

# 1% Politics and the New Gilded Age

Rajan Menon looks at two recent scandals and what they show about the nexus between wealth and power in America.

By [Rajan Menon](#)

[TomDispatch.com](#)



Despair about the state of our politics pervades the political spectrum, from left to right. One source of it, the narrative of fairness offered in basic civics textbooks – we all have an equal opportunity to succeed if we work hard and play by the rules; citizens can truly shape our politics – no longer rings true to most Americans. Recent surveys indicate that substantial numbers of them believe that the [economy](#) and [political system](#) are both rigged. They also think that money has an [outsized influence](#) on politics. Ninety percent of Democrats hold this view, but so do 80 percent of Republicans. And [careful studies](#) confirm what the public believes.

None of this should be surprising given the stark economic inequality that now marks our society. The richest 1 percent of American households currently account for [40 percent](#) of the country's wealth, more than the bottom 90 percent of families possess. Worse yet, the top 0.1 percent has cornered about [20](#) percent of it, up from 7 percent in the mid-1970s. By contrast, the share of the bottom 90 percent has since then fallen from 35 percent to 25 percent. To put such figures in a personal light, in 2017, [three men](#) – Jeff Bezos, Warren Buffett, and Bill Gates – possessed more wealth (\$248.5 billion) than the bottom 50 percent of

Americans.

Over the last four decades, economic disparities in the U.S. increased substantially and are now greater than those in other wealthy democracies. The political consequence has been that a tiny minority of extremely wealthy Americans wields disproportionate influence, leaving so many others feeling disempowered.

### **What Money Sounds Like**

Two recent headline-producing scandals highlight money's power in society and politics.

The first involved super-affluent parents who used their wealth to get their manifestly unqualified children into highly selective colleges and universities that previously had reputations (whatever the reality) for weighing the merits of applicants above their parents' wealth or influence.

The second concerned Texas Senator Ted Cruz's reported failure to reveal, as election laws require, more than \$1 million in low-interest loans that he received for his 2012 Senate campaign. (For that lapse, the Federal Election Commission (FEC) fined Senator Cruz a modest \$35,000.) The funds came from Citibank and Goldman Sachs, the latter his wife's longtime employer. News of those undisclosed loans, which also cast doubt on Cruz's claim that he had funded his campaign in part by liquidating the couple's assets, only added to the sense that favoritism now suffuses the politics of a country that once prided itself on being the world's model democracy. (Journalists covering the story couldn't resist pointing out that the senator had often lambasted

Wall Street's "crony capitalism" and excessive political influence.)

The Cruz controversy is just one reflection of the coming of 1 percent politics and 1 percent elections to America at a moment when the first billionaire has been ensconced in the Oval Office for more than two years, posing as a populist no less.

Since the Supreme Court's 2010 ruling in Citizens United v. Federal Election Commission, money has poured into politics as never before. That's because the Court ruled that no limits could be placed on corporate and union spending aimed at boosting or attacking candidates running for political office. Doing so, the justices determined in a 5-4 vote, would be tantamount to restricting individuals' right to free speech, protected by the First Amendment. Then came the Court's 2014 McCutcheon v. Federal Election Commission decision (again 5-4), which only increased money's influence in politics by removing the aggregate limit on an individual's contribution to candidates and to national party committees.

In an age when money drives politics, even ex-presidents are cashing in. Fifteen years after Bill Clinton departed the White House, he and Hillary had amassed a net worth of \$75 million – a 6,150 percent increase in their wealth. Barack and Michelle Obama's similarly soared from \$1.3 million in 2000 to \$40 million last year – and they're just warming up. Key sources of these staggering increases include sky-high speaking fees (often paid by large corporations), including \$153 million for the Clintons between February 2001 and May 2016. George W. Bush also made tens of

millions of dollars in this fashion and, in 2017, Obama received \$400,000 for a single speech to a Wall Street firm.

No wonder average Americans believe that the political class is disconnected from their day-to-day lives and that ours is, in practice, a democracy of the rich in which money counts (and counts and counts).

## **Cash for College**

Now let's turn to what those two recent scandals tell us about the nexus between wealth and power in America.

