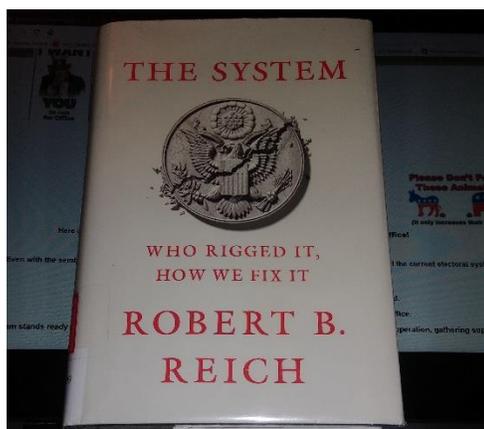


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Book Review: ‘The System: Who Rigged It, How We Fix It’

Reviewed by Joseph Oddo. February 12, 2021

By Robert Reich, Alfred A Knopf, NY 2020



Having come across this 2020 Robert Reich book on the library shelf *after* the 2020 election, I was compelled to not just read it, but give it a thorough going over. The title drew me in with a promise that I immediately doubted he could deliver. “The System: Who Rigged It, How We Fix It” triggered my pessimism, since so many others have declared such grand outcomes with little to no impact.

In this manuscript, Former Labor Secretary and eminent scholar Robert Reich has delivered a powerful directive on how we the people can clear the fog of fabrications. Previously unseen in clear daylight, Reich lifts the fog and exposes the details of the modern-day oligarchy (the third in our nation’s history, according to the author).

Starting around 1980 up until 2019, the share of the nation’s household income going to the richest 1 percent more than doubled, while the earnings of the bottom 90 percent barely rose (all adjusted for inflation). CEO pay increased 940 percent, but the typical worker’s pay increased 12 percent. “This has been accompanied by a dramatic increase in the political power of the super-wealthy and an equally dramatic decline in the political influence of everyone else.”

With unashamed aplomb the oligarchy is back. Read this book to fully understand how the government is being run, how legislation is drafted, and who really controls the purse strings. Behind the platitudes and public declarations, where our public treasury funds are divvied out and who benefits from the nation’s economic and financial policies and regulations (or lack thereof) really dictates who has the “Power” to govern.

Power is the ability to direct or influence the behavior of others. On a large scale, power is the capacity to set the public the public agenda – to frame big choices, to influence legislators, and to get laws enacted or prevent them from being enacted, to assert one’s will on the world.

Power is exercised by particular people that have outsized influence over running the big institutions – big Wall Street banks, global corporations, the executive and legislative branches of government, the Federal Reserve and the Supreme Court, the military, elite universities, and the media (including social media as organized by Big Tech). These individuals include CEO’s large investors, hedge fund and private equity managers, media moguls, key lobbying groups like the Business Roundtable headed by JP Morgan CEO Jamie Dimon, and major donors to political candidates and universities.

“Under their control”, according to Reich, “there will be no substantial tax increases for them, no antitrust enforcement, no meaningful constraint on Wall Street’s dangerous gambling addiction, no limits to CEO pay.”

Reich lifts a quote from the GOP nominee Donald Trump at the 2016 Republican convention, “Big business, elite media, and major donors are lining up behind the campaign of my opponent because they know she [Hillary Clinton] will keep our rigged system in place.” Could that been a foreshadowing that as president, Trump intended to break up the system? If so, none could have envisioned it to come in a such a reckless manner.

This is not a new subject, of course. In 1976 authors Morton Mintz and Jerry S. Cohen attempted to gain back power to the American citizens in their lengthy “Power Inc.”, which detailed the difficulty of trusting governing to the wealthy elite. They forecasted the attempted 2021 presidential power grab by pointing out gaps in the constitution that allow a strongman figure in the Executive branch and accurately predicted that lobbying and the legalized corruption of the super-rich buying off politicians would continue to threaten our democracy.

“Concentrated economic power lies at the core of much of the unrest, injustice, and unresponsive government that besets us. Until it is removed, we can fiddle with this and that, but true progress will elude us... Diffusion of power is and must remain a foremost goal. If significant or concentrated power cannot be reliably diffused, broken up, checked and balanced, or restrained by a putatively sovereign electorate, what can be done?”

