

'O' IS FOR OLIGARCHY

By Michael Ventura

April 9, 2010

The *Oxford English Dictionary's* definition cites the clunky prose of *American Political Science Review*: "An oligarchy is an organization characterized by the fact that ... the highest degree of authority ... [is] free from control by any of the remainder of the [organization]."

"Oligarchy" is a big, bad word that defines a country we still call a republic.

The United States became an oligarchy slowly, in plain sight, without need of conspiracies. A Supreme Court ruling in 1896 granted corporations more rights than individuals. From the mid-19th century to today, town councils, state legislatures, and the federal government have given railroads, steel companies, oil companies, and the like every break possible. The outcome was what most people wanted: jobs, money, progress. The U.S. had the biggest and best commercial enterprises in history. For a while, especially after World War II, Americans lived high: Our population, just 5% or 6% of the world's total, gobbled roughly 50% of the world's resources.

That could not continue indefinitely.

Globalization began to change our status in the 1970s, while large corporations merged into gigantic corporations. The gap between the top and the middle grew by leaps. Again, it happened mostly in plain sight. For instance, a great victory for capital-"O" Oligarchy was won when, beginning in the early Eighties, insurance companies took control of our medical professions. In France or India, when the government condones practices that the medical profession doesn't want, their doctors, nurses, shrinks, and med techs go on strike – and usually win. In America, ours didn't make a peep.

During President Bill Clinton's second term, the financial industry was deregulated. Anyone who read newspapers could track the development of that disaster from beginning to end. But most Americans don't read the tough stuff. The nature of banking and real estate completely changed, and America took it in stride. After all, when this happened in the 1990s, things were pretty flush for many, so: why worry?

Everybody knew lobbyists had too much power, but no one marched on Washington about that. Republicans mostly, but Democrats too, gerrymandered state election districts so that it was tough to dislodge an incumbent, and no one marched about that. No one marched late in 2009 when the Supreme Court decided that corporations could spend as much money in elections as they felt like. By then, Oligarchy was a fact of life. The people with clout were out of sight, and, as we've seen in the past year, the power of elected officials became ever dimmer.

Now many are angry, on the right, the left, and in the middle. Many yell about "socialism." Occasionally you even hear the word "oligarchy." The yellers blame anyone but themselves. No one takes responsibility for decades of passivity.

Be that as it may, Oligarchy is here. The political structures of the republic are still operative but increasingly ineffective at stopping Oligarchy from its purpose, which is to suck all resources toward the top.

The U.S. Oligarchy can't be described with classifications such as upper, middle, and lower class. Oligarchy divides society (with amazing success!) into rigid strata or tiers.

Top Tier is the "highest degree of authority ... free from control." A Paul Simon lyric defined them: "a loose affiliation of millionaires and billionaires." The operative word is "loose." Conspiracy theorists derail when they imagine tightly disciplined cabals. To think the Top Tier acts in concert is to underestimate how viciously and constantly its components compete among themselves. An oligarchy is more like a clan: They argue with each other but unite against the Other – that "other," in this case, being everyone else.

Beneath the Top Tier is the Professional Tier. An oligarchy depends on professionals. The Professional Tier is highly paid and dependably subservient: politicians (up to the highest level), lawyers, doctors, shrinks, scientists, engineers, financiers, real estate magnates, communicators (high visibility print and broadcast types, especially), generals, spooks, high-level bureaucrats (governmental and commercial), large-scale entrepreneurs, top-scale entertainers, university deans and professors (not lowly teachers), and experts of all kinds, be they specialists in meteorology, tax codes, or fashion design. Doesn't matter whether they're liberal or conservative. A liberal lawyer, doctor, scientist, or inventor is as useful to capital-"O" Oligarchy as a conservative one because the notion that "liberal" or "conservative" belief matters is delusional in Oligarchy. As long as professionals perform their function, their personal belief is as beside the point as what they eat for breakfast.

Oligarchy pays the Professional Tier plenty – so much so, in fact, that they are socially cut off from the tiers beneath them. Which is the point. Money is nothing to the Top Tier. Pay the Professional Tier in six figures, and that, alone, effectively cuts them off from the majority. The Professional Tier works for its own interests, and its main interest is that six-figure salary. Individually, they may do good works. That doesn't change the equation. Socially, they associate only with one another and dutifully perform the functions necessary within the terms and limits of how Oligarchy defines "success." Their attachment to affluence makes the Professional Tier co-conspirators in spite of themselves.

