

# Repairing American Capitalism

## THE INEQUALITY PROBLEM

As nearly everyone is aware, the people of the United States have an economic problem. It is not that the nation as a whole is not prosperous. The recession is over, unemployment is down, and profits are up. The problem is that economic inequality is growing. It is worse than it has been in a very long time. It is worse in this country than in any other major industrialized nation in the world. Our economy produces vast wealth, and fewer and fewer Americans are getting their fair share. We are working harder and longer and getting less for it.

Generally speaking, this is the predictable result of inadequately regulated capitalism. But what we need to determine is what exactly is wrong, and how best to reform the system to correct it. Income inequality increases poverty and reduces the standard of living for all but the wealthiest. But more than that, it is a descent that will over time drain the ability of the entire economy to produce enough to support our population.

Corporations, those who run them, and those who provide for them, will continue to pocket their profits for some time to come, as wealth continues to flow from the many to the few. But this is not sustainable in the long term. The giant serpent is swallowing itself.

The mass of consumers will be able to afford less. Cheap imports and outsourced products will have to become even cheaper if they are to be sold in sufficient quantities. Foreign labor will not become cheaper over time, but more expensive as emerging economies develop.

Poverty is not just a problem for the poor. Those who advocate just ignoring poverty, or blaming it on the poor, are also the ones who complain about the cost of maintaining social safety nets. The effects of poverty, a greater incidence of crime and violence, often impact the non-poor as well, and costs more for law enforcement. That, in addition to prejudice, contributes to police abuse and brutality as well, which has its own costs, both in funds and in divisiveness.

Perhaps it would be a form of justice if we allowed this absurd system of economics to destroy itself. To finally see the expressions on the faces of its advocates and its greedy users when they come to realize its fatal flaw might be a satisfying victory. But long before complete disintegration, or perhaps the popular revolution, the devastation and misery wrought on millions of human lives would be the toll.

**No, we need to fix it now.**

## HUMANIZING CAPITALISM

*The absurd notion of the capitalist ideologues that the system can run itself, and repair itself must be discarded. We need to make extensive structural alterations, and not to simply treat the symptoms and rescue the victims.*

## INCOME

**The fact that many corporate CEO's are paid at a rate over 400 times what the average worker makes, illustrates income inequality quite well.. Higher minimum wages help. When union**

**membership was much higher, fairer wages for all were maintained by collective bargaining. Corporate heads and business owners often consider their workers no more than a commodity to be bought or rented as cheaply as possible. That needs to change.**

### **What the 1% don't want you to know**

Workers must share significantly in the profits made by the employer. This cannot be a mere token, but a portion that will acknowledge that it is the workers who create the wealth.

The minimum wage must be increased to provide adequate income nationwide, indexed to cost of inflation and to higher cost of living in each state or local area. There should be no additional legislation needed to keep it current.

Since only a small percentage of workers today are represented by unions, create an agency within the Department of Labor to which workers can appeal, which will then investigate and determine if unfair wages and/or working conditions exist. If necessary, they will have the power to mandate the needed changes.

Naturally, some abilities, along with good luck, will bring higher incomes than others. Extreme incomes, however, far more than can be spent or needed for financial security, are a waste of wealth, and should be taxed heavily. When paid to corporate executives, they reduce the share of the profits that should go to the workers.

## **RESTORING JOB OPPORTUNITY**

A sustainable economy requires that the vast majority of products sold to consumers be made in their own country, providing good jobs to the workers among them. Outsourcing of labor by US companies must stop. Import duties must once again do their proper job: assure that imports do not compete unfairly with domestic manufacturing.

This will, of course, make consumer goods more expensive. That is one good reason for the cost of living index automatically adjusting the minimum wage. Balance can and will be achieved between income and living costs. The huge advantage of domestic manufacturing, providing income for workers who can then purchase the products from companies that can then hire more workers, makes it highly preferable to the labor outsourcing and importing, whose profits leave workers out of the cycle.

One factor in employment, automation, is not necessarily something to avoid. It may result in fewer jobs, but if the automation is well chosen, it does not merely replace a worker at the same cost. It increases the productivity of the operation, enabling more profit to be shared with those still employed.

As automation becomes more sophisticated, we will, as a society, need to deal with the result that fewer workers will be needed to produce enough goods and services for the entire population. *The traditional source for income, work, may become optional. We will have to devise ways to distribute income that are not tied to employment.*

That is not yet an immediate problem. In addition to all the outsourced jobs that need to be re-domesticated, there is a big backlog of infrastructure rebuilding and repair that has been ignored by those in government who needlessly avoid funding it.