Larry Sabato reported back in 1985 a quote by Fred Wertheimer, president of Common Cause in 1983: “Alarming, Outrageous. Downright dangerous. That’s the only way to begin to describe the threat posed by the torrents of special interest campaign cash being offered up to our Representatives and Senators by the special interest political action committees. This democracy-threatening trend must be stopped.”

Justification for PACs was also reported by Sabato. Patrick J. Buchanan wrote in 1983, *In Defense of PACs* (Richmond Times Dispatch), “Destroy the PACs and you constrict the voice of small business, and restrict the political access of the millions who support them __ enhancing the clout of Big Media, Big Business, Big Labor and their ilk who can afford the maintain permanent lobbying representation in Washington.”

To ensure that his political pals got their slice of the pie, President Ronald Reagan complained directly to business leaders before the 1978 election about the proportion of PAC funds being given to Democrats: “I don’t think the Republican party has received the kind of financial support from corporate PACs that its record deserves. . . . The best thing you can hope for by following [a split-giving] policy is that the alligator will eat you last.”

Here we are years later facing the same daunting questions, while the ruling oligarchy has stripped the financial fortitude of the middle class, reducing it to less than a third of what it was then.

By having the power and the assertiveness to wield it, Reich calls out the ruling elite class. He addresses the oligarchy directly, calling them “hidden bullies” crashing up against democracy itself. He singles out individual actors and criticizes their ignorance or indifference to the depth of dysfunction and resentment that has resulted from a diminished middle class. The bottom 90 percent are diverted from these realities by being deceived into seeing Immigrants, African Americans, Latinos, Muslims among others as scapegoats for their loss of status.

The nation is dividing into warring cultural tribes as witnessed in Washington on January 6, 2021. Americans who are angry and suspicious of one another will fight over crumbs rather than join together against those who have run off with most of the pie. This racism and xenophobia fueled by the president drew an “astounding silence” from the vast majority of CEOs because “a divide-and-conquer strategy gives them more room to maneuver.”

Corruption has become systemic, reaching deep into both political parties, with neither committed to challenging the increasing concentration of wealth and power in America. Both have come to depend on that wealth and defer to that power. They are adept at creating diversions. For instance, investigative journalist Greg Palast’s 2012 book, “Billionaires & Ballot Bandits”, details the Koch Brothers’ influence behind the Newt Gingrich “Contract with America” which served to gain the majority in the House of Representatives for the first time in a generation. They created a fake populist movement by purporting “plutocracy” and fawning rhetoric that attacked the “elite” and even the “rich”. While their Contract expressed a lofty purpose, their actions and legislation did not match up to those promises. By the time the left wrestled back control of the House, much favorable

legislation had already been written to tighten the oligarchy's hold on the power they coveted.

That was just one example in a vicious cycle of political shenanigans and influence peddling detailed in Palast's book, and touched on by Reich. Reciting a 2014 study by Martin Gilens and Benjamin Page to determine from where influence on legislation comes, Reich concluded: The preferences of the average American (voter) appear to have only a minuscule, near-zero statistically non-significant impact on public policy. Lawmakers tend to listen to the policy demands of big businesses and wealthy individuals --- those with the most lobbying powers and deepest pockets to bankroll campaigns and promote their views. This detailed analysis of 1,799 policy issues used data from 1981 to 2002, well before Citizens United.

Several writers in recent years have accurately pronounced the death of the old left-versus-right, conservative-versus-liberal dichotomy of political reality. It has been replaced by the many against the few. Dr. Naomi Wolf declares, "Many ordinary citizens these days say that they don't see much difference between the two major political parties." Instead, candidates are subject to coronation by special interest. "In reality, both are largely beholden, albeit in different proportions, to the Big Six, the major special interests: what I call War Inc. (and its emerging major subsidiary, Fear Inc., or the global surveillance and security industry), Big Pharma, Big Insurance, Big Oil, Big Agriculture, and Wall Street. We can probably add Big Incarceration to that list now. Smart voters realize that whatever their political beliefs, those who don't hold power in these major industries ... are getting screwed."

