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ADDRESS

INEQUALITY MATTERS
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It is important from time to time to remember that some things are worth getting mad about.

Here's one: On March 10 of this year, on page B8, with a headline that stretched across all six columns, *The New York Times* reported that tuition in the city's elite private schools would hit \$26,000 for the coming school year – for kindergarten as well as high school. On the same page, under a two-column headline, Michael Wineraub wrote about a school in nearby Mount Vernon, the first stop out of the Bronx, with a student body that is 97 percent black. It is the poorest school in the town: nine out of ten children qualify for free lunches; one out of 10 lives in a homeless shelter. During black history month this past February, a sixth grader wanted to write a report on Langston Hughes. There were no books on Langston Hughes in the library – no books about the great poet, nor any of his poems. There is only one book in the library on Frederick Douglass. None on Rosa Parks, Josephine Baker, Leontyne Price, or other giants like them in the modern era. In fact, except for a few Newberry Award books the librarian bought with her own money, the library is mostly old books – largely from the 1950s and 60s when the school was all white. A 1960 child's primer on work begins with a youngster learning how to be a telegraph delivery boy. All the workers in the book – the dry cleaner, the deliveryman, the cleaning lady – are white. There's a 1967 book about telephones which says: "when you phone you usually dial the number. But on some new phones you can push buttons." The newest encyclopedia dates from 1991, with two volumes – "b" and "r" – missing. There is no card catalog in the library – no index cards or computer.

Something to get mad about.

Here's something else: Caroline Payne's face and gums are distorted because her Medicaid-financed dentures don't fit. Because they don't fit, she is continuously turned down for jobs on account of her appearance. Caroline Payne is one of the people in David Shipler's new book, *The Working Poor: Invisible in America*. She was born poor, and in spite of having once owned her own home and having earned a two-year college degree, Caroline Payne has bounced from one poverty-wage job to another all her life, equipped with the will to move up, but not the resources to deal with unexpected and overlapping problems like a mentally handicapped daughter, a broken marriage, a sudden layoff crisis that forced her to sell her few assets, pull up roots and move on. "In the house of the poor," Shipler writes "...the walls are thin and fragile and troubles seep into one another."

Here's something else to get mad about. Two weeks ago, the House of Representatives, the body of Congress owned and operated by the corporate, political, and religious right, approved new tax credits for children. Not for poor children, mind you. But for families earning as much as \$309,000 a year—families that already enjoy significant benefits from earlier tax cuts. The editorial page of *The Washington Post* called this "bad social policy, bad tax policy, and bad fiscal policy. You'd think they'd be embarrassed," said the Post, "but they're not."

And this, too, is something to get mad about. Nothing seems to embarrass the political class in Washington today. Not the fact that more children are growing up in poverty in America than in any other industrial nation; not the fact that millions of workers are actually making less money today in real dollars than they did twenty years ago; not the fact that working people are putting in longer and longer hours and still falling behind; not the fact that while we have the most advanced medical care in the world, nearly 44 million Americans – eight out of ten of them in working families – are uninsured and cannot get the basic care they need.

Astonishing as it seems, no one in official Washington seems embarrassed by the fact that the gap between rich and poor is greater than it's been in 50 years – the worst inequality among all western nations. Or that we are experiencing a shift in poverty. For years it was said those people down there at the bottom were single, jobless mothers. For years they were told work, education, and marriage is how they move up the economic ladder. But poverty is showing up where we didn't expect it – among families that include two parents, a worker, and a head of the household with more than a high school education. These are the newly poor. Our political, financial and business class expects them to climb out of poverty on an escalator moving downward.

Let me tell you about the Stanleys and the Neumanns. During the last decade, I produced a series of documentaries for PBS called "Surviving the Good Times." The title refers to the boom time of the '90s when the country achieved the longest period of economic growth in its entire history. Some good things happened then, but not everyone shared equally in the benefits. To the contrary. The decade began with a sustained period of downsizing by corporations moving jobs out of America and many of those people never recovered what was taken from them. We decided early on to tell the stories of two families in Milwaukee – one black, one white – whose breadwinners were laid off in the first wave of layoffs in 1991. We reported on how they were coping with the wrenching changes in their lives, and we stayed with them over the next ten years as they tried to find a place in the new global economy. They're the kind of Americans my mother would have called "the salt of the earth". They love their kids, care about their communities, go to church every Sunday, and work hard all week - both mothers have had to take full-time jobs.

