



By Samuel Marete



As President Joe Biden begins to get comfortable in the White House, there are those who might say that America, under a democratic system of government, has once again allowed the voice of her people to be heard, and that they have elected a new leader into office. Some might go so far as to say that the world's most affluent democracy has once again proved that government of the people, by the people, for the people is alive and well.

But just below the surface, there are questions deserving of a deeper examination. One is how narrow the margins of victory were. For while it is true that President Biden won the highest number of votes in American electoral history, it is also true that [President Trump won the second-highest number of votes in American electoral history; 10 million more people voted for President Trump in 2020 than did so in 2016](#). Mr Biden's margin of victory in Georgia was 0.48 per cent, while that in Arizona was 0.63 per cent. Further, even as the Democrats belatedly won a majority in the Senate, again by the finest of margins, the Democratic majority in the House of Representatives actually narrowed. Why, if the choice was so clear, were margins so narrow?

The regrettable truth is that the US is not a democracy - not merely because true democracy has never existed, but because even that imperfect form of democracy that characterises modern politics long perished in America. The United States today is in fact a corporatocracy; mega-corporations rule the country, a polite way of saying that that nation is now a plutocracy. This development is not really new - wealth has always, eventually, determined leadership, in America and elsewhere.

This article attempts - colossally log-in-eye, and at a distance of thousands of miles, admittedly - to

furnish proof of the existence of this plutocracy; to demonstrate the effects of this plutocracy on American life and politics; and to establish whether there is any way out of the present morass.

### **That America is a plutocracy**

A total of [US\\$14 billion \(KSh1.4 trillion\) was spent on campaigns in the US this year](#), twice as much as in 2016. Where is this money coming from?

In 2010, the US Supreme Court handed down a decision called *Citizens United* that allowed unions, corporations and associations to spend unlimited amounts in elections provided they would not coordinate their efforts with a candidate. As a result, political action committees (or PACs - private organisations established to raise money in support of a candidate or an issue) morphed into Super PACs that could receive unlimited amounts of money for campaign purposes. The effect was immediate: in 2012 non-party outside spending tripled 2008's total and topped US\$1 billion for the first time. Of that amount, Super PACs spent more than US\$840 million.

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Yet the amounts spent in 2012 pale in comparison with spending during the 2020 campaign; [in October 2020 alone, outside spending by super PACs and other big-money groups totalled nearly US\\$1.2 billion. President Joe Biden alone raised US\\$1.6 billion](#). President Trump raised US\$596 million, itself a significant haul. Given the closely fought nature of the presidential election, it would not be wrong to conclude that money helped tip the scales in favour of the new president. Nor was this true only of the presidential race; it was true across the ballot. [Eighty-nine per cent of House races and 71 per cent of Senate races were won by the better financed candidate](#). The conclusion is clear: money - corporate money - wins American elections.

### **The effects of the plutocracy on American life**

It is all very well and good to conclude that corporate money runs and wins American elections. The issue is what the effect of all this money is on American life. If corporate hegemony is harmless - even beneficial - arguments can be made that it should be left alone. If it is not, however, then that fact should be exposed, and reform commenced.

The American mega-corporation has achieved a number of victories (from a corporate standpoint) that have constituted assaults on the wellbeing of the American people and populace. For example, these corporations have been allowed to outsource American manufacturing jobs to China and other nations. The iPhone, signature product of [America's second largest company by market valuation \(Apple\), is assembled in Shenzhen. Nike began outsourcing manufacturing in the 1970s](#); today it has plants in Vietnam and South Korea as well as China. [IBM now has more workers in India than in the US](#). As of April 2012, [Walmart's supply chain included some 30,000 Chinese factories](#), producing an estimated 70 per cent of all of the goods it sells. This trend has gone on so long that there now exists a portion of the northeastern US, formerly known as the Manufacturing/Steel/Factory Belt, that is now known as the Rust Belt, owing to industrial and economic decline occasioned by outsourcing and the automation of jobs.

Meanwhile, for those jobs that have escaped being shipped overseas, [the average wage has been stagnant for 40 years](#). A generation has now arisen in America that will be [the first in modern American history to end up poorer than their parents](#). To make up for stagnant incomes, [American citizens are drowning in private debt \(US\\$14 trillion worth\)](#) including mortgages (US\$9.44 trillion) and student loans (US\$1.5 trillion). Indeed, [absolute US household debt was higher in November](#)

[2019 than prior to/during the great recession](#), although the debt-to-income levels during the great recession were higher than the 2019 levels (83 per cent to 73 per cent). High house prices, supported as they are by mortgage lending, coupled with student loans, together mean that new graduates are experiencing “failure to launch”, i.e. the inability to leave one’s parents’ home and start one’s own family.

(We should pause here to note, parenthetically, that the level of any nation’s private debt, and America’s in particular, is a very important metric. The level of private debt was the key indicator that enabled Professor Steve Keen, one of [the Bezemer 12](#), to predict the North Atlantic financial crisis of 2007-8, a prediction mainstream/neoclassical economics, quite criminally, failed to make.)