First, the school scam. Parents have long hired pricey tutors to coach their children for the college admissions tests, sometimes paying them hundreds of dollars an hour, even \$1,500 for 90 minutes of high-class prep. They've also long tapped their exclusive social and political connections to gin up razzle-dazzle internships to embellish those college applications. Anyone who has spent as much time in academia as I have knows that this sort of thing has been going on for a long time. So has the practice of "legacy admissions" – access to elite schools especially for the kids of alumni of substantial means who are, or might prove to be, donors. The same is true of privileged access to elite schools for the kids of mega-donors. Consider, for instance, that \$2.5 million donation Charles Kushner made to Harvard in 1998, not long before his son Jared applied. Some of the folks who ran Jared's high school noted that he wasn't exactly a whiz-bang student or someone with sky-high SAT scores, but – surprise! – he was accepted anyway.

What's new about the recent revelations is that they show

the extent to which today's deep-pocketed helicopter parents have gone into overdrive, using brazen schemes to corrupt the college admissions process yet more. One unnamed parent spent a cool \$6.5 million to ensure the right college admitted his or her child. Others paid hefty amounts to get their kids' college admissions test scores falsified or even hired proxies to take the tests for them. Famous actors and financial titans made huge payments to university sports coaches, who then lied to admissions officers, claiming that the young applicants were champions they had recruited in sports like water polo, crew, or tennis. (The kids may have known how to swim, row, or play tennis, but star athletes they were not.)

Of course, as figures on the growing economic inequality in this country since the 1970s indicate, the overwhelming majority of Americans lack the connections or the cash to stack the deck in such ways, even assuming they would do so. Hence, the public outrage, even though parents generally understand that not every aspirant can get into a top school – there aren't enough spots – just as many know that their children's future happiness and sense of fulfillment won't depend on whether they attend a prestigious college or university.

Still, the unfairness and chicanery highlighted by the admissions scandal proved galling, the more so as the growing crew of fat cats corrupting the admissions process doubtless also preach the gospel of American meritocracy. Worse, most of their kids will undoubtedly present their fancy degrees as proof that quality wins out in our society, never mind that their starting blocks were placed so far

ahead of the competition.

To add insult to injury, the same parents and children may even portray admissions policies designed to help students who lack wealth or come from underrepresented communities as violations of the principles of equal opportunity and fairness, democracy's bedrock. In reality, students from low-income families, or even those of modest means, are startlingly less likely to be admitted to top private universities than those from households in the top 10 percent. In fact, applicants from families in the top 1 percent are now 77 times more likely than in the bottom 20 percent to land in an elite college, and 38 of those schools admit more kids from families in that top percentage than from the bottom 60 percent.

### **Buying Politics (and Politicians), American-Style**

Now, let's return to the political version of the same – the world in which Ted Cruz swims so comfortably. There, too, money talks, which means that those wealthy enough to gain access to, and the attention of, lawmakers have huge advantages over others. If you want political influence, whether as a person or a corporation, having the wealth needed to make big campaign contributions – to individuals or groups – and to hire top-drawer lobbyists makes a world of difference.

Official data on the distribution of family income in the United States show that the overwhelming majority of Americans can't play that game, which remains the preserve of a tiny super-rich minority. In 2015, even with taxes and government-provided benefits included, households in the

lowest 20 percent accounted for only about 5 percent of total income. Their average income – not counting taxes and government-provided assistance – was only \$20,000. The share of the bottom 50 percent – families making \$61,372 or less – dropped from 20 percent to 12 percent between 1978 and 2015. By contrast, families in the top 1 percent earned nearly 50 percent of total income, averaging \$215,000 a year – and that's only income, not wealth. The super-rich have plenty of the latter, those in the bottom 20 percent next to none.

Before we proceed, a couple of caveats about money and political clout. Money doesn't always prevail. Candidates with more campaign funds aren't guaranteed victory, though the time politicians spend raising cash leaves no doubt that they believe it makes a striking difference. In addition, money in politics doesn't operate the way simple bribery does. The use of it in pursuit of political influence works more subtly, and often – in the new era opened by the Supreme Court – without the slightest need to violate the law.

