Why Lyndon LaRouche praises the Bingaman-Daschle report

by Chris White and the Economics Staff

Presidential candidate Lyndon LaRouche has proposed that thorough attention must be given to the Feb. 28 report issued jointly by Democratic Senators Jeff Bingaman (D-N.M.) and Tom Daschle (D-S.D.): *Scrambling to Pay the Bills: Building Allies for America's Working Families.*

LaRouche identifies this as one of a growing number of programmatic policy utterances issued in the wake of House Speaker Newt Gingrich's tantrum-ridden shutdown of the federal government. These recent utterances have come chiefly from a group of leading Democrats, typified by Sen. Edward Kennedy (Mass.), House Minority Leader Richard Gephardt (Mo.), and LaRouche himself, who are drawn implicitly into common cause by their commitment to make the economic issues crushing those in the lower 60% of income brackets, the basis for a landslide Democratic victory in the 1996 Congressional races.

LaRouche divides these utterances into two groups: those issued in the wake of Gingrich's tantrums, but before the March 5 primaries, and the increased number of such statements during the period following the March 5 primaries. Typical of the earlier phase is Senator Kennedy's Feb. 8 "A Rising Tide Must Lift More Boats" address, at the Center for National Policy in Washington, D.C. Typical of the stepped-up campaign, since the March 5 primaries, is the release of the Democratic National Policy Committee's staff report, published March 11: "Who Is Downsizing the American Dream?" (See *Documentation* for excerpts from these reports.)

There are certain common features, and certain differences, among the Democratic policy proposals which have been made public over the weeks since Senator Kennedy's February address. The limited, but significant success of LaRouche, the only nationally significant Democratic Presidential candidate other than the President himself, has been a factor in encouraging Democrats to place increased emphasis upon the economic issues presently oppressing the vast majority of the citizens.

Especially important for Washington insiders, is that LaRouche's double-digit figures in a number of states and counties, were secured in defiance of a virtual news blackout by the national news media, and despite dirty-tricks interventions against LaRouche's campaign, into numerous state Democratic Committee organizations. For political professionals, LaRouche's otherwise modest success is viewed as advance rumblings of a political earthquake.

Although other leading Democrats have yet to take up the leading feature of LaRouche's warning of an already ongoing collapse of the world monetary and financial systems, on all other issues of domestic economic policy, there is convergence upon broad agreement among all leading Democrats putting forward the direction of policy-thinking seen in the Bingaman-Daschle report.

The Bingaman-Daschle report

Senator Bingaman's report proposes to re-create the framework in law which will again give substance to the now almost defunct "General Welfare" provisions of the U.S. Constitution, by compelling private corporations to structure their affairs in accord with principles of public benefit, rather than the effectively treasonous interests of stockholders and bondowners. The Democratic Policy Committee identifies a network of families, and family charitable foundations, which, over 25 years or so, have reshaped law and institutions in favor of the biggest asset-grab in human history. As the report says: "That is why this whole relentless policy needs to be recognized for what it is, and terminated."

The authors of the Bingaman report, and more emphatically, the authors of the Democratic Policy Committee report, document a process that has been under way in the country since, as they say, 1973. Under this policy, conditions of existence for formerly middle class households have been degraded beyond recognition, along with their employment, their hopes for the future prospects of their children, along with their plans for security in their own old age. All this is true, and is probably even worse than the authors concede.

At the same time, a minute handful, at the top of the pyramid, have gotten inordinately, actually grotesquely, richer. In the meantime, it is said, "productivity has increased." That is to say, the dollar price of per-worker output has increased. But workers have not shared in that growth. What is presented is an anti-labor, anti-living standard, anti-benefit policy, which has sought to effect a redistribution of national income from workers and their families to those at the apex of the pyramid. This policy has been carried out in the name of "free trade," and has been designed to free all markets, and anything like a market, from any action of government, or any other relatively human agency.

Not discussed per se, but known, this defines the context for measures proposed, e.g., in the Bingaman report, which will force such measures to the front of the agenda, and force the question of what policies ought then to replace what has been so brought down. Specifically, the Bingaman report proposes, in the form of the Securities Transfer Excise Tax (STET), a tax on sales transactions on securities held less than two years. The tax would be different for different types of securities, and would be levied also on the years remaining to maturity. It is calculated on the face value of the transaction, and intended to levy an amount equal to around 0.5% of the face value of the transaction.

A related proposal makes any takeover which uses the cash, or cash equivalent holdings of the target company, as collateral for the borrowing of whoever does the takeover, illegal. Between them, these two measures eliminate many of the obscenities that have bubbled to the surface in recent years. In particular, the proposed transaction tax will help eliminate markets for, and transactions in, derivative products, for the proposed level of taxation will either be larger than the profit which has hitherto been demanded of certain classes of leveraged transactions, or the carrying costs of replacing bets taken out as short-term hedges against longer-term types of movements of markets, will be made prohibitive.