## **PUBLIC OR PRIVATE?**

**When deciding whether a given product or service should be provided or subsidized by the government, or be left mostly to private enterprise, there are certain questions to consider:**

- [1] *Is it a necessity, and if so is it affordable by those earning a minimum wage?*
- [2] *Does it benefit society as a whole, as well as the individual, by being provided?*
- [3] *Would the provider have a monopoly in a given area?*

The right policy is important in assuring effective equality of income. More pay, important as that is, is not enough if privatization has made it harder to afford basic needs.

Both education and health care meet both criteria [1] and [2]. Health and education benefit our entire society, and it should not be left to chance or fortune that they are obtained by all.

Utilities like electricity, water, gas, and internet connectivity, usually local monopolies, are best provided by government, or at least tightly regulated. They need not be free, but kept affordable, and entirely subsidized when life or health would be endangered by their lack.

The expectation that employers should provide health insurance is not an optimum system. In the past, it was a means of forming a group to insure at a lower average risk than individuals. The group of "all people" is larger and better for the purpose, and eliminates the dependence on a job for coverage, as well as not adding insurance cost to payrolls.

Health care should migrate away from private insurance policies altogether, which add a private profit to the total cost, and government administrative costs to any subsidization. Lack of universal health care results in public health problems that affect us all. Both physical and mental ailments too often go untreated until it is too late.

**Higher education** was relatively affordable through the 1970's, and was often pursued for its primary purpose, to become a more informed and aware human being and citizen. The secondary purpose, specific training for a career, was not limited to potentially high-paying jobs or professions. Teachers, artists, musicians, etc., could study just as easily as doctors and lawyers.

The extreme cost increase of colleges has *perverted higher education*. Accruing a huge loan debt requires at least a potential high income after graduation to enable repayment. Learning for its own sake, or interests that may not be so remunerative but enrich both society and personal satisfaction, is now difficult for the non-wealthy. We are in danger of having an increasingly ignorant electorate, and a less creative population, less able to contribute to public discourse in many ways.

When higher education does contribute to higher incomes, the poor should definitely have equal opportunity to obtain it. Education also contributes to the ability to organize communities and public interest groups, helping to overcome disadvantages.

The notion that a public employee's pension, having been negotiated and agreed to, could later be altered by law to save money, is most reprehensible and contrary to the principles of the contract. No local or state government should be permitted to do that.

Since the cost of a pension was knowable from the beginning, any difficulty in meeting that cost is due to poor management: failure to put funds aside, or using those funds for something else.

Taking income away from the retired is a low blow, and one from which it is hard for them to recover.

**Income inequality, increasingly impoverishing us all except the wealthiest, is growing too rapidly for minor adjustments to correct. It needs strong policy changes, and it needs them soon.**

*[1] Worker pay must comprise a fair and significant share of the profits of their employer.*

*[2] Minimum wage must be raised, and required to be increased to meet the cost of living.*

*[3] Excessive incomes must be taxed heavily, to discourage waste of wealth in general, and corporate profit in particular.*

*[4] To protect the large number of workers not represented by a union, the Department of Labor must form an agency to investigate unfair practices reported by workers, and mandate correction.*

*[5] Import duties must be restored and used for their proper purpose: to prevent unfair competition with domestic products. American companies that outsource labor will have their products considered imports and taxed appropriately. This can be implemented gradually over a couple of years to give the companies time to return to domestic manufacturing.*

*[6] Health care and higher education must be provided to all at low or nominal cost. It is not only in the national interest that all have unobstructed both, but the burden of their excessive costs must be removed for low or limited income people.*

*[7] There must be no attempt to reduce pensions or other income of the retired or disabled. Though that should be illegal already, Republicans have done it in some states. so a national ban is needed.*

**Millions of Americans are less and less controlled by the old propaganda, dispensed for decades by the corporate capitalists, that equated democratic socialist programs with the excesses of Soviet communism.**

**Absurd as that has long seemed to thinking informed people, repetition over generations has burned the lies into the minds of many, while other countries around the world have surpassed us in caring for their citizens. We have stood by and let corporations buy our politicians and judges, and much of our media. This has become abundantly clear.**

**We need more than a President who is on the side of the people,. We need an entire Congress.**

**--CosmicRat March 13, 2016**