During our time with them, the fathers in both families became seriously ill. One had to stay in the hospital two months, putting his family \$30,000 in debt because they didn't have adequate health insurance. We were there with our camera when the bank started to foreclose on the modest home of the other family because they couldn't meet the mortgage payments after dad lost his good-paying manufacturing job. Like millions of Americans, the Stanleys and the Neumanns were playing by the rules and still getting stiffed. By the end of the decade they were running harder but slipping behind, and the gap between them and prosperous America was widening.

What turns their personal tragedy into a political travesty is that they are patriotic. They love this country. But they no longer believe they matter to the

people who run the country. When our film opens, both families are watching the inauguration of Bill Clinton on television in 1992. By the end of the decade they were no longer paying attention to politics. They don't see it connecting to their lives. They don't think their concerns will ever be addressed by the political, corporate, and media elites who make up our dominant class. They are not cynical, because they are deeply religious people with no capacity for cynicism, but they know the system is rigged against them. They know this, and we know this. For years now a small fraction of American households have been garnering an extreme concentration of wealth and income while large corporations and financial institutions have obtained unprecedented levels of economic and political power over daily life. In 1960, the gap in terms of wealth between the top 20% and the bottom 20% was 30 fold. Four decades later it is more than 75 fold. Such concentrations of wealth would be far less of an issue if the rest of society were benefiting proportionately. But that's not the case. As the economist Jeff Madrick reminds us, the pressures of inequality on middle and working class Americans are now quite severe. "The strain on working people and on family life, as spouses have gone to work in dramatic numbers, has become significant. VCRs and television sets are cheap, but higher education, health care, public transportation, drugs, housing and cars have risen faster in price than typical family incomes. And life has grown neither calm nor secure for most Americans, by any means." You can find many sources to support this conclusion. I like the language of a small outfit here in New York called the Commonwealth Foundation/Center for the Renewal of American Democracy. They conclude that working families and the poor "are losing ground under economic pressures that deeply affect household stability, family dynamics, social mobility, political participation, and civic life."

Household economics is not the only area where inequality is growing in America. Equality doesn't mean equal incomes, but a fair and decent society where money is not the sole arbiter of status or comfort. In a fair and just society, the commonwealth will be valued even as individual wealth is encouraged.

Let me make something clear here. I wasn't born yesterday. I'm old enough to know that the tension between haves and have-nots are built into human psychology, it is a constant in human history, and it has been a factor in every society. But I also know America was going to be different. I know that because I read Mr. Jefferson's writings, Mr. Lincoln's speeches and other documents in the growing American creed. I presumptuously disagreed with Thomas Jefferson about human equality being self-evident. Where I lived, neither talent, nor opportunity, nor outcomes were equal. Life is rarely fair and never equal. So what could he possibly have meant by that ringing but ambiguous declaration: "All men are created equal"? Two things, possibly. One, although none of us are good, all of us are sacred (Glenn Tinder), that's the basis for thinking we are by nature kin. Second, he may have come to see the meaning of those words through the experience of the slave who was his mistress. As is now widely acknowledged, the hands that wrote "all men are created equal" also stroked the breasts and caressed the thighs of a black woman named Sally Hennings. She bore him six children whom he never

acknowledged as his own, but who were the only slaves freed by his will when he died – the one request we think Sally Hennings made of her master. Thomas Jefferson could not have been insensitive to the flesh-and-blood woman in his arms. He had to know she was his equal in her desire for life, her longing for liberty, her passion for happiness. In his book on the Declaration, my late friend Mortimer Adler said Jefferson realized that whatever things are really good for any human being are really good for all other human beings. The happy or good life is essentially the same for all: a satisfaction of the same needs inherent in human nature. A just society is grounded in that recognition. So Jefferson kept as a slave a woman whose nature he knew was equal to his. All Sally Hennings got from her long sufferance – perhaps it was all she sought from what may have grown into a secret and unacknowledged love – was that he let her children go. “Let my children go” – one of the oldest of all petitions. It has long been the promise of America – a broken promise, to be sure. But the idea took hold that we could fix what was broken so that our children would live a bountiful life. We could prevent the polarization between the very rich and the very poor that poisoned other societies. We could provide that each and every citizen would enjoy the basic necessities of life, a voice in the system of self-government, and a better chance for their children. We could preclude the vast divides that produced the turmoil and tyranny of the very countries from which so many of our families had fled.