Beneath the Professional Tier is the Skilled Service Tier. Every function that cannot be outsourced is of the Skilled Service Tier. Soldiers and lower officers of the military, middle management in commerce and government, plumbers, hairdressers, electricians, techs of all kinds, cops, nurses, landscapers, construction workers, truck drivers, mechanics, K-to-12 teachers, folks who command the clothing or toy or furniture departments at Wal-Mart: They don't set policy. They carry it out.

The Skilled Service Tier is economically and socially cut off from the Professional Tier and light years distant from the Top Tier. Their paychecks are usually large enough to make many believe they're "getting ahead" but usually low enough to keep them from that imagined goal.

Below the Skilled Service Tier is the tier many of them command, the Unskilled Service Tier: waitresses, clerks, cabdrivers, temps, floor-moppers, bedmakers, night watchmen, delivery people, and the like, who, at best, barely scrape by.

Those beneath the Unskilled Service Tier are Spare Parts – a tier all its own, constantly in flux between desperation and work (often two or three jobs) amongst the Unskilled Service Tier.

In American parlance, the Professional and Skilled Service tiers are lumped together as the "middle class." Nothing could be further from the truth. In larger cities, these tiers don't live in the same neighborhoods and are socially cut off from one another. The Unskilled Service and Spare Parts tiers are what used to be called "working class"; in reality, their social function is to be so financially insecure that anyone above their status is frightened of sinking down to become their neighbors.

We still call it the United States, but in the American Oligarchy each tier is anything but united. Each tier lives in a different country, with different laws, customs, education, assumptions, interests, and drastically different options. What the tiers mainly have in common is that they socialize only with those in their own tier.

The social distance between tiers is the cement of Oligarchy. Socially separate tiers cannot act in concert. Only action in concert effects structural change and threatens Oligarchy.

Oligarchy thrives on a truth articulated by Thomas Pynchon in *Gravity's Rainbow*: "If they can get you asking the wrong questions, they don't have to worry about the answers."

To be continued.

Copyright © Michael Ventura. All Rights Reserved.

'O' IS FOR OLIGARCHY [CONTINUED]

By Michael Ventura

April 23, 2010

Part 1: What They've Done and Do

Oligarchy takes different forms in different countries, but its purpose is always to suck the lion's share of resources upward for the benefit of what I've called the Top Tier. While the United States has more than its portion of Top Tier cabals and plots, a surprising extent of Top Tier machinations have been so public as to be transparent, especially its crowning achievement: the deregulation of the financial industry under President Bill Clinton.

After that deregulation, "finance accounted for more than one third of total U.S. profits" during the years that our real estate market inflated to fantastic levels [Nobel laureate economist Paul Krugman, in *The New York Times*, Jan. 7, p.A27]. A line of exclamation points would not be inappropriate after the words "more than one third of total U.S. profits."

What that means for the rest of us involves gross domestic product, or GDP, roughly defined as the total amount of domestic goods and services. "Real GDP in America grew by an average of 1.9% during the 2000s... During the previous six decades, average growth was 3.9% a year... [Given America's population growth,] GDP per head has grown a good deal more sluggishly than GDP as a whole [*The Economist*, Feb. 27, p.36]."

In small words: With the finance industry siphoning one third of America's profits upward for the Top Tier, the rest of us were left with roughly half the growth that had been available yearly for the previous 60 years, and this half was split among a lot more people. Which is why, through these and other machinations, "the after-tax income of the top 1 percent [has] more than tripled since 1979, while the bottom-dwellers barely moved an inch [*The New York Times*, April 15, p.A27]."

Nobel laureate economist Edmund Phelps: "We are in a very unique period, in which we're seeing the biggest disconnect between financial capitalism and the real economy since modern economies began in the 19th century" (*Newsweek*, Jan. 18, p.42). "Very unique," indeed. In fact, it constitutes a kind of coup.

When the real estate bubble burst, the financial industry faced collapse. So President George W. Bush instituted the so-called "bailout." Using the same methods and employing many of the same people, President Barack Obama continued the bailout (without reforms he'd promised). A result:

"[T]he Federal Reserve has enabled banks to borrow cheaply. The banks re-lend that cheap money, but not necessarily to businesses and consumers. They can, for example, lend it back to the federal government by buying Treasury securities, and earn a nice spread between their cost of funds and Treasury yields [*The New York Times*, Jan. 18, p.A20]."

