

Talking Cents is an ecumenical group charged by the Auckland Anglican Diocesan Council to promote an alternative to current economic and political thought, and to encourage debate within the Church. Ministry units are encouraged to distribute these articles. This article is contributed by David Hall, a member of the Social Justice Group of the Anglican Diocese of Auckland. Comments and discussion on this article is encourage, please e-mail alternatives@xtra.co.nz

The only thing “free” about the Free Market is the money manipulating it.

One of the results of the growing inequality of the last thirty years is that the very rich 1% have excessive amounts of money that they use to influence government policy, elections and legislators.

We have previously commented on the activities of such billionaires as the Koch brothers and their influence on the libertarian movement and Republican Party in the USA. But, as David Callahan recently commented in an article in the Guardian, money is also flowing to the left of centre part of the political spectrum but with some important provisos:

The new money flowing from wealthy left-of-center donors, especially in response to Trump’s rise, may look like a sign that American pluralism is alive and well in this second Gilded Age. Yes, public life is increasingly drenched in cash, but aren’t many viewpoints getting heard as a more ideologically diverse upper class supports various causes and candidates?

Sometimes this is the case. On climate change, for example, progressive donors have helped counter the longstanding might of the fossil fuel industry. Economic issues have been another story, though. Polls show that the wealthy are more conservative on such issues, which explains why very little money even from left-of-center donors goes to support work that strongly challenges inequality. Bloomberg’s big give for Democrats this year is a case in point: he’s made it clear that he wants to support moderate candidates, not populists from the Bernie Sanders wing of the party.

The Democratic party and progressive infrastructure is heavily dependent on patrons who’ve thrived under America’s current form of capitalism and aren’t interested in major reforms to that system, however much it fails ordinary workers. In 2016, Trump filled this vacuum with his own brand of economic populism.¹

Although it is reassuring in some ways that the financial deluge to the right is being countered to a degree by large sums going to particular parts of the left of center agenda, the fact that such large sums of money are having such an influence of government policy and legislation is very concerning. And the sums of money available from the 0.1% are ever increasing. For example, the Koch brothers fortune went from US\$9 billion in 2005 to over \$100 billion today. Mike Bloomberg increased his net worth by some \$46 billion in the same period.

Interestingly David Frum, a senior editor at Atlantic magazine and a former speech writer for President George W. Bush, in his recent book *Trumpocracy: The corruption of the American Republic* Frum wrote that Jed Bush, brother of George W Bush and Governor of Florida, was considered by the political elite in 2015 as a “shoe in” for the 2016 Republican Party nomination for President. When he formally announced his candidacy on 30th June 2015 he had more than US\$120 million “almost all of it in big gifts from a tiny number of wealthy families. Seldom in the history fund-raising has so much bought so little so fleetingly”² Frum goes on to comment that between December 2014 and September 2015 Jed Bush went from first in the race for the Republican nomination to fifth.

From this it may appear that enormous wealth does not necessarily buy political office in the USA. But, it should be remembered that as it became increasingly likely that Donald Trump would win the nomination he was strongly supported by the enormously wealthy, in addition he had the total support of Fox News owned and controlled by Rupert Murdoch, one of the richest people in the world. Interestingly, when Richard Nixon was President, there was no such thing as Fox News.

¹<https://www.theguardian.com/commentisfree/2018/jul/05/american-elections-battle-billionaires-civic-inequality>

² Frum – “Trumpocracy. Page 34

Since the 1980s, when the concept of the “Free Market” and neoliberal ideology started to have a significant political impact, the inequality gap has grown and grown with the rich having more and more dollars available to spend on ensuring that they will maintain and enhance their position.

One of the reasons why money can talk so loudly in elections in the USA is because there are very few controls on the amount that political candidates and parties can spend during elections plus the increasing politicalizing of significant parts of the media.

In countries such as New Zealand, where we have strict limits of election expenditures, we seem not to be so vulnerable to the influence of enormous wealth, despite being one of the greatest adopters of neoliberal ideology.

But we need to be vigilant, as the very wealth can influence elections in many ways other than providing funding to political candidates and parties. It is clear that it was in the media, and the social media, that Donald Trump got most of his support. He openly appealed to those who were hurt by globalization, those who feared immigrants and minority groups, and conservative Christians who saw him as a way to reverse the social changes of the last forty years.

Up until now our media in New Zealand has been relatively balanced in its political coverage and we do not appear to have the right-wing Fox News or the left-wing MSNBC that the Americans have. But we need to be vigilant.

There are many moral and theological reasons for addressing inequality but there are also financial reasons which are more urgent if we do not want to have our political system controlled by the enormously wealthy. The US\$120 million that Jed Bush had in 2015 for his Presidential campaign could have a telling impact on the result of a General Election in New Zealand.

Those of us who have been focusing on the issues of inequality have been mainly working on the “poor” end of the issue. And with some success. All the main political parties at the last election put addressing child poverty as a major issue. But if we cannot address the issue of enormous wealth and enormous income enjoyed by the 1%, and increasingly the 0.1% then all the gains on

addressing poverty may come to nothing as wealth takes over our political and governmental system. Donald Trump repaid his enormously wealthy backers by giving them some of the biggest tax breaks for the wealthy ever.

To address the wealth and income issue of inequality will need major changes to our taxation system, changes such as:

- A progressive income tax system
- Capital gains taxes
- Inheritance taxes
- Possible limits on salaries so that for example a CEO cannot earn more than say 10 times the salary of the lowest paid in the organization.

Such policies have been considered unthinkable for many years, yet in the 1960s it would have been considered unthinkable that the head of an organization could earn 100 or more times the lowest paid in that organization.

Inheritance taxes go back to the Roman Empire and possibly earlier. They are based on the premise that a person does not “earn” the asset but that the asset inherited will add to their wealth and should be taxed. In New Zealand we do not have an inheritance tax mainly to help farmers pass on their farms to their children. The argument is that if there was a tax on inherited assets farms would need to be broken up to pay the tax.

Similar arguments have been used to justify the lack of capital gains taxes in New Zealand. Both inheritances and capital gains are not earned, but neither is interest from term deposits, but we are required to pay tax on interest.

The need for a more progressive income tax system has been suggested but for a government to implement would require great courage. Although the Clark Government did add an additional income tax step only to have it removed by the Key Government.

If we are to protect ourselves from control by the enormously wealthy we will need to take steps that will require great courage by a transforming government and support from the 99%.

Have we the courage so to do?