

The “Rule of Money” and Corruption in America. Predatory Capitalism Feeds on Public Dollars, Forced Debt

McCutcheon should become a rallying cry for a focused campaign to ‘end the rule of money’

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While some still believe the United States is the greatest democracy on Earth, the US is actually a plutocracy, a government ruled by the wealthiest. [The recent Supreme Court decision in McCutcheon](#) will subject us to an even stronger plutocracy that no one will be able to deny. The ‘rule of money’ will become more deeply entrenched at a time of economic and environmental crisis.

In the US today, a small group of people rule over hundreds of millions of us through a government corrupted by money; and controls the economy through mega-businesses that receive special treatment from that government, prevent entrepreneurial competition and control tens of millions of people through low wages and high debt. The plutocrats fund the only two parties allowed to run for office and the people are manipulated by fear to vote against their interests in a mirage democracy of rigged elections.

The legitimacy of the US government is now in question. By illegitimate we mean it is rule by the 1%, not a democracy ‘of, by and for the people.’ The US has become a carefully designed plutocracy that creates laws to favor the few. [As Stephen Breyer wrote in his dissenting opinion](#), American law is now “incapable of dealing with the grave problems of democratic legitimacy.” Or, as former president, [Jimmy Carter said](#) on July 16, 2013 “America does not at the moment have a functioning democracy.”

Even members of Congress admit there is a problem. Long before the McCutcheon decision, [Senator Dick Durbin \(D-IL\) described the impact of the big banks](#) on the government saying: “They own the place.” We have moved into an era of a predatory form of capitalism rooted in big finance where profits are more important than people’s needs or protection of the planet.

It is up to us to use McCutcheon to energize the movement against money-corruption of the government and economy. Throughout history, bad court decisions have helped energize movements; people power can make that happen again. Already there is a growing movement against the American plutocracy.

Predatory Capitalism Feeds on Public Dollars, Forced Debt

Where does the strength of the plutocrats come from? Their control of public policies has

created a massive welfare state for the wealthy while the rest of us are driven into debt. Understanding this relationship is essential if we are going to end it.

This week [Strike Debt](#), an off-shoot of Occupy Wall Street, published the second edition of [The Debt Resisters' Operations Manual](#). They open the manual by describing the pervasiveness of debt:

“Everyone is affected by debt, from people taking out payday loans at 400% interest to cover basic living costs, to recent graduates paying hundreds of dollars in interest on their students loans every month, to working families bankrupted by medical bills, to elders living in ‘underwater’ homes, to the teachers and firefighters forced to take pay cuts because their cities are broke, to people in the global South suffering due to their countries being pushed into austerity and poverty by structural adjustment programs. Everyone seems to owe something, and most of us are in so deep it’ll be years before we have any chance of getting out—if we have any chance at all.”

Strike Debt points out that “over three-quarters of us have some type of personal debt. At least 14% of people living in the United States are already being pursued by debt collectors, which is [more than double](#) from a decade ago.” Putting people into the debt of big banks is “a profoundly effective form of social control.” When students leave school anchored by massive debt, it limits their choices. When underpaid workers are in debt with credit card bills or mortgages, it makes it impossible for them to fight for fair treatment at work or to quit and risk not being able to find another job.

Why do we have these debts? Because the policies put in place by corporate-dominated political parties have created unjust laws over time that ensure we accumulate massive debt. As Strike Debt summarizes the situation:

“The reason you have tens of thousands of dollars in medical bills is that we don’t provide medical care to everyone. The reason you have tens of thousands of dollars of student loans is because the government, banks, and university administrators have contrived to cut government subsidies that support education while driving college costs through the roof. Unlike fifty years ago, it’s simply impossible for all but the wealthiest to attend college without them. Bubbles drive housing and food prices up, wages are kept artificially low so that they don’t keep up with inflation, and more and more of us rely on proliferating forms of ‘casual,’ ‘flexible,’ and part-time employment.”

The denial of basic services and education puts Americans from the poor through the upper middle class in economic peril. To add insult to injury, our public dollars that could pay for essential services and education are used instead to enable predatory behavior by big corporations. The biggest recipients of welfare are big business interests like Walmart and the big banks.

Walmart is the largest private employer in the US, with annual profits of over \$15 billion. The six Walmart heirs have more wealth than the bottom 40% of all Americans combined. How did they get there? Massive government subsidies are [central to Walmart’s business plan](#). These include tax breaks from state and local governments for each of their nearly 5,000 stores in the United States. And government subsidies to their employees for healthcare, food and housing because Walmart pays poverty wages. Of all retail outlets, [Walmart is the largest recipient of government assistance in the country](#).