In small words: It's a shell game.

Big banks "borrow" from the Fed at low interest, supposedly to make borrowing easier for the "real economy," which is you and me. But, as has been widely reported, small businesses still have big trouble getting loans. That creates joblessness and stagnation,

especially in what I've called the Skilled Service and Unskilled Service tiers of our society. Meanwhile, the banks that borrowed low-interest money from the government lend it back to the government at higher interest. They make a bundle.

It's called the "Fed" and the "Treasury," but it's taxpayer money. We're bailing banks out, then paying for the privilege. It's like a storm that rains upward. Our money is pouring up to the Top Tier.

That is Oligarchy.

Somewhat belatedly, the Obama administration is making noises about "curbing" the financial industry. *The New York Times*, April 14, p.A1: "G.O.P. Takes Aim at Plans to Curb Finance Industry." As usual, the Republicans make populist noises – this time, for the Tea Partiers – while defending the banks. And, as usual, Democrats do too little too late, while explaining themselves so badly that it looks like they're defending the banks. And they have, and they are. But, these days, not as much as Republicans.

That, too, is Oligarchy. This dizzying arrangement is but one of its scams.

Part 2: What We've Done and Do

We let it happen. Until we admit this, we can change nothing.

The real estate bubble was the final empowerment of capital-"O" Oligarchy, but what made the bubble possible? Americans allowed the sacred concept of "home" to be perverted into the commercial concept of "investment."

A home is where you live. It houses you and yours and all you have. Use it as a credit card, borrow on its supposed value, and it is no longer yours. It's the bank's. Think of your home as an investment and it is no longer yours. It is a tool of banking. Buy your home because you believe that real estate will constantly go up in price and it was never yours to begin with. It is a product the bank created and controls, its security dependent on factors beyond your power.

It's not just homes. The growth of American Oligarchy has been building for decades, and we've been its enablers.

When I was a boy in Brooklyn we shopped at Jack's Delicatessen. Jack was someone we knew and liked. When we ran short of money, Jack let us buy groceries "on the tab." He knew us. He trusted us to pay that tab. Most of us were good for it. Jack lived where we lived. He was our neighbor. Money spent at Jack's stayed in the neighborhood, and Jack and his kind had a stake in keeping our streets as decent as possible.

Then a shiny big supermarket came to the neighborhood with a bigger variety of products that cost less. Not much less. A nickel, a quarter. We didn't know who owned the supermarket, and we didn't ask. They didn't run tabs, like Jack, but it was all so shiny, and it was a little cheaper. We abandoned Jack, who'd been our friend. To save nickels and quarters, we abandoned him. Oh, we still went to Jack's, but not as often. Small businesses have slim profit margins. If customers come in "not as often," there goes the profit margin. There goes Jack. Now our money leaves the neighborhood. There goes the neighborhood. We "saved" our way out of the possibility of community.

By the 1990s, Wal-Mart was doing that to whole towns. Barnes & Noble and Borders did that to independent bookstores. Whole Foods did that to small health-food stores. Chains like McDonald's and Starbucks did that to Joe's Diner and Sally's Breakfast Nook. (Starbucks didn't even have to sell cheaply; they had merely to be convenient.) Detroit automakers invented "warranties" to have your car serviced at their outlets; indy

garages went broke. Agribusiness did it to family farms. And each time we buy an item online when it's available at a local store, we're doing it all over again.

With every local business we abandoned, with every dime or dollar we saved, we bought into a system that had no need of community. No need of us, except purely as consumers. Once that system was established, we had nowhere else to go. We still need what we need, but when we buy it our money is siphoned to a capital-"E" Elsewhere that, over time, became capital-"O" Oligarchy. With globalization, the biggest firms not only no longer needed our communities, they no longer needed our country.

We gave Oligarchy the power to take our power. The plots and machinations of the Top Tier would have come to nothing had we not we been willing and eager to cooperate. We didn't see what was right before our eyes: Jack cared about and needed us; the supermarket didn't care and used us. We sold out a way of life for dimes, nickels and quarters. A buck here, three bucks there. We sold out for convenience, forgetting that the Devil is not such a fool as to offer what one doesn't want. In effect, we were disenfranchised by the satisfaction of our own desires and our stubborn refusal to pay attention to what's important.

Until we realize the willing part we played to transfer power out of our own hands, we can never get it back.

To be continued...

Copyright © Michael Ventura. All Rights Reserved.