The Democratic Policy Committee's report goes further, to assert, and in a way (by following ground trodden in *EIR* earlier), to prove that the ideological doctrine of "free trade" has been nothing but a cover story for an asset-grab carried out on behalf of, and by, the country's richest households. In the process it is shown that these approximately 400,000 families, (0.5% of all U.S. households), added more to their collective wealth during the six years between 1983 and 1989, than was added to the totality of the national debt; that they could have paid off the entire national debt with their 1989 asset base, while remaining 10% better off than they were in 1980. The Federal Reserve has yet to publish the latest version of the report from which such data are drawn, and has made no new data available since 1989. All of this, indeed, lends credibility to the claim that such an asset-grab was the intended purpose all along.

But, just because the numbers can make it look as if things come out that way, that doesn't mean that that is the way it was, or is, does it? After all, anyone can do anything with numbers, can't they?

LaRouche opposed the 'relentless policy'

One may better understand the fight over campaign policy within the Democratic National Committee, by noting that the "relentless policy" identified by this Bingaman-Daschle report, is a policy against which LaRouche has fought, for over 15 years, both as a Democratic candidate and as contributing editor of *EIR*.

The leading backers of the policies now condemned by the Bingaman-Daschle report, include neo-conservative intelligence-community family foundations, such as LaRouche-hater Richard Mellon-Scaife's Sarah Mellon Scaife Foundation, and the Bush family-linked Smith Richardson Foundation, both of which funded the attacks upon LaRouche directed by the right-wing, racist hate group known as the Anti-Defamation League (ADL). The Mellon-Scaife and Smith Richardson foundations sponsored and financed the ADL's deployment of left-wing hoaxster Dennis King in 1979-89 activities against LaRouche. The agency which the Policy Committee report has identified as backers of the wrongful policy include the London-directed, right-wing Heritage Foundation, which commissioned its first public attack on LaRouche back in 1978, and has been counted among his most vigorous opponents ever since. These are among the U.S.-based backers of the international political movement that LaRouche has attacked as the Conservative Revolution, who are identified, along with scores of others, in the Policy Committee's report.

One ought perhaps to ask, if these monied family interests are as they are portrayed by the Policy Committee, and implicitly, by Senator Bingaman's report, why did they rally to Henry Kissinger's launching of the most pervasive, and longest national-security operation ever run against any single U.S. citizen, Kissinger's August 1982 "Dear Bill" letter to then-FBI Director William Webster?

Go back to the summer of 1982, to the months prior to Henry Kissinger's "Dear Bill" letter, demanding, and winning, a National Security investigation of LaRouche under provisions of Executive Order 12333. What had LaRouche done to provoke that?

To find the answer, go back to the earlier year referenced by the Democratic Policy Committee's report, 1973. According to evidence fully confirmed by an official FBI document dated Oct. 29, 1973, the New York Office of the FBI, acting at all times under supervision of the Washington FBI headquarters, was working closely with the leadership of the Communist Party U.S.A. to bring about "the elimination" of LaRouche. Other agencies were involved, including official agencies of foreign governments from both the Soviet bloc and NATO members. What had LaRouche done, during, or prior to 1973, to warrant such a plot against him?

A summary of those facts helps one to understand the deeper issues behind the fight for, and against the efforts of leading Democrats to give an economics emphasis to the 1996 election campaigns.

From 1966 through spring 1973, LaRouche was a politically obscure management consultant and part-time university campus lecturer, whose one-semester introductory course in economics had attracted a significant following, and a large amount of heated opposition. Throughout the 1966-71 interval, he had forecast an imminent collapse of the Bretton Woods monetary agreements; in August 1971, that collapse occurred, just as he had forecast, just as the economic history of the world has since followed the downward-spiralling pathway into fascist-like austerity, against which he warned during the 1966-73 interval. After the August 1971 events, leading academic economists among New York universities selected the leading Keynesian economist, Prof. Abba Lerner, as their champion, to debate, and hopefully to demolish LaRouche. It was Prof. Abba Lerner who was publicly demolished in that debate.

LaRouche had no other political significance than this, and yet official agencies of several nations, both East and West, collaborated in the FBI's 1973 effort to have him eliminated through assistance from the Communist Party U.S.A. By 1973, he was already considered a highly dangerous personality, because some very powerful financier circles detested the growing influence his success in economic forecasting had won him. By 1981-82, the worst fears of LaRouche's enemies were realized; LaRouche was achieving significant and rapidly growing policy-shaping influence within the U.S.A. and many foreign governments. Self-confessed British foreign-service agent Henry A. Kissinger[1] was deployed to secure an Executive Order 12333-style covert national security operation designed to eliminate LaRouche.

