

Turning America into Pottersville

Exclusive: The Republican presidential race has taken a detour into the “class warfare” that the party supposedly despises, with Newt Gingrich and Rick Perry tagging Mitt Romney as an elitist who got rich by laying off workers. But this spat misses the larger point of what the Right is doing to America, writes Robert Parry.

By Robert Parry

For many years, it appeared that the Right wanted to take the United States back to the 1950s when blacks “knew their place,” women were “in the kitchen” and gays stayed “in the closet” but it turns out that the intended back-in-time-travel was to the 1920s, to an era of a few haves and many have-nots, not only before the Civil Rights Movement but before the Great American Middle-Class.

The Right’s goal has been less to recreate the world of “Father Knows Best” than to establish a national “Pottersville,” like in the movie, “It’s a Wonderful Life,” where the existence of the average man and woman was brutish and unfulfilling, while the 1 percent of that age lived in gilded comfort and held sweeping power.

That is the message ironically coming from the expensive ad wars of the Republican presidential battle, where frontrunner Mitt Romney has emerged as the personification of the 1 percent and has been attacked by rivals who while supporting similar policies favoring the ultra-rich have savaged his career as a venture capitalist, or as Texas Gov. Rick Perry puts it, a “vulture capitalist.”

Romney’s response has been telling. The former chief executive of the corporate takeover firm Bain Capital went beyond the Right’s usual lament about “class warfare,” terming the criticism of high-flying financiers who use layoffs to fatten their bottom lines “the bitter politics of envy.”

And, if there remained any doubt about Romney’s status as the nation’s “elitist-in-chief,” he added that it was wrong to have a noisy and open debate about the dangers of growing income inequality. He told Matt Lauer on NBC’s “Today” that “I think it’s fine to talk about those things in quiet rooms, and discussions about tax policy and the like.”

In other words, keep the rabble from protesting their lot; leave these matters to the well-bred and the well-off, in their think tanks and their board rooms.

For decades, the Right has largely concealed this elitist agenda behind appeals to social conservatism and flag-waving patriotism. Many working- and middle-

class Americans, especially white males, have sided with the economic free-marketers because they hated “lib-rhuls” supported civil rights for blacks, women and gays and also questioned America’s military might.

Plus, many Americans have forgotten a basic truth: that the Great American Middle-Class was largely a creation of the federal government and its policies dating back to Franklin Roosevelt’s New Deal. For many Americans in the middle-class, it was more satisfying to think that they or their parents had climbed the social ladder on their own. They didn’t need “guv-mint” help.

But the truth is that it was government policies arising out of the Great Depression and carried forward through the post-World War II years by both Republican and Democratic presidents that created the opportunities for tens of millions of Americans to achieve relative comfort and security.

Those policies ranged from Social Security and labor rights in the 1930s to the GI Bill after World War II to government investments in infrastructure and technological research in the decades that followed. Even in recent years, despite right-wing efforts to choke off this flow of progress, government programs such as the Internet brought greater efficiency to markets and wealth to many entrepreneurs.

So, not only is Massachusetts Senate candidate Elizabeth Warren right when she notes that “there is nobody in this country who got rich on his own,” it’s also true that government policies enabled large numbers of Americans to climb out of poverty and into the middle-class.

The Dick Cheney Example

Oddly, one of the best examples of this reality is the life of right-wing icon Dick Cheney, as he revealed in his recent memoir, *In My Time*. In the book, Cheney recognizes that his personal success was made possible by Franklin Roosevelt’s New Deal and the fact that Cheney’s father managed to land a steady job with the federal government.

“I’ve often reflected on how different was the utterly stable environment he provided for his family and wondered if because of that I have been able to take risks, to change directions, and to leave one career path for another with hardly a second thought,” Cheney wrote.

By contrast, in sketching his family’s history, Cheney depicted the hard-scrabble life of farmers and small businessmen scratching out a living in the American Midwest and suffering financial reversals whenever the titans of Wall Street stumbled into a financial crisis and the bankers cut off credit.

After his forebears would make some modest headway from their hard work, they would find themselves back at square one, again and again, because of some "market" crisis or a negative weather pattern. Whether a financial panic or a sudden drought, everything was lost.