Still, in Donald Trump's America, who would claim that money doesn't talk? If nothing else, from inaugural events – for Trump's inaugural \$107 million was raised from a host of wealthy donors with no limits on individual payments, 30 of which totaled \$1 million or more – to gala fundraisers, big donors get numerous opportunities to schmooze with those whose campaigns they've helped bankroll. Yes, there's a limit – currently \$5,600 – on how much any individual can officially give to a single election campaign, but the ultra-wealthy can simply put their money into organizations

formed solely to influence elections as well as into various party committees.

Individuals, companies, and organizations can, for instance, give money to political action committees (PACs) and Super PACs. Though bound by rules, both entities still have lots of leeway. PACs face no monetary limits on their independent efforts to shape elections, though they can't accept corporate or union money or take more than \$5,000 from individuals. They can provide up to \$5,000 to individual election campaigns and \$15,000 per party committee, but there's no limit on what they can contribute in the aggregate. Super PACs have far more running room. They can rake in unlimited amounts from a variety of sources (as long as they're not foreign) and, like PACs, can spend limitless sums to shape elections, providing they don't give money directly to candidates' campaigns.

Then there are the dark money groups, which can receive financial contributions from any source, American or foreign. Though their primary purpose is to push policies, not individual campaigns, they can engage in election-related work, provided that no more than half their funds are devoted to it. Though barred from donating to individual campaigns, they can pour unlimited money into Super PACs and, unlike PACs and Super PACs, don't have to disclose who gave them the money or how much. Between 2008 and 2018, dark money groups spent \$1 billion to influence elections.

In 2018, 2,395 Super PACs were working their magic in this country. They raised \$1.6 billion and spent nearly \$809 million. Nearly 78 percent of the money they received came from 100 donors. They, in turn, belonged to the wealthiest 1

percent, who provided 95 percent of what those Super PACs took in.

As the 2018 congressional elections kicked off, the four wealthiest Super PACs alone had \$113.4 million on hand to support candidates they favored, thanks in substantial measure to business world donors. In that election cycle, 31 individuals ponied up more than \$5 million apiece, while contributions from the top four among them ranged from almost \$40 million to \$123 million.

The upshot: if you're running for office and advocate policies disliked by wealthy individuals or by companies and organizations with lots of cash to drop into politics, you know from the get-go that you now have a problem.

Wealth also influences political outcomes through the lobbying industry. Here again, there are rules, but even so, vast numbers of lobbyists and eye-popping amounts of lobbying money now are at the heart of the American political system. In 2018 alone, the 50 biggest lobbying outfits, largely representing big companies, business associations, and banks, spent \$540 million, and the grand total for lobbying that year alone was \$3.4 billion.

Nearly 350 of those lobbyists were former legislators from Congress. Officials departing from senior positions in the executive branch have also found artful ways to circumvent presidential directives that prohibit them from working as lobbyists for a certain number of years.

Do unions and public interest groups also lobby? Sure, but there's no contest between them and corporations. Lee Drutman of the New America think tank notes that, for every

dollar the former spent in 2015, corporate donors spent \$34. Unsurprisingly, only one of the top 20 spenders on lobbying last year was a union or a public-interest organization.

The sums spent by individual companies to gain political influence can be breathtaking. Take now-embattled Boeing. It devoted \$15 million to lobbying in 2018 – and that’s not counting its campaign contributions, using various channels. Those added another \$8.4 million in the last two-and-a-half years. Yet Boeing only placed 11th among the top 20 corporate spenders on lobbying last year. Leading the pack: the U.S. Chamber of Commerce at \$94.8 million.

Defenders of the status quo will warn that substantially reducing money’s role in American politics is sure to threaten democracy and civil liberties by ceding undue power to the state and, horror of horrors, putting us on the road to “socialism,” the right wing’s bogeyman *du jour*. This is ludicrous. Other democracies have taken strong steps to prevent economic inequality from subverting their politics and haven’t become less free as a result. Even those democracies that don’t limit political contributions have adopted measures to curb the power of money, including bans on television ads (a huge expense for candidates in American elections: \$3 billion in 2018 alone just for access to local stations), free airtime to allow competitors to disseminate their messages, and public funds to ease the financial burden of election campaigns. Compared to other democracies, the United States appears to be in a league of its own when it comes to money’s prominence in politics.