Those views were lifted from the introduction of the third edition of "What You Should Know About Politics...But Don't", by Jessamyn Conrad. This very well-written "Non-Partisan Guide to the Issues that Matter" lists possible solutions like Ranked Choice voting, which would allow for more moderate and broadly popular winners to emerge, because many voters would get their second if not their first choice. But, "since it would take politicians to change the law, it's unlikely to happen because they are the ones who benefit."

It is this plutocracy that perpetuates the status quo of an unfair (especially to independent candidates) electoral structure that diminishes the chance of any improvement in our nominating process. I have been an independent candidate for office numerous times. It has always been a tougher struggle to earn a ballot position not being in the top two parties. Even getting petition signatures is difficult as people have the misguided perception that we indies strip votes from the others.

One good thing did come from my 12 to 16 hour days in the trenches over a period of two dozen years is that I can testify that the allegations of voter fraud –

which rarely produce any evidence let alone convictions – are just overblown rhetorical scare tactics largely perfected by those trying to protect their reducing “white” or “rich” minority. Fear works, especially tactics like anti-immigration. As Wolf explains, big party candidates can use this issue “to divide and distract the electorate without burning up any real political capital with special interests.”

Many political scientists hypothesized that the power of big corporations and Wall Street was offset by the power of labor unions, farm cooperatives, retailers, and small banks. Of course, in the last 40 years these “countervailing powers” have disappeared.

Grass roots membership organizations have wilted because people have less time since their wages have stagnated and most work more hours or two jobs in order to make ends meet. Union membership has plunged because corporations bust unions by sending jobs overseas, replacing striking workers, or firing those that try to form unions. Other centers of countervailing power - retailers, farm coops, local and regional banks – lost ground to national discount chains, big agribusiness, and Wall Street.

The problem is not excessive greed (Wall Street), it is the excessive quest for power. Reich identifies members of this oligarchy and one of their objectives as ending free-choice government by destabilizing the electoral system and destroying the whole system of representative government. This was a profound foresight practically predicting the Trump destabilization tactics during his final two months move to retain power.

Reich particularly calls out JP Morgan’s CEO, Jamie Dimon. What makes him complicit is his determination to propel government relations - a polite phrase for influence peddling - as JP Morgan’s “seventh line of business”. According to Reich, “Dimon has also built a formidable lobbying machine in Washington – far larger than the lobbying machines of Wall Street’s other big banks – replete with politically connected former congressional staffers who battle daily on behalf of JPMorgan in the halls of congress, administrative agencies, and the courts. JPMorgan also keeps on hand a fleet of Washington lawyers, tax attorneys, political consultants, and public relations professionals.”

Multiply his efforts as chair of the Business Roundtable, an association of 192 other CEO’s of America’s biggest companies, and you’ll realize the outsized voice that they achieve in Washington.

Reich’s reflection on the palace guard is telling. They are highly educated, with over 40 percent of Ivy League graduates ending up in finance, management consulting, and corporate law. They achieve annual incomes of more than \$1.3 million. The richest 10 percent own 80 percent of the stock market. They tend to reside around DC, New York, or coastal California, with low crime rates, and the best public schools and amenities. And they are overwhelmingly white. PEW

Research reports these minority percentages among the SuperRich: Latino 2.4 percent; African-American 1.9 percent; other minorities including Asian and multi-racial 8.8 percent.

Studies report that most of these super-rich individuals are socially liberal, but would not criticize their pay source or seek to reduce its power. They favor diversity, inclusion, equal marriage rights, and more attention paid to the environment. But they avoid questions of class and power and overlook the demise of democratic institutions, as long as more women and blacks are elected.

It seems as though Reich is conceding that they hold the power and that we the people could appeal to the elitists to create favorable legislation. The problem, as Reich hammers home so copiously, is that they only seem to answer the financial bell. Their careers are dedicated to preserving and defending the system and to helping the oligarchy aggregate even more wealth and power. Peter Fenn of the Center for Responsive Politics was correct when he observed that “the root of the problem is not PACs, it’s money.