"In 1883, as the country struggled through a long economic depression, the sash and door factory that [Civil War veteran Samuel Fletcher Cheney] co-owned [in Defiance, Ohio] had to be sold to pay its debts," Cheney wrote. "At the age of fifty-four, Samuel Cheney had to start over," moving to Nebraska.

There, Samuel Cheney built a sod house and began a farm, enjoying some success until a drought hit, again forcing him to the edge. Despite a solid credit record, he noted that "the banks will not loan to anyone at present" and, in 1896, he had to watch all his possessions auctioned off at the Kearney County Courthouse. Samuel Cheney started another homestead in 1904 and kept working until he died in 1911 at the age of 82.

His third son, Thomas, who was nicknamed Bert (and who would become Dick Cheney's grandfather), tried to build a different life as a cashier and part owner of a Sumner, Kansas, bank, named Farmers and Merchants Bank. But he still suffered when the economy crashed.

"Despite all his plans and success, Bert Cheney found that, like his father, he couldn't escape the terrible power of nature," Dick Cheney wrote. "When drought struck in the early 1930s, farmers couldn't pay their debts, storekeepers had to close their doors, and Farmers and Merchants Bank went under. My grandparents lost everything except for the house in which they lived."

Finding Security

Bert Cheney's son, Richard, ventured off in a different direction, working his way through Kearney State Teachers College and taking the civil service exam. He landed a job as a typist with the Veterans Administration in Lincoln, Nebraska.

"After scraping by for so long, he found the prospect of a \$120 monthly salary and the security of a government job too good to turn down," his son, Dick Cheney, wrote. "Before long he was offered a job with another federal agency, the Soil Conservation Service.

"The SCS taught farmers about crop rotation, terraced planting, contour plowing, and using 'shelter belts' of trees as windbreaks techniques that would prevent the soil from blowing away, as it had in the dust storms of the Great Depression. My dad stayed with the SCS for more than thirty years, doing work of which he was immensely proud.

“He was also proud of the pension that came with federal employment a pride that I didn’t understand until as an adult I learned about the economic catastrophes that his parents and grandparents had experienced and that had shadowed his own youth.”

Like many Americans, the Cheney family was pulled from the depths of the Great Depression by the New Deal of Franklin Roosevelt, cementing the family’s support for the Democratic president and his party. The family celebrated when little Dick was born on FDR’s birthday.

“When I was born [on Jan. 30, 1941] my granddad wanted to send a telegram to the president,” Cheney wrote in his memoir. “Both sides of my family were staunch New Deal Democrats, and Granddad was sure that FDR would want to know about the ‘little stranger’ with whom he now had a birthday in common.”

However, Dick Cheney took a different path. Freed from the insecurity that had afflicted his father and earlier Cheneys caused by the cruel vicissitudes of laissez-faire capitalism Dick Cheney enjoyed the relative comfort of middle-class life in post-World War II America. He took advantage of the many opportunities that presented themselves.

Most notably, Cheney attached himself to an ambitious Republican congressman from Illinois named Donald Rumsfeld. When Rumsfeld left Congress for posts in the Nixon administration, he brought Cheney along. Eventually Rumsfeld became White House chief of staff to President Gerald Ford and when Rumsfeld was tapped to become Defense Secretary in 1975 he recommended his young aide, Dick Cheney, to succeed him.

Cheney’s career path through the ranks of Republican national politics, with occasional trips through the revolving door into lucrative private-sector jobs, was set. He became a major player within the GOP Establishment, building a reputation as an ardent conservative, a foreign policy hawk and a fierce opponent of the New Deal.

Demonizing Guv-mint

The Right’s ongoing campaign to dismantle the New Deal also has hinged on the demonization of “guv-mint,” a darkening of attitudes that became more possible when many middle-class Americans lost their memory of how their families had moved into the middle-class.

In the 1960s and 1970s, middle-class white men in particular came to view the government as a force for helping the poor, women and minorities, while putting pressure on white males to change long-established attitudes. Plus, they were told that the government was taking their hard-earned dollars to give to the

undeserving.

When these messages along with a mix of patriotic hoopla and coded appeals to bigotry were delivered by the personable Ronald Reagan in 1980, middle- and working-class whites rallied to the Right's banner. It was time, they felt, to dismantle many government programs for the poor and to get tough on foreign adversaries.