However, the biggest recipients of government assistance are the banks themselves. Through the private corporation known as the Federal Reserve, the banks have been given trillions of dollars in virtually no-interest loans. The banks then lend the money to the government at an immediate profit or to consumers and businesses for an even bigger profit. And then the banks borrow on those loans and expand their wealth even further, using the money to gamble on derivatives or other risky activities that put the economy at risk.

By giving the banks the governmental power to make money, a handful of Wall Street banks have become the dominant sector of the economy. Retaking the governmental power to create money would be a major step towards transforming the economy.

As if these subsidies aren't enough, the banks and other large corporations also avoid paying taxes. One of many tax avoidance schemes is to [keep money off-shore](#). A new report from ISI Research finds that U.S. S&P 500 companies now have \$1.9 trillion parked outside the country. There have been proposals for a global tax on this income, but in our government owned by banks, these do not move forward.

While there are many predatory practices by the big banks against people in the United States, it is sometimes easier to see them when we look at behavior around the world. As the Debt Resister's Operations Manual points out, "in 2008, the world's poorest countries were paying [\\$23 million a day in interest payments](#) to the rich industrial world, for loans where the original principal had often already been paid back several times over." In the US and around the world, they point out that: "Debt ... has become [the primary form](#) of extracting and accumulating wealth for the rich."

As a result of World Bank policies, [millions of people are being thrown off their land](#) because large corporations are being given special rights. The World Bank is driving this destructive trend with its Doing Business rankings, which force countries to compete with each other to do away with things like environmental protections, worker's rights and corporate taxes. "The World Bank is facilitating land grabs and sowing poverty by putting the interests of foreign investors before those of locals," [says Anuradha Mittal](#), Executive Director of the Oakland Institute.

The other major international bank, the International Monetary Fund (IMF) provides [loans to countries that come with policy conditions](#), called Structural Adjustment Programs (SAPs), that require austerity and privatization of social services and resources. These SAPs undermine the government and economy, increase poverty and suffering and thus, lead to social unrest. Despite this, recent reports indicate the IMF is increasing the number of structural conditions and using its power to dominate highly sensitive, political policy areas (for example the recent \$18 billion loan to Ukraine which will require cutting retirement benefits in half from roughly \$100 to \$50 per month).

All of these policies have had a dramatic and harmful impact. As economist [Joseph Stiglitz testified recently](#) "America has achieved the distinction of becoming the country with the highest level of income inequality among the advanced countries." Strike Debt notes "the United States [ranks 138th out of 141 countries](#) in terms of wealth equality." Stiglitz told the Senate Banking Committee there is "a vicious circle: our high inequality is one of the major contributing factors to our weak economy and our low growth."

But even more stark than income inequality is [wealth inequality](#), which is worsening. Due to

debt, 47% of Americans have zero wealth while the “richest 0.1 percent of Americans have dramatically expanded their share of the country’s overall wealth in the last three decades.” Wealth is important because it represents ownership and control, “a higher concentration of wealth naturally implies that fewer individuals control the decisions made by firms in the economy,” according to Princeton’s Atif Mian and University of Chicago’s Amir Sufi.

The Revolt Against American Plutocracy

People are [revolting against plutocracy in a variety of ways](#) in the US and around the world. There are movements to eliminate the corrupting influence of money on politics, against austerity, for living wages, to end extreme energy extraction, to end insurance-based healthcare, to stop privatization of schools, to transform the Federal Reserve, to erase debt and many other issues.

The [Debt Resister’s Manual](#) points out that “Movements for debt resistance have a very long history. From ancient times, people have challenged the harsh penalties visited on defaulters, including branding, torture, imprisonment, and even slavery. In ancient Athens, the first known democratic constitution came about largely as a result of an outright rebellion of debtors...” And, they report we see protests growing: “Around the world, popular movements are beginning to rattle the chains, seeing debt for what it is—a form of domination and exploitation—and collectively rising up against it.”

People recognize that much of debt is illegitimate. The corrupt government allows usury interest rates and unfair loan practices. Cuts to social services and education force people into debt. The solutions are obvious, though we are told they are too radical. The Debt Resister’s Manual points out that “there was a kind of jubilee in Iceland after the 2008 economic crisis: instead of bailing out their banks, Iceland canceled a percentage of mortgage debt.”

