess seat them at a front table of her choosing, but Mr. Allison insists on a private table in the rear. Then he gets down to business.

“Have you thought at all about what you’ll be doing next?” Mr. Allison asks Mr. Barofsky, soon adding, “Out there in the market, there are consequences for some of the things that you’re saying and the way that you’re saying them.”

“Allison was essentially threatening me with lifelong unemployment,” Mr. Barofsky concludes, and alternatively suggesting a plum government appointment some day if Mr. Barofsky would simply “change your tone.”

When Mr. Barofsky tells his deputy of the exchange, the deputy says, “It was the gold or the lead,” resorting to the lingo of their joint experience prosecuting Latin American drug kingpins in New York: Cooperate and share the riches, or don’t and get plugged. (With such frequent asides between the two buddies, Mr. Barofsky seeks to lighten what is by definition his otherwise numbingly complicated subject.)

Yet Mr. Barofsky goes on to say that he did not really think that Mr. Allison was threatening him; in fact, Mr. Allison “was, in a very Washington way, sincerely trying to be helpful.” This introductory episode not only sets the book’s tone, but it also embodies the contradictions and inconsistencies throughout Mr. Barofsky’s account.

He writes early on that “I had no idea that the U.S. government had been captured by the banks,” and at another point describes his strategy to use the press to get the attention of Congress, and by extension an obstreperous Treasury: “Our message was simple: Treasury’s desperate attempt to bail out Wall Street was setting the country up for potentially catastrophic losses.” Yet despite
such repeated condemnations of the decision-making process in both the Bush and Obama administrations, Mr. Barofsky never really concedes that the predicted losses did not occur.

He refers throughout to the $700 billion bailout, never clarifying that less than $300 billion of that amount went out the door by the time TARP expired; that not a penny went to big banks during the Obama administration; and that those banks repaid taxpayers with interest.

As ugly and flawed as the rescue process was, and as galling as Wall Street’s revived bravado and bonuses can be to most Americans, the fact remains that an economic collapse was averted, and that Main Street is recovering: slowly, but typically so for recessions brought on by credit crises. As Europe’s crisis persists for a fourth year, commentators around the globe have suggested that the Continent should have followed America’s example.

To the extent that Mr. Barofsky acknowledges that neither big losses nor big fraud cases occurred, he credits the anti-fraud measures he pressed Treasury to include in programs and contracts. Yet his book is a chronicle of complaints that Treasury undercut, blindsided and ignored him. Perhaps the biggest criticism of Treasury Secretary Timothy F. Geithner suggested by Mr. Barofsky’s account is that Mr. Geithner should have been a lot more conciliatory toward this zealous inspector general, if only to avoid becoming the biggest villain in Mr. Barofsky’s morality tale.

Mr. Geithner does not fully enter the story until its midpoint. The headline grabber is a recounting of an October 2009 meeting at which Mr. Geithner erupts when Mr. Barofsky tells him that TARP’s unpopularity and the public’s perception of Treasury as subservient to big banks is because of Mr. Geithner’s lack of transparency about the department’s dealings.

“‘Neil, I have been the most [expletive] transparent secretary of the Treasury in this country’s entire [expletive] history!’ he boomed, moving forward in his chair. ‘No one has ever made the banks disclose the type of [expletive] that I made them disclose after the stress tests. No one!’”

(While Mr. Barofsky pointedly describes the Wall Street background of every Washington player who has one, he never notes that Mr. Geithner does not fit the theme, having served in the public sector, starting at Treasury a quarter-century ago, despite lucrative offers during the Street’s boom years.)


Mr. Barofsky the ex-prosecutor talks of fighting fraud and “Wall Street criminals” and styles his office as a law enforcement agency, complete with guns and badges. Yet the reader should not
expect Eliot Ness. Within a week of starting work in December 2008, Mr. Barofsky has fights that are mainly of the bureaucratic type as old as Washington. He groused for page after page about being left out of the loop as arcane policies are developed, consigned to a basement office that literally stinks. What scofflaws he takes credit for helping to nab are far from Wall Street: an Alabama-based bank, a Tennessee man with a $10 million **Ponzi scheme**, a San Diego mortgage telemarketer.

Mr. Barofsky, now a senior fellow at New York University School of Law, does a good job of describing the complex financial products at the core of the crisis. And he does open windows into how Washington works, though not always those he intended.