We were going to do these things because we understood our dark side – none of us is good – but we also understood the other side – all of us are sacred. From Jefferson forward we have grappled with these two notions in our collective head – that we are worthy of the creator but that power corrupts and absolute power corrupts absolutely. Believing the one and knowing the other, we created a country where the winners didn’t take all. Through a system of checks and balances we were going to maintain a safe, if shifting, equilibrium between wealth and commonwealth. We believed equitable access to public resources is the lifeblood of any democracy. So early on [in Jeff Madrick’s description,] primary schooling was made free to all. States changed laws to protect debtors, often the relatively poor, against their rich creditors. Charters to establish corporations were open to most, if not all, white comers, rather than held for the elite. The government encouraged Americans to own their own piece of land, and even supported squatters’ rights. The court challenged monopoly – all in the name of we the people.

In my time we went to public schools. My brother made it to college on the GI bill. When I bought my first car for \$450 I drove to a subsidized university on free public highways and stopped to rest in state-maintained public parks. This is what I mean by the commonwealth. Rudely recognized in its formative years, always subject to struggle, constantly vulnerable to reactionary counterattacks, the notion of America as a shared project has been the central engine of our national experience.

Until now. I don’t have to tell you that a profound transformation is occurring in America: the balance between wealth and the commonwealth is

being upended. By design. Deliberately. We have been subjected to what the Commonwealth Foundation calls “a fanatical drive to dismantle the political institutions, the legal and statutory canons, and the intellectual and cultural frameworks that have shaped public responsibility for social harms arising from the excesses of private power.” From land, water and other natural resources, to media and the broadcast and digital spectrums, to scientific discovery and medical breakthroughs, and to politics itself, a broad range of the American commons is undergoing a powerful shift toward private and corporate control. And with little public debate. Indeed, what passes for ‘political debate’ in this country has become a cynical charade behind which the real business goes on –the not-so-scrupulous business of getting and keeping power in order to divide up the spoils.

We could have seen this coming if we had followed the money. The veteran Washington reporter, Elizabeth Drew, says “the greatest change in Washington over the past twenty-five years – in its culture, in the way it does business and the ever-burgeoning amount of business transactions that go on here – has been in the preoccupation with money.” Jeffrey Birnbaum, who covered Washington for nearly twenty years for the Wall Street Journal, put it more strongly: “[campaign cash] has flooded over the gunwales of the ship of state and threatens to sink the entire vessel. Political donations determine the course and speed of many government actions that deeply affect our daily lives.” Politics is suffocating from the stranglehold of money. During his brief campaign in 2000, before he was ambushed by the dirty tricks of the religious right in South Carolina and big money from George W. Bush’s wealthy elites, John McCain said elections today are nothing less than an “influence peddling scheme in which both parties compete to stay in office by selling the country to the highest bidder.”

Small wonder that with the exception of people like John McCain and Russ Feingold, official Washington no longer finds anything wrong with a democracy dominated by the people with money. Hit the pause button here, and recall Roger Tamraz. He’s the wealthy oilman who paid \$300,000 to get a private meeting in the White House with President Clinton; he wanted help in securing a big pipeline in central Asia. This got him called before congressional hearings on the financial excesses of the 1996 campaign. If you watched the hearings on C-Span you heard him say he didn’t think he had done anything out of the ordinary. When they pressed him he told the senators: “Look, when it comes to money and politics, you make the rules. I’m just playing by your rules.” One senator then asked if Tamraz had registered and voted. And he was blunt in his reply: “No, senator, I think money’s a bit more (important) than the vote.”

So what does this come down to, practically?