In addition to resistance, people are building alternatives to corrupt big finance capitalism. The new economy that people are striving to create is defined by our values. Strike Debt summarizes:

“Our values will serve as our North Star: putting people and nature before profits; meeting need and not greed; empowering all and not just a few; becoming less alienated from our work and from each other; and creating more leisure time to spend with our loved ones.”

Jerome Roos of ROAR Magazine outlines the possibilities of a [new finance system](#) that was described at the Moneylab Conference in Amsterdam last week. He challenges his readers to think about money differently and to recognize that though our current monetary system is based on debt, it doesn’t have to be that way.

The Freelancer’s Union calls the growing new economy the “Quiet Revolution” and they invite people to [map what their community is doing](#) – cooperatives, collectives, local food networks. Another organization, the Democracy Collaborative, [publishes a list of projects](#) that we can all learn from on Community-Wealth.org. Next month we are holding a [conference in Baltimore](#) to work on creating a new local economy based on economic democracy that includes worker-owned businesses, new ways of structuring finance, affordable housing, clean energy and food security. One new form of urban agriculture that is taking off is the [vertical farm](#).

People are discussing essential ideas that elected officials who represent the plutocrats will not even acknowledge. If we create new models, then they will eventually become the policy of the US and much of the world. For example, when you recognize that wealth comes from the commons – built on infrastructure like roadways and the Internet that we all pay for, or the intellectual and technical knowledge that universities and government research grants have paid for – and that major growth in the economy has always had major government involvement from the railroads to the Internet, then it becomes evident we must all share the wealth that this commons has created.

And because robotics and other technology mean there will be fewer jobs, indeed in the future we will not have enough jobs, we have to figure out new ways to provide income so that all can participate in the economy. One solution that is being discussed by those outside the major political parties is [a guaranteed minimum income](#). This is one example of [why we need to be independent of the two parties](#) and not be limited by the agenda of either ‘rule of money’ based party.

Time to Energize the Movement to End the Rule of Money

The ‘arc of justice’ does not bend toward plutocracy. People powered movements that are building today will end plutocratic rule.

Last week [we reported on two campaigns](#) that were announced for this spring, the Worldwide Wave of Action and the Global Climate Convergence. After we published that article, two more campaigns were announced. [Reset the Net](#), seeks to restore privacy to the Internet by our own actions rather than waiting for the government. People are taking action now to push Internet providers to provide privacy. Many would go further and [make the Internet a public utility](#) whose mission is to serve the public. Second, is a campaign against the abuses of international finance, particularly by the World Bank, [Our Land Our Business](#). The IMF and World Bank have their meeting from October 10 to 12 in Washington, DC and actions are being urged around the world during that time period.

Rather than being despondent about [the Supreme Court decision in McCutcheon](#), we should [use it to energize and focus](#) our efforts. Every issue is impacted by the corruption of the ‘rule of money.’ We know we cannot achieve the transformation that is needed so long as this corruption continues. A focal point of the ‘movement of movements’ must be to end the influence of money in US elections so it can be legitimately called a democracy.

The legitimacy of government is at the root of the founding of our nation. Our favorite ‘founder,’ Thomas Paine, put forward ideas that were ignored by those who wrote the Constitution, e.g. abolition of slavery, voting rights for all including woman and African Americans, healthcare for all and equitable sharing of the wealth of the nation. Now, 238 years later we are still fighting for some of his beliefs. In his article “[We are Radicals at Heart: A New History Gets America Wrong](#),” Harvey J. Kaye writes that Paine told us “that history is not over, that prevailing inequalities and oppressions are not inevitable, and that we need to remember who we are and recognize that ‘We have it in our power to begin the world over again.’”

This will not be the first time in history that a corrupt court decision has inspired action. Indeed, the recognition that the British Crown was illegitimate came in part out of a court decision upholding the Great Writs – which allowed British authorities to search colonists at whim.

In 1761 James Otis argued against the Great Writs on behalf of Massachusetts colonists subjected to searches by British troops and Customs officials. He argued in a five hour oration before a packed State House, a speech that was printed in full in 1773 that searches without any oath for their basis allows the Crown's authorities to "enter our houses when they please." When the Crown court ruled against Otis in the Great Writs case, a young court reporter, John Adams, recorded the event writing "Then and there the child independence was born."

Let us turn the corrupt decisions, Citizens United and McCutcheon, into our rallying cry for a government independent of the corrupting influence of money; and to create the kind of economic democracy and participatory government to which the 'arc of justice' points us.

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