

The Illusion of Democracy: Government by the Rich for the Even Richer

Part 17 of 'Elephants in the room' series

By [Rod Driver](#)

Global Research, January 22, 2021

Region: [Europe](#), [USA](#)

Theme: [History](#)

“Democracy has little meaning when big business rules the life of the country through its control of the means of production, exchange, transportation, and communication, reinforced by command of the press, press agents and other means of publicity and propaganda”. (US philosopher John Dewey(1))

Different systems of government have been tried in different countries over the years, but it is sometimes said that democracy is the least-worst method of running a country.(2) Democracy is supposed to mean ‘rule by the people’, where everyone has a say in how their country is run, and having real influence over decisions that affect their lives. In theory, everyone has an equal voice in shaping policy. There was a time, between approximately 1950-1970, that democracy in Britain and the US seemed to be working. In Britain the government created the National Health Service. The US made significant progress with civil rights. The gap between the rich and the poor (inequality) in both countries decreased tremendously. However, wealthy people and business leaders did not like the high taxes, which peaked at 98% in the UK, so they worked hard behind the scenes to change things. In the 1980s US President Ronald Reagan and British Prime Minister Margaret Thatcher began a trend that is still continuing. They gave more and more power to big companies, and took less and less tax from the rich. Inequality in both countries has returned to levels that we have not seen since early last century,(3) and life for poor people has become harder and harder. This post and the next one will explain the main problems with US and British democracy.

Political Capture

In practice, it is not too difficult for wealthy and powerful people and organisations to create a system that gives the appearance of democracy but does not really give ordinary people much say. Having a vote once every few years is not genuine democracy if the candidates are too similar. In his book entitled ‘Tragedy and Hope’, Carroll Quigley explained that what America needed was a system where:

“The two parties should be almost identical so that the American people can ‘throw the rascals out’ at any election without leading to any profound or extensive shifts in policy”(4)

This has been called ‘faux’ (false) democracy.(5) The US and Britain are good examples of this. The US has the Democratic and the Republican parties. Britain has the Labour and the Conservative parties. For some years now there has been little difference on key policies

between the two main parties in each country.(6) Supposedly left-wing parties have moved further and further to the right. This means that many of their policies are intended to benefit big companies and the rich. The British parties became so similar that the former Labour leader, Tony Blair, and the former Conservative leader, David Cameron, were described as clones of each other.(7) In the US, Wikileaks released emails showing that the Democrats' Presidential candidate, Hillary Clinton, was paid over \$600,000 for 3 speeches to Goldman Sachs bankers explaining that her true policies, in favour of big business, and her public statements, are not the same.(8) This is called political capture.

In both countries there have also been few practical differences in foreign policy. In particular, both parties in each country have committed war crimes. The Russian leader, Stalin, said after World War Two that the Labour party were more conservative than the Conservatives when it came to preserving the British ruling class's interests abroad.(9) Iraq was destroyed when Labour were in power, Libya was destroyed when the Conservatives were in power. In the US, a former official of the National Security Agency compared US President Bush (Republican) and his staff to the Corleone mafia family from the movie The Godfather.(10) Obama (Democrat) was just as criminal and started multiple wars. The same applies to all recent presidents, whichever party they are from. Even President Carter (Democrat), who was thought to be much more moderate about foreign intervention, was President when Afghanistan was de-stabilised by the CIA in 1979, leading to the creation of al-Qaeda (see earlier post on terrorism).

The extent of political capture has recently become clearer, as evidence has shown that the people who run the UK Labour Party, and the people who run the US Democratic Party, deliberately worked against politicians who wanted a fairer society. In the US they rigged the internal elections to make sure that Bernie Sanders did not become their Presidential candidate. In Britain, Jeremy Corbyn successfully became the leader of the Labour Party, but insiders actively undermined him when he tried to become Prime Minister.

The existing form of government in the US should really be called plutocracy, which means a country governed by the wealthy. The same is true, to a slightly lesser extent, in Britain. Various commentators have indicated that the extreme form of capitalism we have today, known as neoliberalism, where excessive wealth is concentrated into a few hands, and the rich have significant influence over politics, is incompatible with genuine democracy.(11)

Companies write our laws

Many laws are heavily influenced by big companies. (This was discussed in the previous post on lobbying). Some laws are even written by corporate lawyers. As one commentator wrote about the US:

“Monsanto writes agricultural and food policy; ExxonMobil writes energy and foreign policy and Goldman Sachs writes financial policy for the federal government.”(12)

Up until 2016 there was an attempt to create what was known as the TTIP (Transatlantic Trade and Investment Partnership).(13) This was an immensely powerful set of regulations being made by, and for the benefit of, big business. This was described as a trade agreement, but it is more accurate to call it an agreement about the rights of investors. A key part of the TTIP is that an international company could sue a government because they

might lose profits in the future due to new laws. The system would bypass existing legal systems, and be heard in a secret court that is heavily biased towards the companies. The effect of this would be to stop governments introducing new legislation to protect the environment, worker rights, safety standards or food standards. Public pressure stopped the TTIP, but similar rules already exist in some trade agreements, and they have seriously affected the ability of governments to regulate corporations. Corporate lobbyists will continue to pursue this type of agreement, which is intended to undermine democracy.