What was previously defined as corruption was redefined in the Citizens United vs FEC case. The court now defined “corruption” to mean the exchange of specific money for specific votes --- in other words, it’s only bribery if it’s specific and intentional. General contributions to an independent political committee, on top of whole cadres of lawyers and lobbyists, make it easy for an entity that needs it least - Big Oil - to reap a benefit of \$2.5 billion returned in favorable legislation and subsidies on \$150 million invested. These are fully disclosed, yet the legality or morality of it goes largely unchallenged, since everyone playing along can join the revolving door of ex-Congressmen and Senators and their staffers who become high paid lobbyists. Reich adds, “Government will provide even more corporate subsidies, bailouts, and loan guarantees. It will continue to eliminate protections for consumers, workers, and the environment. It will become a government for, of, and by the oligarchy.”

Palast offered a simple solution: transparency. If the law of the land declares corporations are people, then we have the right to know which corporations are acting like people and which are buying elections and purging voters from the rolls. Or we can demand an end to the fiction. Corporations are not people.

Right up to the end of the single term Trump presidency, it was easy for the ruling class to execute a nearly flawless culture of control. The Republican Administration looked the other way while the over-the-top Trump antics finally drove their joyride into the ditch. According to Reich, social unrest and divisiveness stoked by the one-term president, right up to the bitter end, only served their objectives by obfuscating what is really taking place. The bully-in-chief stoked division and tribalism so most Americans wouldn’t see CEOs getting exorbitant pay while they’re slicing the pay of average workers, wouldn’t pay

attention to the giant tax cut that went to big corporations and the wealthy, and wouldn't notice a boardroom culture that tolerates financial conflicts of interest, insider trading, and the outright bribery of public officials through unlimited campaign donations.

Stoking racial resentments, describing human beings as illegal aliens, fueling hatred of immigrants, and spreading fears of communists and socialists collectively gave the oligarchy freer rein: It distracted Americans from paying attention while the oligarchy is looting the nation, buying off politicians, and silencing critics.

According to Reich, Independent-declaring membership has grown to over 42%. This book, "The System", may have had enough gravitas to swing a few undecided voters in the transactional vote that dumped Trump.

With a propensity for self-destruction, Trump knew how to keep everyone stirred up: vilify, disparage, denounce, defame, and accuse the other side of conspiring against America, and do it continuously. Schooled in reality television and the New York City tabloids, Trump dominated every news cycle. He even had enablers like Lou Dobbs, who played along by reporting on trumped up claims of election fraud, then later had to debunk his own irresponsible claims due to lack of evidence.

Trump wasn't interested in converting large numbers to a cause. His goal was cynicism, disruption, and division. That way, he and the oligarchy behind him could rig the system and then complain loudly that the system is rigged, and the 2020 election was stolen.

I give credit to Reich for attempting to detail the A-Z of the current political divide, which "is not between Republicans and Democrats. It's between democracy and oligarchy. Hearing and using the same old labels prevents most people from noticing they're being shafted." Americans must come to understand the system and where the status quo of concentrated power and privilege are most entrenched. They must also comprehend the corrosive relationship between great wealth and great power.

Big money in politics helps them continue corporate welfare, crony capitalism, expand monopolies, and suppress votes. It weakens any countervailing power that unions, employee-owned corporations, or worker co-ops might use to generate grassroots politics. Lawmakers listen only to the policy demands of big business and wealthy individuals using a cadre of corporate chiefs, their legal and financial consultants, and government relations staffers who find willing enablers in the legislative bodies and the media. With enough distractions, the current president (Biden) will aid and abet these actions in the guise of draining the swamp. If wealth continues to concentrate at the top, it will be impossible to contain the corrupting influence of big money.

It seems Professor Reich's main solution is for millions to be organized and energized, not just for a particular election but to reclaim democracy so an abundance of good policies are possible.

Reich seems to be nicely asking Mr. Dimon (and associates) to sacrifice share prices and their own increased pay that's tied to it; sacrifice (with higher taxes) in order to allow communities that need the higher tax revenue to pay for schools, roads, clean water, and social services. In other words, reduce their power by drafting legislation that binds every major corporation to require seating worker representatives on their board of directors (similar to ideas forwarded by Ralph Nader and associates in the early 1970s), mandate shares of stock for workers, recognize unions when the workforce majority wants one, and give communities a say before corporations abandon town. Reich is also asking these quasi-legislators to treat the environment as their largest stakeholder because after all, a bad environment is equally bad for stakeholders.