For instance, like so many actors in the capital, Mr. Barofsky develops backdoor relationships with the offices of friendly Republican lawmakers like Senator Charles E. Grassley of Iowa and Representative Darrell Issa of California, leaking information back and forth to shape news coverage. Then he wonders why Treasury keeps him in the dark?

Mr. Barofsky justifiably spends time on Treasury’s failure to get banks to stem home **foreclosures**. But he charges that Treasury helped give birth to the **Tea Party** “by rolling out a hurried and poorly thought-out mortgage modification program,” when what actually spawned that movement was conservatives’ opposition to the very idea of bailing out troubled homeowners, which Mr. Barofsky so favors.

That his book is being released now, amid the presidential campaign, reflects perhaps the biggest contradiction of all: If Treasury has been making policies exclusively “by Wall Street for Wall Street,” as Mr. Barofsky says, why then has a once friendly Wall Street turned so hostile to President Obama’s re-election?

*This article has been revised to reflect the following correction:*

**Correction: July 26, 2012**

*The Books of the Times review on Wednesday about “Bailout,” a book about the financial crisis, referred incorrectly to banks that received money under the Troubled Asset Relief Program during the Obama administration. About $11 billion of the roughly $300 billion spent under the program went to community banks around the country while President Obama was in office; no money went to big banks during that period.*

**RALPH NADER IN 2002 ON WHISTLEBLOWERS**

Dick: I recently read Neil Barofsky’s *Bailout* (2012), the author’s Herculean struggle to prosecute criminal executives who were robbing the $700 billion TARP and other funds. He mentions whistleblowers, who might have helped him immensely, only once and in only a few sentences. Here
is Nader’s comment several years earlier about the scarcity of whistleblowers.

In response to the question, Why didn’t we know about the corruption sooner?
“What amazes me is that there are thousands of people who could have been whistleblowers, from the boards of directors to corporate insiders to the accounting firms to the lawyers working for these firms to the credit-rating agencies. All these people! Would a despotic dictatorship have been more efficient in silencing them and producing the perverse incentives for them all to keep quiet? The system is so efficient that there’s total silence. I mean, the Soviet Union had enough dissidents to fill Gulags.” Matthew Cooper, “10 Questions for Ralph Nader,” *Time*, August 5, 2002.


A Startling Gap Between Us And Them In 'Plutocrats'
by NPR Staff  October 15, 2012

*Listen to the Story*  Morning Edition
[7 min 34 sec]

- Add to Playlist
- Download
- Transcript

*Plutocrats*

The Rise of the New Global Super-Rich and the Fall of Everyone Else by Chrystia Freeland

- NPR reviews, interviews and more
- Read an excerpt

*October 15, 2012*

Journalist Chrystia Freeland has spent years reporting on the people who’ve reached the pinnacle of the business world. For her new book, *Plutocrats: The Rise of the New Global Super-Rich and the Fall of Everyone Else*, she traveled the world, interviewing the multimillionaires — and billionaires — who make up the world’s elite super-rich. Freeland says that many of today’s richest individuals gained their fortunes not from inheritance, but from actual work.

"These super-rich are people who, as they like to say, 'did it themselves,' ” Freeland tells NPR’s Steve Inskeep. "And what's interesting for me, and actually I didn’t expect it, I think it’s a paradox of this sort of working super-rich, which is that you would think ... that having done it yourself, you might have more sympathy, be closer to the 99 percent."

But, she says, that's often not the case. "In many ways, that personal history of really feeling like, 'I did this! By myself!' actually creates more of a chasm between them and
the rest of us, and, I would say, a certain degree of disdain."

Those at the very top, Freeland says, have told her that American workers are the most overpaid in the world, and that they need to be more productive if they want to have better lives.

"It is a sense of, you know, 'I deserve this,' " she says. "I do think that there is both a very powerful sense of entitlement and a kind of bubble of wealth which makes it hard for the people at the very top to understand the travails of the middle class."

One standout moment Freeland recalls is a conversation with a billionaire who spoke with great sympathy about some friends who'd come to him for investment advice. "And he said to me, 'You know what? They only had $10 million saved. How are they going to live on that?' I kid you not, he was really worried about them."

Today's plutocrats come down across the political spectrum, Freeland says; there are definitely liberal billionaires. "It is, however, also the case that in the United States there has been a real shift away from Barack Obama, and a lot of these guys loved him in 2008 ... They feel really angry at Obama, and it's not just the question of taxes." Freeland calls it "a profound emotional thing."

"In America," she says, "we have equated personal business success with public virtue. And to a certain extent, your moral and civic virtue could be measured by the size of your bank account."