Regulatory Capture

Many senior regulators come from the companies that are being regulated. These people see the world from the point of view of those companies. In 2008 there was a global financial crisis. It became clear that banks were engaged in widespread fraudulent activity that created serious instability. The main financial regulators in Britain and the US did not see their role as 'policing' corrupt financiers. They saw their role as enabling financiers to achieve their goals. The government had deliberately structured the regulator in this way. Experts from business helped the government write the laws and regulations in the first place. This is known as regulatory capture. Following the crisis, it was widely expected that new laws would be introduced to limit the activities of banks and other financial companies. Whilst there have been some changes, rules that might seriously limit the ability of banks to defraud everyone have not been introduced.

In the US, up until 2017, the internet companies were regulated by the Federal Communications Commission (FCC). There was regular criticism of the FCC that it had been captured by the biggest companies that it was supposed to regulate.⁽¹⁴⁾ Those companies successfully lobbied politicians to change the system so that in future, some parts of their business will be regulated by a different regulator that has significantly less power, and less expertise, than the FCC.⁽¹⁵⁾ The US Food and Drug Administration (FDA) is notorious for failing to properly regulate pharmaceutical companies,⁽¹⁶⁾ and Donald Trump re-structured the Environmental Protection Agency (EPA) deliberately to serve corporate interests.⁽¹⁷⁾

The propaganda role of the media in perpetuating the illusion of democracy

There have been a number of recent scandals in Britain where contributors making generous political donations were given honours, such as Knighthoods.⁽¹⁸⁾ The media rightly criticised this. However, this is a good example of how media propaganda works. They criticise a trivial aspect of the system, but do not discuss the much deeper problems with the whole political system, which is much more important than the knighthoods.

Any observer of US politics can see that the two parties are extremely similar and that the elections in the US have become a form of theatre, where the media turn elections into an immense spectacle lasting for years, knowing that there is little difference between the two main parties on the key issues. The same is now true in Britain. The mainstream media play an essential role in 2 main ways. Firstly, they maintain the charade that we live in a genuine democracy and rarely discuss the problems with the system explained in these posts. Secondly, they destroy the reputations of anyone who challenges the system, such as Jeremy Corbyn or Wikileaks' founder Julian Assange, by repeatedly smearing them.

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This article was first posted at medium.com/elephantsintheroom

Rod Driver is a part-time academic who is particularly interested in de-bunking modern-day US and British propaganda. This is the seventeenth in a series entitled Elephants In The Room, which attempts to provide a beginners guide to understanding what's really going on in relation to war, terrorism, economics and poverty, without the nonsense in the mainstream media.

Notes

1) John Dewey, cited in Werner A. Meier, 'Media Ownership: Does It Matter?' at www.lirne.net/resources/netknowledge/meier.pdf

2) This quotation is attributed to Winston Churchill, see discussion by J.K Baltzersen, 'Churchill On Democracy Revisited', Jan 24, 2005, at

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3) Max Roser and Esteban Ortiz-Ospina, 'Income Inequality', Oct 2016, at <https://ourworldindata.org/income-inequality>

4) Carroll Quigley, 'Tragedy and Hope: A History of the World in our Time', quoted at

https://www.goodreads.com/author/quotes/386296.Carroll_Quigley

5) Scott Timberg, 4 April 2015, Salon, at

https://www.salon.com/2015/04/04/how_the_1_percent_always_wins_we_live_in_a_faux_democracy_which_is_why_everyones_so_cynical_and_nobody_votes/

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6) Noam Chomsky, *Profit Over People*

7) Armando Iannucci, 'Time Trumpet', "changes" video excerpt from showing similarities between Tony Blair and David Cameron at

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8) Chelsea Gilmour, 'Clinton stalls on Goldman Sachs speeches', 7 March 2016, at

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9) Geoffrey Roberts, *Stalin's Wars: From World War To Cold War*

10) Philip Golub, 'The sun sets early on the American Century', Le Monde Diplomatique, at <http://mondediplo.com/2007/10/04empire>

11) Noam Chomsky really existing capitalism talk https://www.youtube.com/watch?v=_uuYjUxf6Uk

12) Rob Urie, 'Capitalism and the Illusion of Democracy', Counterpunch, 24 April 2020, at <https://www.counterpunch.org/2020/04/24/capitalism-and-the-illusion-of-democracy/>

13) Corporate Europe Observatory, 11 April 2016

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Clare Provost and Matt Kennard, The Guardian

<https://www.theguardian.com/business/2015/jun/10/obscure-legal-system-lets-corporations-sue-states-tip-icsid>

14) Brian Kushnick, 'Regulatory capture of the FCC – Yime to Clean House', Huffington Post, 25 March 2013, at https://www.huffpost.com/entry/regulatory-capture-of-the_b_2936693

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16) Donald W. Light, Joel Lexchin and Jonathan J. Darrow, 'Institutional Corruption of Pharmaceuticals and the Myth of Safe and Effective Drugs', The Journal of Law, Medicine and Ethics, Vol. 41, Issue 3, 1 Oct 2013, at <https://journals.sagepub.com/doi/10.1111/jlme.12068>

17) Bryan Bowman, 'Captured: How the Fossil Fuel Industry Took Control of the EPA', TheGlobePost, 12 March 2019, at <https://theglobepost.com/2019/02/01/epa-regulatory-capture/>

18) http://en.wikipedia.org/wiki/Cash_for_peerages

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