The US\$14 trillion of private debt that American citizens owe is owed to the very same mega-corporation class whose wage stagnation has necessitated the need for lending (since the early 1970s, the hourly inflation-adjusted wages received by the typical worker have barely risen, growing only 0.2 per cent per year). Most unfortunately, this wage stagnation is not uniform: [the ratio of CEO-to-worker earnings has soared from 21-to-1 in 1965 to 320-to-1 in 2019](#).

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Has the American mega-corporation been censured by the political class for these excesses? Hardly. In fact, the large American corporation, while using American infrastructure, using some degree of American labour and selling to Americans, is allowed to pretend that it operates outside America, by invoicing from nations with low tax rates, such as Ireland, thereby avoiding paying federal taxes on its income. [From 2009-2018, for example, Amazon paid an effective federal tax rate of 3 per cent on profits totalling US\\$26.5 billion](#). In 2018 alone, the company received a tax relief of US\$129 million dollars on profits of US\$11.2 billion. Such is the scale of tax avoidance by American corporations that [by 2016 a staggering US\\$2 trillion in untaxed corporate profits was stashed outside the US, according to the New York Times](#). (What makes this doubly lamentable is that the Internal Revenue Service [tells the American citizen](#) in unambiguous terms that “Your worldwide income is subject to U.S. income tax, regardless of where you reside.”)

Corporations, therefore, enjoy egregious advantages. It is in order to keep them that they are so willing to fund political campaigns. In other words, corporations will do everything to avoid paying the taxes that would improve American infrastructure and healthcare (to their own benefit) but spend billions on political campaigns to inoculate themselves from losing the unfair advantages they have carved out for themselves.

### **The effect of the plutocracy on American politics**

The shock election of President Donald Trump in 2016 can be seen as a response to the deleterious effects of corporate hegemony on the American political and economic life. Candidate Trump campaigned as an outsider, promising to “drain the swamp”, even though, ironically, he was himself a self-styled billionaire [who shipped jobs to China](#) and [paid very little in taxes](#). America was suffering economically. He claimed that the blame for this could be placed squarely on the shoulders of China and immigrants. In an illuminating two-part, three-and-a-half hour 2019 interview with PBS, key Trump campaign advisor Steve Bannon ([who was arrested for fraud](#) and [then pardoned by President Trump on his last full day in office](#)) [stated that the cost of the 2008-09 bailout was loaded onto the American middle class, and that American gig economy millennials are nothing but 19th-century Russian serfs](#). Many may disagree with Mr Bannon’s political views, but his statement had its finger

on the pulse of post-bank-bailout America. The genius of the Trump campaign was its ability to identify these pain points; to incorrectly but convincingly blame foreigners – locally (immigrants) and abroad (China) – for what were and continue to be the excesses of the plutocracy; to identify the existence of a swamp in Washington and characterise Hillary Clinton as the personification of these ills; and to ride that wave all the way to the White House. The lesson – a lesson seemingly yet unlearned by mainstream politics – is that it actually worked.

Candidates however, campaign in poetry; rulers, on the other hand, govern in prose. During Trump's presidency [Faustian bargains](#), in Steve Bannon's words, were made; here again the power of the corporatocracy made itself felt. One of the early indicators of the direction and tenor a presidency will take is a president's cabinet picks; Steven Mnuchin, yet another ex-Wall Street executive, was placed in charge of the Treasury. While President Trump did not drag the US into another war – in spite of the assassination of Iranian Major-General Qassim Soleimani – his presidency did not up-end Washington in ways meaningful to the nation's citizenry. Readers may recall the US\$2 trillion of untaxed corporate profits mentioned earlier; President Trump's signature legislative achievement was [to open new windows for tax rebates for major corporations](#), reducing taxes on the wealthy. This legislation [resulted in the repatriation of US\\$777 billion in 2018, but the Federal Reserve noted that "the strongest effect of repatriation was on share buybacks"](#) by corporate America. This particular episode is a textbook example of the plutocracy at work.

Trump does not greatly differ in this way from the way in which Candidate Obama contrasts with President Obama. Candidate Obama campaigned on *Change We Can Believe In*. Yet, once elected, he bailed out the banks (the abiding question on this, some wonder, is why citizens did not retain their houses if the banks' losses were made good). Obamacare, a very significant advance in the fight for decent healthcare for Americans, did not include a public option [although it could have](#). Nor did President Obama succeed in extricating himself from American warmongering abroad: in a particularly sad and tragic episode he helped end the Libya Gaddafi had created. [Libya under Gaddafi was a nation that had free university education, free healthcare, no external debt and reserves of US\\$150 billion](#) – all ideals that America, ironically, declares it wants but has yet to achieve despite its claim to being the richest nation in history. Allied "intervention" replaced that Libya with today's bombed-out nation, in which incessant internecine strife went on for a decade. This in Africa, the land of Obama's fathers. Only two years previously, at a location just two hours from Benghazi by air, the new President had given his "A New Beginning" speech in Cairo, which speech contributed to his winning the Nobel Peace Prize later that year.