But the president, Freeland adds, has been moving away from that equation, stating publicly that what's good for the people at the top may not be good for those in the middle. And that feels threatening to the 1 percent, she says. "People don't just want to be rich and successful, they want to be good. And I think it's really threatening to feel like, 'Wow, you mean I'm not as full of virtue and goodness as I thought I was?'"

Chrystia Freeland is an editor at Reuters. Her previous book was Sale of a Century: The Inside Story of the Second Russian Revolution.

So how are the super-rich that Freeland interviewed different from the super-rich of the past — say, 1955? Well, there are many more of them, and they're a lot richer than they used to be.

"One of the things which is really astonishing is how much bigger the gap is than it was before," she says. "In the 1950s, America was relatively egalitarian, much more so than compared to now." CEOs earn exponentially more now, compared with their workers, than they did 60 years ago.
"The other difference is that now the super-rich are global. And that's not sort of a cultural choice of theirs, that is something which is imposed on them by the nature of the world economy," says Freeland. "Increasingly, I think you are actually seeing what, ironically, was the dream of Marxists, right? You are seeing the emergence of an international class."

While Marx almost certainly wasn't dreaming of global billionaires, Freeland says he might have recognized what's going on right now. "This notion that borders wouldn't matter, that we would have commonality of interests around the world. Well, guess who got there first? The plutocrats."

Freeland says she's worried about what she calls an inevitable human temptation — that people who've benefited from a mobile society, like America, will get to the top and then rig the rules to benefit themselves.

"You don't do this in a kind of chortling, smoking your cigar, conspiratorial thinking way," she says. "You do it by persuading yourself that what is in your own personal self-interest is in the interests of everybody else. So you persuade yourself that, actually, government services, things like spending on education, which is what created that social mobility in the first place, need to be cut so that the deficit will shrink, so that your tax bill doesn't go up.

"And what I really worry about is, there is so much money and so much power at the very top, and the gap between those people at the very top and everybody else is so great, that we are going to see social mobility choked off and society transformed."

ROBERT REICH ON US CAPITALISM

Beyond Outrage: Expanded Edition

What has gone wrong with our economy and our democracy, and how to fix it

Written by Robert B. Reich

ABOUT THE BOOK
ABOUT THE AUTHOR
Synopsis|Excerpt

America's economy and democracy are working for the benefit of an ever-fewer privileged and powerful people. But rather than just complain about it or give up on the system, we must join together and make it work for all of us.

In this timely book, Robert B. Reich argues that nothing good happens in Washington unless citizens are energized and organized to make sure Washington acts in the public good. The first step is to see the big picture. Beyond Outrage connects the dots, showing why the increasing share of income and wealth going to the top has hobbled jobs and growth for everyone else, undermining our democracy; caused Americans to become increasingly cynical about public life; and turned many Americans against one another. He also explains why the proposals of the “regressive right” are dead wrong and provides a clear roadmap of what must be done instead.
Here's a plan for action for everyone who cares about the future of America.
barely a political force. The radical right has at least some semblance of organization. The tea partiers, even though sponsored and financed by some very wealthy interests, nonetheless do have a strategy, and it is at least something of a grassroots movement. On the left, I expected and hoped—and still hope—that the Occupy movement will play a role, but the left has a kind of innate genetic predisposition not to be terribly well organized. If you think about it, people who like hierarchy and discipline and want to be told what to do tend to migrate to the right. Movements on the left, particularly in the United States, have always had a hard time getting going because there is that antiestablishment, anti-organizational premise. We are not seeing the kind of progressive organization that we need to have.

Q: But progressives have certainly put a lot of energy into elections and protest movements. What else can people do?

Reich: The errors we make are the same errors we’ve made repeatedly over the years. Number one, we don’t do it all together. We get enamored with certain pet issues. Some of us are most concerned about the environment. Some of us are dramatically committed to gay rights. Some of us are deeply upset by our military and expansionism, and our disregard for civil wealth divides. He appears regularly on national TV shows as a commentator. One of his video blogs, “The Truth About the Economy,” discussing how the super-rich in America have grabbed more wealth and income and political power, went viral, with more than 1,500,000 viewers.

Reich is one of the founding editors of The American Prospect, and he’s currently the head of Common Cause. But his day job remains teaching. Reich is a professor of public policy at the University of California-Berkeley, which is where I met with him recently. Dressed in beige khakis and a faded purple sweater, he greeted me with amiable nonchalance in the lobby of the Goldman School of Public Policy. He squeezed me in for an hour just before delivering the convocation to incoming students.

