

The United States: Plutocracy or Democracy? Forthcoming in *Dollars and Sense*, March 2023

By Marianne Hill

A record-breaking \$16.7 billion was spent on the 2022 midterm elections, even more than was spent during 2020, a presidential election year. More surprising, though, is how these billions are dwarfed by the \$11 trillion increase in the wealth of the top 1% of U.S. wealth holders during the same period, according to the Federal Reserve. The \$3.5 billion spent on registered lobbyists in 2021 is similarly only a small, but useful, investment for those at the top of the income ladder. These and other expenditures by the wealthy have a major impact on the direction taken by the nation. What are the priorities of the wealthy? And if those priorities are sadly mistaken, what are our options for changing the situation?

The wealth of the top 1% is enormous, at \$41 trillion in the fall of 2022, and is matched by the wealth of the next 9% (\$50.7 trillion). This gives them tremendous influence. Through industry associations, PACs, and other organizations, they channel billions of dollars into political campaigns, lobbying, and media blitzes to advance their interests. They hire armies of employees who develop strategies and work toward achieving their goals. They fund think tanks, university research, and media products, often in support of causes and ideas they favor. For example, the conservative 501(c)3 nonprofit American Legislative Exchange Council (ALEC) draws up model legislative bills that have been adopted in states across the country. (Model bills have aimed to loosen environmental regulations, weaken labor unions, and reduce corporate taxes, for example.)

Donations to economic education for elementary and high schools also help spread the capitalist “gospel.” Thanks to their ownership of giant media firms, the wealthy also influence news coverage. Their companies’ purchases and investments can make or break a community—thus directly or indirectly influencing local and national spending decisions.

Politicians are particularly beholden to the wealthy few. The high cost of political campaigns means that those running for office must devote hours every week to fundraising. They appreciate the generous donors who finance their campaigns; in return, these donors can count on having access to those they have helped elect.

How Wealthy?

Wealth in the United States is highly concentrated, which leads to a concentration of power. The bottom 60% of households, shockingly, held only 2.5% of total wealth in 2019. At the same time, the top 1% of households averaged a net worth of \$27.6 million or \$35.9 trillion in total wealth. An equal distribution of this \$35.9 trillion would have provided every man, woman, and child in the United States \$109,451—more than tripling the net worth of most families. And this would be the windfall resulting from a redistribution of only the wealth of the top 1%!

Disparity in incomes leads to such disparities in wealth. Half of U.S. families had incomes below the \$59,000 median in 2019; in contrast, the median income of the top 10% of families was \$1.6 million. If the U.S. national income that year were equally distributed, a family of four would have received over \$260,000.

Priorities of the Wealthy

Given the power that wealthy oligarchs wield, it is imperative to understand their goals and priorities. Research by political scientists, such as Martin Gilens of Princeton University and Benjamin Page of Northwestern University, make it clear that, although the wealthy derive their incomes from a myriad of industries, they share interests that differ from those of the general public.

While Americans in general believe that people working full time should be paid at least a minimum wage that keeps their family above the official poverty line, those with incomes over \$1 million disagree: only 40% supported such a policy, versus 78% of the general public, according to a 2013 Russell Sage Foundation report. Similarly, while 68% of the public thought that the government should help everyone who wanted work to find a job, only 19% of the wealthy shared this view. The wealthy also wanted cuts in spending on environmental protection and health care, whereas the public favored more spending, according to the same report.

Another study of households with incomes over \$120,000 in 2019 (the top 10%), found that most wanted the government to shift from the widely supported social security system to private stock accounts, as detailed in a 2012 study by Gilens.

In general, the gap between the views of the wealthy and those of the mainstream is particularly notable in certain areas. Compared to the norm, the wealthy are less inclined to support social policies and programs that serve middle- and low-income families.

There are, however, some surprising findings. Polling data from 2010 show that the wealthy favored cuts in defense spending, unlike the general public, according to the Russell Sage Foundation report mentioned above. And the 2012 Gilens study found that the rich tended to be in favor of keeping abortion legal and were more progressive on gay policy issues than the general public.

How Effective Are Their Lobbyists?