Those who favor continuing business as usual like to point

out that federal “matching funds” exist to help presidential candidates not be steamrolled by competitors who’ve raised mounds of money. Those funds, however, do no such thing because they come with stringent limits on total spending. Candidates who accept matching funds for a general election cannot accept contributions from individuals. Moreover, matching funds are capped at \$20 million, which is a joke considering that Barack Obama and Mitt Romney spent a combined \$1.2 billion in individual contributions alone during the 2012 presidential election. (Super PACs spent another \$350 million to help Romney and \$100 million to back Obama.)

### **A New American Tradition?**

Rising income inequality, wage stagnation, and slowing social mobility hurt ordinary Americans economically, even as they confer massive social and political advantages on the mega-rich – and not just when it comes to college admissions and politics either.

Even the *Economist*, a publication that can’t be charged with sympathy for left-wing ideas, warned recently of the threat economic inequality poses to the political agency of American citizens. The magazine cited studies showing that, despite everything you’ve heard about the power of small donations in recent political campaigns, 1 percent of the population actually provides a quarter of all the money spent on politics by individuals and 80 percent of what the two major political parties raise. Thanks to their wealth, a minuscule economic elite as well as big corporations now shape policies, notably on taxation and expenditure, to their advantage on an unprecedented scale. Polls show that

an overwhelming majority of Americans support stricter laws to prevent wealth from hijacking politics and want the *Citizens United* ruling overturned. But then just how much does the voice of the majority matter? Judging from the many failed efforts to pass such laws, not much.

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## Jeremy Corbyn as Target Practice

Two articles from Jonathan Cook: Reaction to footage of British soldiers using a poster of Jeremy Corbyn as target practice; and a look back at when a sitting prime minister was a real target of the British army.

By Jonathan Cook

Jonathan-Cook.net



**I**t is time to stop believing these infantile narratives the political and media establishment have crafted for us. Like the one in which they tell us they care deeply about the state of British political life, that they lie awake at night worrying about the threat posed by populism to our democratic institutions.

How do they persuade us of the depth of their concern? They

express their horror at the murder of an MP, Jo Cox, and their outrage at the abuse of another, Anna Soubry.

But they don't really care whether politicians are assaulted, vilified or threatened – at least, not if it is the kind of politician who threatens their power. These political and media elites don't seriously care about attacks on democracy, or about political violence, or about the rottenness at the core of state institutions. Their outrage is selective. It is rooted not in principle, but in self-interest.

Is that too cynical? Ponder this.

Labour leader Jeremy Corbyn hasn't just faced insults shouted at him from afar, like Soubry. He was recently physically assaulted, hit on the head by a man holding an egg in his fist. But unlike Soubry, our media expressed no real concern. In fact, they could barely conceal their sniggers at his "egging", an attack they presented as little more than a prank. They even hinted that Corbyn deserved it.

### **Shown as Kremlin Stooge**

The media have been happy too to vilify Corbyn as a Kremlin stooge and a former Soviet spy. BBC news even photoshopped the Labour leader to make him look "Russian" – or "more Russian", as the media all phrased it. Those who protested were told they were reading too much into it. They needed to lighten up and not take themselves so seriously.

The Conservative party, including the former defence secretary Michael Fallon, has regularly portrayed Corbyn as a threat to national security, especially over concerns

about the Trident nuclear missile system. Many senior members of Corbyn's own party have echoed such smears – all amplified, of course, by the media.

Those who suggested that the government and media needed to engage with Corbyn's well-grounded doubts about the safety of nuclear weapons, or the economics and practicalities of the Trident programme, were derided – like Corbyn – as “pacifists” and “traitors”.

Then Corbyn became the target of another sustained demonisation campaign. It was claimed that this lifelong, very public anti-racism activist – who over decades had forged strong ties to sections of the British Jewish community, despite being a steadfast critic of Israel – was, at worst, a secret anti-semite and, at best, providing succour to anti-semites as they overran the Labour party.