Looking over your time in politics, what have you learned?

Robert Reich: One of the most important things is
Nothing good happens in Washington, or for that matter, in state capitals, unless good people outside Washington or those state capitals make it happen. Unless they push very hard. Unless they’re organized, mobilized, and energized to force the political system to respond. The rest of us have to do more than simply vote, pay our taxes, and respond to summonses to be on juries. Citizenship goes far beyond those three. We’ve got to insist on being heard.

Q: It’s scary to think that Republicans could win by labeling President Obama as a liberal.

Reich: The whole football field has moved so far to the right in my lifetime. I mean, Barack Obama would have been seen as a liberal Republican—a kind of Rockefeller Republican—in the 1960s. He is at most a centrist. To think of him as somebody on the left is often almost laughable.

Q: He’s not a socialist?

Reich: He wouldn’t even come up with a public option, let alone Medicare for all. He attached no strings whatsoever to the bailout of Wall Street. He didn’t want to resurrect the Glass-Steagall Act or limit the size of the banks. Every stop along the way, he has opted for the safe and so-called middle ground. But if anybody is to blame, it’s us. It’s citizens. It’s progressives who have not put enough pressure on Washington, who have allowed the Republicans to take over the House, who have not pushed Senate Democrats nearly far enough to the left, and have:

The Progressive ◆ 37
liberties. We’re in our issue bubbles. Secondly, we think of Washington as the only place where anything happens. So our form of activism is either to go to Washington or to make a contribution to a Washington-based group. We seem to have forgotten the art and practice of grassroots organizing.

Thirdly, we’re impatient. If something doesn’t happen within two years, we say, the hell with it. We forget that the civil rights movement took at least sixty years. The labor movement, seventy years. Women’s suffrage, fifty years. We don’t have that patient time horizon.

And fourth, we don’t understand that the real fight
begins the day after Election Day.

**Q: Some studies show that up to half of America is either poor or near poor, but poverty is not being discussed in the elections at all.**

**Reich:** Poverty is not being discussed. Child poverty is not being talked about. And there are a lot of other important issues we’re not talking about. We’re not really talking about Afghanistan. We’re not talking about American policies toward the developing world. We’re not talking about climate change, even though we’ve just suffered through the most broiling summer we have had in many years, and we’re facing rising food prices, because of climate change. This election is being fought out on a narrower and narrower and narrower field.

**Q: Does this election seem even more devoid of ideas than previous elections to you?**

**Reich:** No, when Bill Clinton ran for reelection, that was perhaps the most brainless election I’ve ever been associated with. Dick Morris, who was Clinton’s political adviser, told the President to talk about nothing except V-chips in television sets and school uniforms. Those were the two big issues. I mean, it was absurd. Bill Clinton ended up winning reelection, but with no mandate to do anything in his second term.

**Q: If you were Labor Secretary now, what would be your top priorities for American workers?**

**Reich:** Number one, I would focus on part-time and contingent workers, people who are not full-time employees formally. They have no protections at all, and their numbers are growing. They don’t get time-and-a-half for overtime. They don’t have work safety protections. They don’t even have minimum wage protections. That would be a priority. Secondly, work hard to make it easier for individuals to unionize in the private sector. The Employee Free Choice Act—it should not be an issue. It’s obvious that workers are being intimidated and bullied. I’ve seen it with my eyes over and over again. We’ve got to have stronger unions, particularly in the sectors of the economy
that are sheltered from international competition, where you don’t have to worry about low-wage workers abroad. I’m talking about the vast personal service sector: retail, restaurant, hotel, hospital, all of those workers that get paid very little. They have very, very little job security. They need a union. I would provide much better pension protection. You’ve got people who were wiped out in 2008—their entire savings. We still have a Wall Street that is completely irresponsible, and that irresponsibility is falling on a lot of unprotected people who are trusting that their pensions are safe when they are not safe. So there is a lot to do.

Q: You write a lot about the need to prime the pump, and you call for policies to enable people to consume more to keep the economy going. How do you square that with the crisis of climate change and the need to consume less and produce less?

Reich: It’s not a matter of consuming less. It’s a matter of consuming differently. Maintaining adequate aggregate demand does not mean filling up our homes with stuff. It could just as easily mean having a broader and more affordable health care system, having better access to schools and universities and early childhood education, and spending more on controlling carbon emissions. All of these entail spending, and the reason why rich nations tend to have better environments than poor nations is because they can afford it. Well, we are the richest of rich nations. We can afford to do all of these things. Consumption is not the same thing as consumerism.