Gilens and Page, in a 2014 study, tracked how the preferences of groups representing different interests (the AARP, the Chamber of Commerce, the Insurance Agents Association, etc.) predicted the way that Congress and the executive branch would act. They looked at 1,779 policy issues over the course of two decades. They found that businesses succeeded in getting their favored policies adopted about half of the time, and in stopping the legislation they opposed almost all of the time.

But the more shocking finding was that “the preferences of the average American appear to have only a minuscule, near-zero, statistically nonsignificant impact upon public policy.” And they add that this same near-zero effect is also true for mass-based interest groups like the AARP. These findings lend support to the theory of economic-elite domination of U.S. politics, they say, and also confirm the effectiveness of lobbying, explaining its upward trend.

What to Do?

It is not surprising that the wealthy (with no worries about their economic security, their access to health care, or their ability to pay their children’s college tuitions) have priorities that differ from those of people of more modest means. The lifestyles, friendships, and personal goals of elites set them apart and influence their goals for the nation and the policies they favor. But in a democracy, it is more than troubling that the wealthy few exert highly disproportionate political, economic, and cultural influence. As things now stand, U.S. policies are inextricably linked to considerations of what’s best for business and what the wealthy favor.

Concerns about the corrupting influence of money on politics date back to the time of George Washington. The first federal campaign reform law was passed in 1867. Most recently, the 2010 Citizens United Supreme Court decision has sparked efforts to amend the U.S. Constitution so that government can effectively limit spending by corporations, PACs, and plutocrats on political campaigns.

To end the domination of society by the wealthy, however, systemic change that brings a redistribution of wealth and power is essential. While this is a long-term goal, right now steps can be taken to begin this process—steps that reduce inequality and improve the well-being of people and the planet. Policy recommendations to do this often involve taxing the wealthy and using the funds raised to finance programs that address the needs of middle- and low-income Americans and also protect the environment. Another policy option could be to require firms to share profits with employees, as is already done in several South American countries.

The Green New Deal, set out in the 2021 House Resolution 2919, is supported by hundreds of organizations, from Movement for Black Lives to the Sierra Club. While creating thousands of jobs focused on fighting climate change, the Green New Deal proposals also redirect priorities toward increasing investment in communities of color, empowering workers, providing universal health care, and protecting workers’ rights. Other Green New Deals, including the U.N.’s Global Green New Deal, also depend upon a redistribution of wealth to fund the fight against climate change.

Greater protection of the right to organize, as in the Protecting the Right to Organize (PRO) Act now before Congress, would give workers greater bargaining power in contract negotiations and raise wages. Recent decades have seen a significant erosion of workers’ rights.

Income that is generated by a business is income that has been collectively created; it can, and should, be subject to collective control. The laws setting businesses' legal rights can be changed in ways that protect and serve the public interest. For example, there could be a requirement that majority control of a firm's board of directors rest with people acting in the public interest. A more modest proposal is made in a manifesto signed by over 6,000 scholars around the world. It calls for firms to have two decision-making chambers: the usual board of directors, but also a council of employee representatives. Major decisions would have to be approved by both chambers before taking effect.

Feminism for the 99% is an explicitly anti-capitalist manifesto associated with the March 2017 International Women's Strike and other actions. It incorporates the demands of feminists who want to transform our economic and social systems, changing to a system that places people-making over profit-making.

Besides these initiatives, the platforms of progressive populist parties in several European countries (with slogans like "for the many, not the few") call for public control of energy and other key sectors. The Spanish political party Podemos, in fact, includes pharmaceuticals among the industries that should be publicly controlled. In the United States, the popularity of Senator Bernie Sanders and other populist candidates is based on policies that would redirect the nation's tax dollars, and wealth, to policies that serve people and Mother Earth.

The climate crisis and the widespread discontent with mainstream politics offer the potential to grow a left populist movement that can move us toward policies that institute democratic control of corporations and effectively tackle today's challenges.

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Sources: Martin Gilens, *Affluence and influence* (Princeton University Press, 2012); Martin Gilens and Benjamin I. Page, "Testing Theories of American Politics," *Perspectives on Politics*, September 2014; Benjamin I. Page, Larry M. Bartels and Jason Seawright, "Democracy and the Policy Preferences of Wealthy Americans," *Perspectives on Politics*, March 2013; Edward N. Wolff, "Household Wealth Trends in the United States, 1962 to 2019," National Bureau of Economic Research, January 2021 (nber.org).