Was there any factual basis or evidence for these claims? No. But the British public was assured by rightwing Jews like the Board of Deputies and by “leftwing” Jewish supporters of Israel like Jonathan Freedland that evidence wasn't necessary, that they had a sixth sense for these things.

Corbyn's supporters were told that they should not question the wildly inflammatory and evidence-free denunciations of Corbyn and the wider Labour membership for a supposed “institutional anti-semitism” – and, with a satisfyingly circular logic, that to do so was itself proof of anti-semitism.

## Too Toxic to Lead Labour

The weaponisation of anti-semitism through political spin by Corbyn's political enemies, including the Blairite faction of the parliamentary Labour party, was and is a dangerous assault on public life, one that has very obviously degraded Britain's political culture.

The smear was meant to override the membership's wishes and make Corbyn too toxic to lead Labour.

It has also politicised the anti-semitism allegation, weakening it for a section of the population, and irresponsibly inflaming fears among other sections. It has deflected attention from the very real threat of a rising tide of rightwing racism, both Islamophobia and the kind of anti-semitism that relates to Jews, not Israel.

The army launching an 'investigation' into Corbyn being used as target practice by soldiers is the one being led by a general who explained to the Times that he and his colleagues would make sure Corbyn was never allowed to reach No 10. This extends right to the top <https://t.co/Fh3uYM0g5K>

– Jonathan Cook (@Jonathan\_K\_Cook) [April 3, 2019](#)

Then, there was the serving British general who was given a platform by *The Sunday Times* – anonymously, of course – to [accuse](#) Corbyn of being a threat to British national security. The general warned that the army's senior command would never allow Corbyn near Number 10. They would launch a coup first.

But no one in the corporate media or the political establishment thought the interview worthy of much attention, or demanded an investigation to find out which

general had threatened to overturn the democratic will of the people. The story was quickly dropped down the memory hole. Those who sought to draw attention to it were told to move on, that there was nothing to see.

And now, this week, footage has emerged showing British soldiers – apparently taking their commanders' expressed wishes more seriously than the media – using a poster of Corbyn as target practice out in Afghanistan.

### **Questioning 'Security Credentials'**

Do the media and politicians really care about any of this? Are they concerned, let alone as outraged as they were at Soubry's earlier discomfort at the verbal abuse she faced? Do they understand the seriousness of this threat to British political life, to the safety of the leader of the opposition?

The signs are still far from reassuring. Theresa May did not think it worth using prime minister's questions to condemn the video, to send an unequivocal message that Britain's political choices would never be decided by violence. No one else in the chamber apparently thought to raise the matter either.

Sky News even used the footage to question yet again Corbyn's "security credentials", as though the soldiers might thereby have grounds for treating him as a legitimate target.

The clues as to where all this is leading are not hard to fathom. The white nationalist who drove into a crowd at Finsbury Park mosque in London, killing a

worshipper, admitted at his trial that the real target had been Corbyn. An unexpected roadblock foiled his plans.

The fact is that no one in the political or media class cares much whether their constant trivialising of Corbyn's political programme degrades British political life, or whether their smears could lead to political violence, or whether four years of their incitement might encourage someone to use more than an egg and a fist against Corbyn.

So let's stop indulging the media and politicians as they cite Jo Cox's murder and Anna Soubry's intimidation as evidence of their democratic sensibilities and their commitment to political principle.

The truth is they are charlatans. They will use anything – from the murder of an MP to confessions of anti-semitism and smears about treason – to incite against a democratic politician who threatens their domination of the political system.

It is their refusal to engage with a political argument they know they will lose, and to allow a democratic process to take place that they fear will produce the wrong result, that is setting the scene for greater polarisation and frustration, and ultimately for violence.

## **Army Plots Against a British Prime Minister are Not New**

By Jonathan Cook

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There has been some debate about the significance of a warning issued this weekend through Rupert Murdoch's *Sunday Times* by a British general that the army would "mutiny" and use "whatever means possible, fair or foul" should the new Labour leader Jeremy Corbyn ever get near 10 Downing Street.