Q: Given the state of the planet ecologically and its finite resources and escalating climate change, what do we need to do about capitalism?

Reich: Historically, progressives have time and again saved capitalism from itself, from its own excesses. That’s been the role of progressives, at least in America. In the Progressive Era, during the first decade and a half of the twentieth century, capitalism was going down the chute. People were giving up on it, but progressives said no, we regulate it. We tame it. We make it work for people. I don’t see how American capitalism or even global capitalism can become buoyant again, particularly in light of what happened with the meltdown of Wall Street, which is still reverberating around the globe and still burdening this economy, without strong progressive reform.
So it’s not a matter of capitalism versus socialism or capitalism versus communism. There are no other isms in the world. There really never were. Russia was not a communist state. It was a totalitarian state. European socialism was really European democratic socialism, which was a strong social safety net, and very worker friendly environments, but it was not really socialism.

**Q:** You talk about “supercapitalism” and democratic capitalism, but a lot of people who study capitalism say that inevitably capitalism produces the things that are supercapitalism—the concentration of wealth, tendencies toward monopoly. Even Adam Smith warned of these things. Isn’t it still just capitalism, whether you call it super or democratic?

**Reich:** Capitalism does have a tendency toward excess, whether that excess is concentrated income or wealth or negative externalities (to use the fancy economist’s term) of costs imposed on the public in general. And there’s the corruption that goes with too much money in a few hands. But that’s exactly why progressives are a necessary correlate of capitalism. Progressivism has time and again added the corrective that has enabled capitalism to survive. One way to look at it is that a progressive capitalism is a necessity. Capitalism can’t survive without its progressive component. You need another wave of progressive reform to correct the current excesses. It would be nice if we didn’t have to go through that. It’s a little dizzying historically, but nobody’s come up with a better system.

Communism doesn’t work. Socialism hasn’t really been tried. Progressive capitalism, if you want to call it that, is the only thing that works.

**Q:** Don’t we still have a trap globally? People want to drive cars, have computers, cell phones, all these different objects that come out of the earth.

**Reich:** There is absolutely no reason we cannot organize our economy to maximize productivity and also maximize the efficient stewardship of our planet. In fact, I think the only way we are going to host a planet with fifteen billion people is through extraordinary increases in productivity and technological prowess that enable us to feed and house and transport these people without destroying the planet. To the extent that we can design rules that create the proper incentives
for capitalists to do all this, wonderful.

38 ◆ November 2012

World's Faith in Capitalism Erodes as Financial Crisis Continues: Survey
http://www.commondreams.org/headline/2012/07/13

Naomi Wolf | This Global Financial Fraud and Its Gatekeepers
Guardian UK, RSN, July 15, 2012
Wolf writes: "The notion that the entire global financial system is riddled with systemic fraud is one that would have only recently seemed like the frenzied hypothesis of tinhat-wearers, but this week's headlines make such a conclusion, sadly, inevitable."

TRIANGLE FIRE

Contents of #5
Farrell: Responsible Capitalism
Durban: Capitalism vs. Climate
Capitalism vs. Public Wealth Including the Wealth of Nature
What We Need to Know about Capitalism and the Environment
Capitalism vs. Climate
Doc. Film: The End of Poverty?
2007008 Financial Meldown
Ayn Rand
Prosecute Top Execs?
Secret Additional Bailout Billions
Psychological Harm of Inequality
Fannie and Freddie Leaders Corrupt
Rev. of Wolin’s Democracy Inc.
Speculation Tax
Elite USA: Liberty and Justice for SOME
People vs. Police
Move Your Money
Occupy Movement

Contents of #6
Equity and Environment
Ratigan, Villains of Wall Street
Capitalism, Insanity, Addictions
Korten, Capitalism: Maximizing Personal Profit
Monbiot on Ayn Rand
END US CAPITALISM NEWSLETTER #9

--
Dick Bennett
My blog:
War Department/Peace Department
http://jamesrichardbennett.blogspot.com/
Newsletters
http://www.omicenter.org/newsletter-archive/

Index:
http://www.omicenter.org/omni-newsletter-general-index/
National/International Days
See Newsletters
Peace, Justice, Ecology Birthdays
See INMOtion
jbennet@uark.edu
(479) 442-4600
2582 Jimmie Ave.
Fayetteville, AR 72703