But Reagan's most important policy was slashing taxes, especially those on the rich. Under Reagan's "supply-side economics," the top marginal tax rate that is what the richest Americans pay on their highest tranche of income was more than halved, from 70 percent to 28 percent.

Yet, since the promised surge in "supply-side" growth didn't materialize, one result was a dramatic rise in the national debt. Another less obvious change was the incentivizing of greed. Under presidents from Dwight Eisenhower (when the top marginal tax rate was 90 percent) through Jimmy Carter (with a 70 percent top rate), taxes had been a disincentive against greed.

After all, if 70 to 90 percent of your highest tranche of income went to the government to help pay for building the nation, you had little personal incentive to press for that extra \$1 million or \$2 million. So corporate CEOs while well-compensated were happy earning about 25 times as much as their average worker in the 1960s. A few decades later, that ratio on CEO pay was about 200 times what the average worker was making.

As the Washington Post's Peter Whoriskey framed this historic development in a June 19, 2011, article, U.S. business underwent a cultural transformation from the 1970s when chief executives believed more in sharing the wealth than they do today.

Whoriskey described the findings of researchers with access to economic data from the Internal Revenue Service. The numbers revealed that the big bucks were not flowing primarily to athletes or actors or even stock market speculators; America's new super-rich were mostly corporate chieftains.

The article cited a U.S. dairy company CEO from the 1970s, Kenneth J. Douglas, who earned the equivalent of about \$1 million a year. He lived comfortably but not ostentatiously. Douglas had an office on the second floor of a milk distribution center, and he turned down raises because he felt it would hurt morale at the plant, Whoriskey reported.

However, just a few decades later, Gregg L. Engles, the CEO of the same company, Dean Foods, averaged about 10 times what Douglas made; worked in a glittering high-rise office building in Dallas; owned a vacation estate in Vail, Colorado;

belonged to four golf clubs; and traveled in a \$10 million corporate jet. He apparently had little concern about what his workers thought.

“The evolution of executive grandeur from very comfortable to jet-setting reflects one of the primary reasons that the gap between those with the highest incomes and everyone else is widening,” Whoriskey reported.

“For years, statistics have depicted growing income disparity in the United States, and it has reached levels not seen since the Great Depression. In 2008, the last year for which data are available, for example, the top 0.1 percent of earners took in more than 10 percent of the personal income in the United States, including capital gains, and the top 1 percent took in more than 20 percent.”

The old New-Deal-to-post-World-War-II notion had been that a healthy middle-class contributed to profitable businesses because average people could afford to buy consumer goods, own their own homes and take an annual vacation with the kids. That “middle-class system,” however, had required intervention by the government as the representative of the everyman.

The consequences of several decades of Reaganism and its related ideas (such as shipping many middle-class jobs overseas) are now apparent. Wealth has been concentrated at the top with billionaires living extravagant lives while the middle-class shrinks and struggles. One everyman after another gets shoved down the social ladder into the lower classes and into poverty.

Those real-life consequences are painful. Millions of Americans forego needed medical care because they can't afford health insurance; young people, burdened by college loans, crowd back in with their parents; trained workers settle for low-paying jobs or are unemployed; families skip vacations and other simple pleasures of life.

Beyond the unfairness, there is the macro-economic problem which comes from massive income disparity. A strong economy is one in which the vast majority people can buy products, which can then be manufactured more cheaply, creating a positive cycle of profits and prosperity.

Instead, Mitt Romney – and even his Republican rivals who criticize his personal business methods – are intent to press ahead down the dark road of Reaganism toward some nightmarish Pottersville. Instead of a vibrant debate about whether this is the right way to go, Romney instructs the masses to keep their mouths shut with the only permitted conversations about the nation's future restricted to “quiet rooms.”

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Robert Parry broke many of the Iran-Contra stories in the 1980s for the Associated Press and Newsweek. His latest book, *Neck Deep: The Disastrous Presidency of George W. Bush*, was written with two of his sons, Sam and Nat, and can be ordered at neckdeepbook.com. His two previous books, *Secrecy & Privilege: The Rise of the Bush Dynasty from Watergate to Iraq* and *Lost History: Contras, Cocaine, the Press & 'Project Truth'* are also available there.