Here is one accounting:

“When powerful interests shower Washington with millions in campaign contributions, they often get what they want. But it’s ordinary citizens and firms that pay the price and most of them never see it coming. This is what happens if you don’t contribute to their campaigns or spend generously on

lobbying. You pick up a disproportionate share of America's tax bill. You pay higher prices for a broad range of products from peanuts to prescriptions. You pay taxes that others in a similar situation have been excused from paying. You're compelled to abide by laws while others are granted immunity from them. You must pay debts that you incur while others do not. You're barred from writing off on your tax returns some of the money spent on necessities while others deduct the cost of their entertainment. You must run your business by one set of rules, while the government creates another set for your competitors. In contrast, the fortunate few who contribute to the right politicians and hire the right lobbyists enjoy all the benefits of their special status. Make a bad business deal; the government bails them out. If they want to hire workers at below market wages, the government provides the means to do so. If they want more time to pay their debts, the government gives them an extension. If they want immunity from certain laws, the government gives it. If they want to ignore rules their competition must comply with, the government gives its approval. If they want to kill legislation that is intended for the public, it gets killed."

I'm not quoting from Karl Marx's *Das Kapital* or Mao's *Little Red Book*. I'm quoting *Time* magazine. *Time*'s premier investigative journalists – Donald Bartlett and James Steele – concluded in a series last year that America now has "government for the few at the expense of the many." Economic inequality begets political inequality, and vice versa.

That's why the Stanleys and the Neumanns were turned off by politics. It's why we're losing the balance between wealth and the commonwealth. It's why we can't put things right. And it is the single most destructive force tearing at the soul of democracy. Hear the great justice Learned Hand on this: "If we are to keep our democracy, there must be one commandment: '*Thou shalt not ration justice.*'" Learned Hand was a prophet of democracy. The rich have the right to buy more homes than anyone else. They have the right to buy more cars than anyone else, more gizmos than anyone else, more clothes and vacations than anyone else. *But they do not have the right to buy more democracy than anyone else.*

I know, I know: this sounds very much like a call for class war. But the class war was declared a generation ago, in a powerful paperback polemic by William Simon, who was soon to be Secretary of the Treasury. He called on the financial and business class, in effect, to take back the power and privileges they had lost in the depression and new deal. They got the message, and soon they began a stealthy class war against the rest of society and the principles of our democracy. They set out to trash the social contract, to cut their workforces and wages, to scour the globe in search of cheap labor, and to shred the social safety net that was supposed to protect people from hardships beyond their control. *Business Week* put it bluntly at the time: "Some people will obviously have to do with less....it will be a bitter pill for many Americans to swallow the idea of doing with less so that big business can have more."

The middle class and working poor are told that what's happening to them is the consequence of Adam Smith's "Invisible Hand". This is a lie. What's happening to them is the direct consequence of corporate activism, intellectual propaganda, the rise of a religious orthodoxy that in its hunger for government subsidies has made an idol of power, and a string of political decisions favoring the powerful and the privileged who bought the political system right out from under us.

To create the intellectual framework for this takeover of public policy they funded conservative think tanks – The Heritage Foundation, the Hoover Institution, and the American Enterprise Institute – that churned out study after study advocating their agenda.

To put political muscle behind these ideas they created a formidable political machine. One of the few journalists to cover the issues of class – Thomas Edsall of *The Washington Post* – wrote: "During the 1970s, business refined its ability to act as a class, submerging competitive instincts in favor of joint, cooperate action in the legislative area." Big business political action committees flooded the political arena with a deluge of dollars. And they built alliances with the religious right – Jerry Falwell's Moral Majority and Pat Robertson's Christian Coalition – who mounted a cultural war providing a smokescreen for the class war, hiding the economic plunder of the very people who were enlisted as foot soldiers in the cause of privilege.

In a book to be published this summer, Daniel Altman describes what he calls the "neo-economy – a place without taxes, without a social safety net, where rich and poor live in different financial worlds – and [said Altman] it's coming to America." He's a little late. It's here. Says Warren Buffett, the savviest investor of them all: "My class won."

