

Buying Back The Middle Class

If We Don't Start Reinvesting In The People, What Will We Have Left?

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The Word Nobody Uses: Agency

There is a word that sits at the center of every story in this article. It connects a bankrupt budget airline and a bailed-out automaker to a convicted fraudster and one of the most protected criminals in modern American history. That word is agency.

Agency is the power to determine what happens to your own life. It is the ability to make a decision and have that decision mean something. It is the promise at the heart of the American experiment — that no matter who you are or where you started, the rules apply equally, opportunity is real, and the system will not be weaponized against you by people with enough money to buy their way above it.

That promise has been broken. Not once. Not accidentally. Systematically, repeatedly, and across both political parties, across decades, and across industries. And the people paying the price — the ones who lost that agency — are the same people every time.

Jeffrey Epstein's victims spent decades trying to reclaim their agency from a system that protected him. The American middle class has spent four decades trying to reclaim theirs from a system that protects the connected. These are not two different stories. They are the same story told in different rooms.

Pan Am, a Ponzi Scheme, and the Last Time Someone Went to Jail

To understand where we are, you have to understand where it started. Not in 2008. Not in 2009. Earlier.

Pan American World Airways was once the most iconic airline in American history. It represented American power, American prestige, and American reach. When it collapsed in 1991, it was one of the most emotionally significant corporate failures the country had ever witnessed. Thousands of workers lost their jobs. Passengers lost their tickets. A piece of American identity disappeared.

Circling that carcass, while Pan Am was still struggling to survive, was a Manhattan debt collection agency called Towers Financial Corporation. Led by Stephen Hoffenberg, Towers Financial attempted a takeover of Pan Am — funded, as it turned out, by a massive Ponzi scheme that ran from 1988 to 1993 and defrauded investors out of hundreds of millions of dollars.

One of the people employed at Towers Financial during this period was Jeffrey Epstein.

Hoffenberg was eventually convicted and sentenced to twenty years in federal prison. He maintained until his death that Epstein was a full architect of the scheme, not a bystander. Epstein was never charged for his role in Towers Financial. He walked away, built a mysterious financial empire with clients that included some of the most powerful people on the planet, and went on to operate what prosecutors would eventually describe as a decades-long sex trafficking network before dying in federal custody in 2019 under circumstances that have never been fully explained.

Here is the point that matters for this article: Hoffenberg going to prison was the exception. Not the rule. The anomaly. The system working the way it was supposed to work exactly one time before it stopped working that way almost entirely.

At least when Hoffenberg ran his scheme, somebody went to jail. That was 1993. We have been moving in the wrong direction ever since.

Epstein's victims spent years — decades — being disbelieved, dismissed, and actively obstructed by institutions that should have protected them. Their agency was stolen twice: once by Epstein, and once by the system that chose to protect him instead of them. A secret non-prosecution agreement, negotiated by a prosecutor who was later rewarded with a cabinet position, ensured that the connected man faced no consequences while the young women he victimized had no recourse.

That is not a criminal justice story in isolation. It is a story about who the institutions of this country are actually built to serve.

Spirit Airlines and the Modern Version of the Same Playbook

Fast forward to 2024. Spirit Airlines, once positioned as the scrappy budget carrier that would bring air travel within reach of working Americans, filed for bankruptcy. Passengers were stranded. Employees lost jobs. Routes were cancelled.

The story of Spirit's collapse is not simply a story of a bad business failing. It is a story of a system that used regulatory power to block the competition that might have replaced Spirit with something better, while simultaneously leaving Spirit itself without the support structures that might have allowed it to evolve.

For years, Spirit attempted to merge with larger carriers. Those merger attempts were blocked or complicated by regulatory concerns about consolidation. The result was an airline trapped in competitive limbo — too constrained to grow, too protected by the broader merger culture of American aviation to be replaced by something genuinely innovative.

The passengers who got stranded at Spirit gates did not get a managed restructuring. They did not get a government equity stake in their travel plans. They got nothing. The same system that bailed out the banks in 2008, rescued GM in 2009, and shielded the connected from consequences in courtrooms across the country had nothing to offer the working-class traveler who bought the cheapest ticket available because that was what they could afford.

Their agency — their ability to get from one place to another, to attend a funeral, make a job interview, visit a sick relative — evaporated because a company failed and the system that was supposed to ensure market accountability had long since been hollowed out.

1979: The Precedent That Changed Everything

The airline industry did not invent this dynamic. It inherited it from a principle established in 1979 when the United States government authorized a \$1.5 billion loan guarantee to keep Chrysler Corporation alive.

Chrysler was mismanaged. It had failed to compete. Under ordinary market conditions it would have gone through bankruptcy, its assets would have been sold at distressed prices, and a leaner operation would have absorbed those assets and started fresh. Instead, the government intervened. The justification was straightforward: too many jobs, too much economic infrastructure, too big to be allowed to fail.

The loans were eventually repaid. Lee Iacocca became a celebrity. The bailout was declared a success.