Personally, I am not moved by Professor Reich's appeal to Mr. Dimon and his Business Roundtable to engage in conscious actions and activities, since they are convinced that nothing is wrong with the system. The stark reality is that these enablers do not consider themselves bought or bribed. Their greedy pursuits are justified as they multiply dollars so they can then engage in great and wonderful philanthropic things. They echo John D. Rockefeller's declaration during the second period of oligarchy dominance, "having been endowed with the gift I possess, I believe it is my duty to make money and still more money and to use the money I make for the good of my fellow man according to the dictates of my conscience."

Analogous to an apology tour, Reich's "fix" is nothing more than an appeal to their consciousness. Speculating that individual members of this established ruling class would find consciousness and do the right thing seems more like a bitter professor's empty rallying cry. It merely reveals a lack of understanding of the how business works and what motivations are necessary for the "businessman" to thrive.

I expected, and could not agree more, that Reich would make an appeal for citizens to more actively participate, though this will be dramatically slowed by the recent pandemic crisis. "Some believe we elect politicians so the rest of us don't have to be actively engaged in politics. Politics is *their* job. This view is plainly wrong." Agreed, but asking people to suspend activities like arguably "less important (than engaging in politics) – swimming, crossword puzzles, cards or cooking, for example" was a reach. Especially with so many of us staying home, we do have to cook Professor.

Reich masks his distaste for third parties by almost rallying for them. "Unless one or both of the two major parties in the United States moves away from

the established centers of political and economic power, a new party could unite the disaffected and anti-establishment elements of both major parties and give voice to the 90 percent of Americans who have been losing ground.”

Reich cites polls from 2017 and 2018 that show well over 57 percent of Americans want a third party. But he quickly dismisses any chance of that happening, “The American political system discourages strong third parties through winner-take-all rules that squeeze out insurgents, which is why third parties tend to drain off votes from the dominant party closest to them in ideology or voter preference.”

This is the reminder of my previous disagreements with the Professor, however this time he is not specifically accusing us independents as stealing votes which I criticized him for doing over the last several political contests when the Greens had a viable, articulate candidate in Dr. Jill Stein. The Democratic party’s regurgitation of the tired old excuses for losing elections being pinned on assertive actions by third parties runs off true Independents. This is one Democratic lie that severs my attempt at building an alliance with them, even if they do produce a worthy candidate. As my Green party allies state, “If you’re still a soldier in the Red vs. Blue War, they’ve got you right where they want you.”

Back to the positives. We are grateful that Professor Reich is calling for “an active engagement and commitment of vast numbers of Americans who are morally outraged by how far our economy and our democracy have strayed from our ideal and are committed to move beyond outrage to real reform. Possession of and the fundamental ideal of a fair and just society are/is gravely endangered – only protected by engaged citizens who know the truth and are willing to fight to reclaim our democracy.

The way to overcome oligarchy is for the rest of us to join together and win America back. This will require a multiracial, multiethnic coalition of working class, poor, and middle-class Americans fighting for democracy and against concentrated power and privilege, determined to rid politics of big money, end corporate welfare and crony capitalism, bust up monopolies, stop voter suppression, and strengthen the countervailing power of labor unions, employee-owned corporations, worker cooperatives, state and local banks, and grassroots politics.

“The agenda is neither right nor left. It is the bedrock for everything else America must do.”

Former Labor Secretary Robert Reich is not an individual with whom I found much common ground over the years. Having served in a Democratic Administration, his well-publicized rants against his political opponents were background noise. But “The System” was a very articulated version of our present

reality. It was written for all to be able to understand, and could serve as a stimulus to get the American public reinterested in politics.

Back in 1922 Walter Lippmann argued that the broad American public didn't know or care much about public policy. Now however with the trumped-up divisions and assault on the Capitol in January 2021, that part of our history should not be repeated.

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