Here is what the general says:

A senior serving general said the armed forces would take "direct action" to stop a Corbyn government downgrading them and said his victory had been greeted with "wholesale dismay", even among Labour-supporting soldiers.

"There would be mass resignations at all levels and you would face the very real prospect of an event which would effectively be a mutiny," the general said. "Feelings are running very high within the armed forces. You would see a major break in convention with senior generals directly and publicly challenging Corbyn over vital important policy decisions such as Trident, pulling out of Nato and any plans to emasculate and shrink the size of the armed forces. The Army just wouldn't stand for it. The general staff would not allow a prime minister to jeopardise the security of this country and I think people would use whatever means possible, fair or foul to prevent that. You can't put a maverick in charge of a country's security."

Owen Jones has wondered whether this is tantamount to a threat of a coup by the military. I think it would be foolhardy indeed to read it as anything else.

None of us should be surprised either. We have been here before. In the late 1960s and early 1970s serving British generals, former generals, members of the royal family and the British security services regularly spoke in such terms to each other – and even occasionally on prime-time television.

More than that, when they believed their privileges were under serious threat, as they did during Harold Wilson's various governments of that period, they actively plotted for "regime change", or a military takeover.

In what became a self-serving vicious spiral, the

establishment's fears were further stoked by the stream of black propaganda being fed to the British media by MI5, Britain's version of the FBI. It painted Wilson's government and the trade union movement as overrun with Communists trying to bring down the UK. One can imagine a Corbyn government will receive no better treatment from the UK media than Wilson's did.

Like Corbyn today, Wilson was seen in the 60s and 70s as a major threat to the entrenched privileges of British elites.

There is a wealth of evidence for all this, though perhaps unsurprisingly many sources, including Wikipedia, casually dismiss these accounts as "conspiracy theories" – the ultimate way to shut down scrutiny.

But the evidence was so compelling even the BBC, hardly a risk-taking broadcaster at the best of times, girded its loins back in 2006 to make a documentary called "The Plot Against Harold Wilson". In fact, as the 90-minute film makes clear by interviewing many of those directly involved, there was not one plot but many against Wilson. You can watch it [here](#).

It probably all seemed like old, slightly quaint history to the BBC nine years ago. Now it sounds frighteningly relevant again.

Here is a fascinating line from one plotter, Sir General Walter Walker, at about 1hr 2 mins in. Speaking in the early 1970s, he says on film:

If you plot to destroy this present system, what are you

doing? You are committing a form of treason. I have taken an oath of allegiance to my Queen and I am not prepared to see that oath interfered with.

For me at least, that puts the ludicrous current debate about Corbyn refusing to sing the national anthem in an even more sinister light. It also makes me wonder how the armed forces read the recent comment from the prime minister, David Cameron, that Corbyn poses a “threat to national security”.

Lord Mountbatten, the Queen’s cousin, a mentor to Prince Charles, and the chief of the defence staff at the time, became a figurehead for this group (45.30) and even approached the Queen Mother to seek her blessing for a military takeover. Walker says Mountbatten told him: “If you want help from me, will you let me know?”

David Stirling, the founder of Britain’s most elite military unit, the SAS, also confirmed to journalists that a coup against Wilson was seriously being considered (1.03). He contemplated bumping off trade union leaders to foment so much anger among workers that the military would be forced to move in to restore order.

Soon, the army, members of the royal family and the intelligence services were all considering how they might launch a military coup to stop a Communist takeover (the one that had been created in MI5’s lurid imagination). Brian Crozier, a former intelligence officer who supported a coup, says there was a “widespread attitude” in favour of it among the military (1.05)

It culminated in a show of force by the armed forces, which briefly took over Heathrow airport (1.06) without warning or coordination with Wilson's government. Marcia Williams, Wilson's secretary, called it a "dress rehearsal". Wilson resigned unexpectedly soon afterwards, apparently as the pressures started to get to him.

As the BBC concludes:

The actions of Lord Mountbatten and senior military and intelligence officers undermined democracy and brought this country to the brink of a coup. Yet no one has been held accountable, there has been no proper inquiry.

Such an inquiry might have served at least as a small deterrent for those, like the general who approached *The Sunday Times*, who are thinking once again in terms of a coup.

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