In these two presidencies, we see, microcosmically, the effects of the plutocracy at work: the lofty ideals of the campaigning candidate and the searing needs of the masses, once office is assumed, are replaced by a kind of neutered, ineffective pragmatism, as far as the wellbeing of American citizens is concerned, and a sly and insidious effectiveness where corporate welfare is concerned.

## **The 2020 campaign**

Perhaps the defining characteristic of the 2020 campaign is that it took place against the backdrop of a global pandemic. The cost of this pandemic – in the gruesome currency of American lives – has been more than 500,000 dead [Americans](#) and counting, nearly 10 times [the number of US soldiers who died in the Vietnam War](#), and [more than the number of American lives lost in World War II](#).

Uniquely among developed nations, the structure of America's healthcare system is such that very often one only has healthcare if one is employed. So that when [44 million Americans filed for unemployment during the pandemic](#), they lost their medical cover at precisely the time they most needed it. The pandemic therefore threw into sharp focus the critical importance of having a healthcare system that is not based upon employment.



(Nor is the state of health insurance all that is wrong with American healthcare - in several tragic articles it has been [reported that American diabetics have been driving to Canada in caravans to buy insulin - some driving up to 5 hours one way. Price-gouging by pharmaceutical companies means that the drug is ten times cheaper in Canada than it is in America.](#))

The bipartisan response to the pandemic was to pass the Coronavirus Aid, Relief, and Economic Security (CARES) Act that - while it gave individuals with less than US\$99,000 a year annual income a check of US\$1,200 a month - also gave further tax cuts to the wealthy. According to the nonpartisan Joint Committee on Taxation, [just 43,000 individual tax filers covered by one of the Act's provisions would see their tax liability fall by a combined US\\$70.3 billion in 2020](#) (or about US\$1.7 million each). This is the America that corporatism has created.

And yet, mid-pandemic, was healthcare on the national ballot? How, when [pharmaceutical and health product industries have spent a total of US\\$4.7 billion on lobbying the federal government, US\\$877 million on state candidates and committees, and US\\$414 million in the 20 years to 2018?](#) Indeed, by the time he won the nomination, [Joe Biden had already said he would veto a Medicare for All bill if it landed on his desk](#) (a colossal if, it must be said), proposing a public option instead.

So what was on the ballot? Democrats, choosing to characterise Trump's presidency as the problem, instead of seeing it as the natural consequence of the decades of wage stagnation, high healthcare costs, inordinately high levels of private debt, etc., campaigned on the platform of "restoring the soul of America". The president's narrow margins of victory perhaps find an explanation here: the problems Americans face were not really on the ballot. And they were not on the ballot because the corporations that stump up the money to fund electoral campaigns benefit from providing privatised solutions to the problems Americans face.

### **Is there hope?**

There is an American constituency that is in broad agreement on the issues raised above: [a Fox News exit poll, for example, showed that 72 per cent of Americans were at least somewhat in favour of changing to a government-run healthcare plan.](#) Florida, a state President Trump won, [voted to increase the state's minimum wage to US\\$15 an hour.](#)

However, it is unlikely that this broad constituency will be allowed to unite under the current political system. The reality is that the US is a *de facto* one-party state. If that party were to be honestly named, it might be named the Megacorp Party, or, slightly more genteelly, the Corporatist/Establishment Party. It has two wings: a supposedly left-leaning Democratic wing and a supposedly conservative Republican wing. Under the framework of *Citizens United* these two wings will continue to swap power *ad infinitum*. Yet, even as the presidency bounces from party to party, a president from one party will bomb Iraq; the next president, from the other party, will campaign on the platform that he never voted to go to war in Iraq, only to subsequently bomb Libya. [These tragic contradictions find their resolution in the fact that this war activity happens at the behest of the military-industrial complex.](#)

Political consultants will keep finding new, misleading ways of "framing the political argument," creating false choices and developing narratives such as restoring the soul of the nation. Meanwhile, the money that pays them will continue to fortify itself against the needs of the people; the rich will get richer, the poor will get poorer and power will remain with the wealthy.

As long as this continues, we can expect two outcomes. The first is that the issues that Americans need solved will not be solved. (We are now reading, for example, that the US\$15 dollars/hour minimum wage [President Biden promised \(during a presidential debate\), is unlikely be included in](#)

[the US\\$1.9 trillion-dollar stimulus package President Biden intends to bring to Congress.](#)) The second is that, as a result of the failure to resolve these issues, America will, in the words of Robert Reich, continue to produce candidatures like Donald Trump's [as far as the eye can see](#). The American political system does not contain within itself the mechanism to correct the current malaise. As a result, money will continue to win out: it will continue to select which issues are on the ballot, and it will continue to choose which candidates win. America's long decline, therefore, is likely to continue.

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We may not be aware of it yet, because of the hold the nation has on global media (the concentration of media ownership in America is yet another triumph of the plutocracy), but America's decline appears to be terminal.

I return to the beginning - this article is written colossally log-in-eye. As a Kenyan I know we have major, pressing domestic issues to resolve. If or as we make a detour to examine the American political situation, let our contemplation resemble our use of a mirror, and let our aims be those of helping us to avoid the problems others have experienced, in order to more wisely and speedily resolve our own.

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