What it actually established was a principle that would reshape American corporate behavior for the next four decades: if you are large enough, the natural laws of the market do not apply to you. The downside gets socialized. The upside stays private. And corporate leadership now had a new variable in their risk calculations — the implicit knowledge that catastrophic failure would be absorbed by the public rather than by the people who caused it.

That is not capitalism. That is something far more dangerous. It is a system where the rules exist for everyone except the people with enough scale and enough connections to be exempted from them.

2008–2009: The Cycle at Full Scale

Thirty years after Chrysler, the country faced the worst financial collapse since the Great Depression. The housing market, built on deregulation, predatory lending, and financial

instruments of almost incomprehensible complexity, had finally collapsed under its own weight.

The banks came first. Hundreds of billions of dollars through the Troubled Asset Relief Program. Then the automakers. General Motors and Chrysler — the same Chrysler from 1979, now needing its second rescue — both required federal intervention. The government ultimately took approximately a 60% ownership stake in a restructured General Motors.

The total commitment to the auto industry alone was approximately \$80 billion. Taxpayers absorbed a net loss of roughly \$10 to \$11 billion when the government sold its shares back to the private market at a discount once the company had stabilized and returned to profitability.

Read that again slowly. The public funded the survival. The private market collected the recovery. The government — which briefly held majority ownership of one of the largest industrial companies in American history — sold that ownership back at a loss rather than treating it as permanent public infrastructure. The dividends that followed GM's return to profitability went to private shareholders, not to the treasury, not to the workers, not to the taxpayers who made that profitability possible.

We paid for the crash. They kept the car. That is not a metaphor. That is the transaction.

The Factories Would Not Have Disappeared

The standard argument for every corporate bailout is the jobs argument. Without intervention, millions of people would have been devastated. This framing, while emotionally compelling, rests on a fundamental misrepresentation of how market failure actually works.

Assets do not disappear when a company goes bankrupt. They change hands. In a genuine liquidation, the physical plants, the engineering patents, the brand names, the supplier networks, and the skilled workforce would have been available for acquisition at distressed prices. Ford, which declined the bailout entirely, might have absorbed specific GM assets. International competitors might have purchased factories and retooled them. Smaller, more innovative domestic manufacturers might have finally gotten the market entry they could never achieve while competing against government-subsidized giants.

The new owners, starting with dramatically lower cost structures than the debt-laden old GM, might have built something more competitive, more efficient, and ironically more capable of sustaining worker wages than the bloated institution the bailout preserved.

The same logic applies to Pan Am. The same logic applies to Spirit. The assets — the gates, the routes, the planes, the trained crews — do not cease to exist. They get

reallocated. The question the bailout culture never asks is whether the reallocation might produce something better than what it replaces.

It never asks that question because the people making the decision are not asking what is best for the market or for the workers or for the passengers. They are asking what preserves the existing arrangement. The hierarchy. The distribution of power. The insulation of the top.

The 1982 Rule That Gutted the Middle Class

While the bailout culture was establishing itself through Chrysler and the precedents that followed, a quieter and ultimately more destructive change was happening inside the regulatory framework of American corporate finance.

In 1982, the Securities and Exchange Commission adopted Rule 10b-18, which effectively legalized stock buybacks — the practice of corporations purchasing their own shares on the open market. Before 1982 this was widely considered a form of stock price manipulation and was largely prohibited. After 1982 it became the dominant mechanism by which American corporations deploy their profits.

The numbers are almost impossible to absorb. In the decades since 1982, the largest American corporations have spent trillions of dollars buying back their own stock. Money that could have gone into research and development, capital investment, worker wages, pension funding, or innovation. Instead it went into inflating share prices, which directly and mechanically increased the compensation of executives whose pay packages are tied to stock performance.

This is the cheat code that replaced the old American corporate bargain. In the era that older Americans remember as a golden age — the postwar decades when a single income could support a family, when pensions were standard, when wages grew alongside productivity — companies deployed their profits differently. They competed for skilled workers by offering better conditions, better wages, better security. Not out of altruism. Because the incentive structure rewarded retention and investment.

The buyback era dismantled that incentive structure completely. The worker became a cost to be minimized rather than an asset to be retained. Real wages stagnated for four decades. Pension obligations were shed. Benefits were cut. And the executives who oversaw this extraction were compensated at levels that would have been unimaginable to their predecessors — because the stock price kept going up, and their pay was tied to the stock price, and the stock price kept going up because they kept buying it back with money that used to go to workers.

They bought back their shares. We bought back their companies. Nobody bought back the middle class.

The Equity Solution: If We Pay for the Crash, We Own the Car

There are two specific policy changes that would begin to reverse this. Neither is radical. Both are grounded in principles that any working American can understand intuitively because they reflect how ownership actually works in every other domain of economic life.