Look at the spoils of victory:

Over the past three years, they've pushed through \$2 trillion dollars in tax cuts – almost all tilted towards the wealthiest people in the country.

Cuts in taxes on the largest incomes.

Cuts in taxes on investment income.

And cuts in taxes on huge inheritances.

More than half of the benefits are going to the wealthiest one percent. You could call it trickle-down economics, except that the only thing that trickled down was a sea of red ink in our state and local governments, forcing them to cut services for and raise taxes on middle class working America.

Now the Congressional Budget Office forecasts deficits totaling \$2.75 trillion over the next ten years.

These deficits have been part of their strategy. Some of you will remember that Senator Daniel Patrick Moynihan tried to warn us twenty years ago, when he predicted that President Ronald Reagan's real strategy was to force the government to cut domestic social programs by fostering federal deficits

of historic dimensions. Reagan's own budget director, David Stockman, admitted as such. Now the leading rightwing political strategist, Grover Norquist, says the goal is to "starve the beast" – with trillions of dollars in deficits resulting from trillions of dollars in tax cuts, until the United States Government is so anemic and anorexic it can be drowned in the bathtub.

There's no question about it: The corporate conservatives and their allies in the political and religious right are achieving a vast transformation of American life that only they understand because they are its advocates, its architects, and its beneficiaries. In creating the greatest economic inequality in the advanced world, they have saddled our nation, our states, and our cities and counties with structural deficits that will last until our children's children are ready for retirement, and they are systematically stripping government of all its functions except rewarding the rich and waging war.

And they are proud of what they have done to our economy and our society. If instead of practicing journalism I was writing for Saturday Night Live, I couldn't have made up the things that this crew have been saying. The president's chief economic adviser says shipping technical and professional jobs overseas is good for the economy. The president's Council of Economic Advisers report that hamburger chefs in fast food restaurants can be considered manufacturing workers. The president's Federal Reserve Chairman says that the tax cuts may force cutbacks in social security – but hey, we should make the tax cuts permanent anyway. The president's Labor Secretary says it doesn't matter if job growth has stalled because "the stock market is the ultimate arbiter."

You just can't make this stuff up. You have to hear it to believe it. This may be the first class war in history where the victims will die laughing.

But what they are doing to middle class and working Americans – and to the workings of American democracy – is no laughing matter. Go on line and read the transcripts of Enron traders in the energy crisis four years ago, discussing how they were manipulating the California power market in telephone calls in which they gloat about ripping off "those poor grandmothers." Read how they talk about political contributions to politicians like "Kenny Boy" Lay's best friend George W. Bush. Go on line and read how Citigroup has been fined \$70 Million for abuses in loans to low-income, high risk borrowers – the largest penalty ever imposed by the Federal Reserve. A few clicks later, you can find the story of how a subsidiary of the corporate computer giant NEC has been fined over \$20 million after pleading guilty to corruption in a federal plan to bring Internet access to poor schools and libraries. And this, the story says, is just one piece of a nationwide scheme to rip off the government and the poor.

Let's face the reality: If ripping off the public trust; if distributing tax breaks to the wealthy at the expense of the poor; if driving the country into deficits deliberately to starve social benefits; if requiring states to balance their budgets on the backs of the poor; if squeezing the wages of workers until the labor force resembles a nation of serfs – if this isn't class war, what is?

It's un-American. It's unpatriotic. And it's wrong.

But I don't need to tell you this. You wouldn't be here if you didn't know it. Your presence at this gathering confirms that while an America with liberty and justice for all is a broken promise, it is not a lost cause. Once upon a time I thought the mass media – my industry – would help mend this broken promise and save this cause. After all, the sight of police dogs attacking peaceful demonstrators forced America to recognize the reality of racial injustice. The sight of carnage in Vietnam forced us to recognize the war was unwinnable. The sight of terrorists striking the World Trade Center woke us from a long slumber of denial and distraction. I thought the mass media might awaken Americans to the reality that this ideology of winner-take-all is working against them and not for them. I was wrong. With honorable exceptions, we can't count on the mass media.

What we need is a mass movement of people like you. Get mad, yes – there's plenty to be mad about. Then get organized and get busy. This is the fight of our lives.