The first is ending or heavily taxing stock buybacks. Without the ability to simply purchase their own shares, corporations would be forced to deploy their profits productively — into research, into capital investment, into worker compensation — because the easy alternative would no longer be available. This is not a revolutionary proposal. It is a restoration of the rules that existed before 1982. Rules that presided over the most broadly prosperous era in American economic history.

The second is the equity-for-bailouts principle. If a company is too big to fail, it is functionally a public utility, and the public should own a permanent piece of it. When the government provides tens of billions of dollars to rescue a failing corporation, that rescue should come with permanent voting equity proportional to the public's investment. Not a loan. Not a guarantee. Equity. Ownership. A seat at the board table.

The practical consequences would be transformative. The public would share in the upside when rescued companies return to profitability. A public board representative would have a vote on executive compensation, on decisions to offshore jobs, on strategies that prioritize short-term extraction over long-term stability. And corporate leadership, knowing that failure would result in permanent dilution of private ownership, would manage their companies with a fundamentally different risk calculus.

This is not socialism. It is accounting. When you pay for something, you receive something in return. The current arrangement — in which the public pays for survival and receives nothing while private shareholders collect the recovery — is the arrangement that needs a name. That name is not capitalism. It is extraction.

Why It Won't Happen — And Why That's the Point

A practical reader will note that these reforms are politically impossible. The people who would need to pass them are the same people whose campaigns are funded by the interests that would be threatened by them. Corporate lobbyists spend hundreds of millions of dollars annually ensuring that buybacks remain legal, that bailout terms remain favorable to private shareholders, that public equity requirements never reach a floor vote.

The executives whose pay is tied to stock price have a direct financial interest in the buyback regime. The banks that manage repurchase programs have a direct financial interest in the buyback regime. The politicians whose campaigns depend on both have an indirect financial interest in the buyback regime. It is a closed loop, self-reinforcing, operating the same way regardless of which party controls the government.

This is why the 2009 auto bailout happened under both a Republican and a Democratic administration. This is why the 2008 financial crisis bailouts enjoyed bipartisan support. This is why Epstein's non-prosecution agreement was arranged by a Republican prosecutor, kept secret from Democratic-appointed judges, and resulted in no meaningful accountability under administrations of either party.

The party labels are different. The underlying loyalty is the same. And that loyalty is not to the worker. It is not to the passenger stranded at the Spirit gate. It is not to the Towers Financial investor whose retirement savings funded a fraudulent airline takeover attempt. It is not to the young women who spent decades fighting for someone to believe them.

Recognizing this is not cynicism. It is diagnosis. And the first requirement of treatment is accurate diagnosis.

Reclaiming Agency: The Real Ask

Strip away the financial terminology and the regulatory history and what remains is a single question about power.

Who gets to determine what happens to their own life?

For four decades, the answer has been: the connected. The scaled. The people with enough resources to be exempted from the rules that govern everyone else. The executive whose company fails and receives a restructuring. The financier whose scheme unravels and who walks away while his partner goes to prison. The airline that collapses and whose assets get absorbed into a consolidating industry while the passengers who depended on it absorb the cost alone.

The middle class did not lose its economic position because of bad personal decisions. It lost its position because the rules were systematically rewritten — buybacks legalized in 1982, bailout culture normalized through Chrysler, financial deregulation accelerating through the 1990s and 2000s, merger consolidation reducing competition across every major industry — to transfer wealth upward and risk downward.

Reclaiming the middle class means reclaiming the agency that was taken. It means demanding that the rules apply equally. It means insisting that if the public absorbs the risk, the public shares the reward. It means recognizing that the Epstein victims fighting for justice and the autoworker fighting for a pension and the Spirit passenger fighting for a refund are all fighting the same fight against the same fundamental dynamic.

The system protected the connected and extracted from everyone else. The ask is not complicated. The ask is that it stop.

We paid for the research. We paid for the roads. We paid for the bailouts. We paid for the crimes of the powerful with our silence and our tax dollars and our diminished expectations. It is time to be paid back.

What Will We Have Left?

The subtitle of this piece asks a question that is not rhetorical. It is actuarial.

A middle class that cannot afford housing, cannot retire with dignity, cannot trust that the airline it books will still be flying when it needs to travel, cannot watch a connected criminal face the same consequences as anyone else — that middle class does not stay patient indefinitely. Institutions that lose legitimacy do not recover it easily. Democracies that are perceived to operate on two sets of rules face a corrosive erosion of the social trust that makes them function.

The factories did not have to be saved the way they were saved. The banks did not have to be rescued the way they were rescued. The airlines did not have to consolidate the way they consolidated. And the people who walked free while others went to prison did not have to walk free. These were choices. Policy choices. Made by people who will tell you they had no choice.

They had a choice. They made it. And the middle class has been paying for it ever since.

Buying back the middle class means buying back agency. It means restoring the basic premise that the rules mean something, that risk and reward are connected, that the public's investment in the survival of an institution entitles the public to a share of that institution's success.

It means deciding, collectively, that the answer to the question — if we don't start reinvesting in the people, what will we have left? — is not something we are willing to find out.

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