What, then as now, is the issue between LaRouche and the British-centered, transatlantic interests which Henry Kissinger represents? Was it the unfair distribution of wealth between rich and poor nations? The issue was control of the future direction of financial and economic policy, on the basis of a defense of the existence of the nation-state and its population, against those who were determined to destroy both.

The broader problem

An obscene asset-grab has been in progress in the United States, increasingly, since President Jimmy Carter's October 1979 appointment of Paul Volcker to chair the Federal Reserve Board. Ask oneself: What are the assets, financial and otherwise, that the 400,000 or so households at the top of the pyramid dispose of? The answer, in brief, must be the matching liabilities that make up the other side of the balance sheet, a balance sheet which the Federal Reserve no longer makes available to the public.

For example, if the U.S. federal government issues debt, that debt is a liability of the federal government, and an asset of whoever purchased it. Ninety percent of everything that is owed in the United States, is owed to the top 10% of households, including private foundations and trusts. Ninety percent of the 90%, as of 1989, was owed to the top 0.5% of households, foundations, and trusts. You don't think the 90% of households with 10% of the assets are the ones that step up to the plate to buy federal government debt, do you?

Is that because they wanted all the wealth that could be grabbed? Ownership, and title, can be presumed to give control. It is not the money wealth per se, but disposition of the collateral which secures the liabilities which show up as the assets of the 400,000 households.

These are not to be explained simplistically, as merely rich households which wish to become monetarily richer at the expense of everyone else (even though some might). They are not to be explained with silly simplicity, as simply part of the spectrum of American politics. They are a U.S.A.-domiciled branch of an international oligarchy, which maintains the City of London and its institutions as an international reference-point.

The Democratic Policy Committee report's authors write, on p. 46: "The United States has gone through a number of cycles in which some of the wealthiest in society have sacrificed their own, and the country's long-term interest for foolish short-term gain. . . . It has taken years, even decades, to unwind from the kinds of distortions that these famous money-grabs created."

One could list several such, beginning with Aaron Burr's banking activities. The list would continue, through Andrew Jackson's "wild-cat" banking dissolution of the national credit system, into van Buren's Presidency, and, on, through the Confederate run-up to the Civil War and Emancipation, through the so-called "robber barons," Morgan and Harriman of the 1890s, all in the run-up to the assassination of President McKinley, to Coolidge and Company, and the so-called "roaring twenties." All, in a limited sense, were money-grabs, at least to the extent that money was being grabbed—and, that, by the carpet-bag full.

In each of these cases, the bankruptcy, or virtual bankruptcy, which succeeds the money-grab, was among the means adopted to attempt, or to secure the political transformation of the nation-state host—the United States—which had so laid itself open to parasitical speculation. In each such case, the hand dipping into other people's pockets inside the United States, was at the end of a (chiefly) British arm, and that hand was deployed to help bring about the overthrow of the federal Constitution-based, republican form of the nation-state, in favor of world-domination by financial oligarchism.

None of these were automatic business cycles in production of wealth, nor was this simply a matter of assets being grabbed. Each of these developments was rather part of a series of political insurgencies against the sovereign power of the United States, coordinated by the London-centered international financier oligarchy, by such U.S. agents of London interests as the Morgan and Harriman interests.

In earlier U.S. history, fortunately, each of these efforts to destroy the American System of political-economy has ended with a victory for the American cause, as with Lincoln, and with Franklin Delano Roosevelt later. As in the instance

1. Sir Henry A. Kissinger has bragged publicly of his status as an agent of the British foreign service. See Kissinger's May 10, 1982 keynote address delivered to a London conference of Chatham House (the Royal Institute for International Affairs—RIIA), just weeks prior to Kissinger's launching of the effort to create an international "get LaRouche task-force" under U.S. national-security cover. Kissinger's covert role as a treasonous agent of a foreign power (Britain's foreign service), did not begin under Presidents Nixon and Ford, but began with his training under Chatham's "Wilton Park" operations at Harvard University, during the early 1960s. Compare Kissinger's 1982 Chatham House address with his relevant book, *A World Restored.*

of Lincoln's and Roosevelt's temporary victory over the Anglophile financier-oligarchs, there was a reassertion of the sovereign power of the United States. Today's issue is the Democratic Party's duty, to ensure that that reassertion of national sovreignty occurs now.

Worse than greed

In their hysterical efforts to label LaRouche et al. as "conspiracy theorists," so-called critics challenge LaRouche and his associates, "What you people say is going on is totally incredible! What do these rich families really get out of it?" These actual, or virtual "Marxists" insist, by the manner that their objection is posed, that the rich families' motives must be purely and simply "material," as a grab for no more than an amount of money, or, perhaps, power.

EIR has frequently documented the actual motive of these families, such as the British royal house of Windsor itself. These families already have the "money." Some 60-65% of the daily $2 trillion in foreign monetary exchange turnover goes through the City of London. London controls the majority of the international trade in food supply of the world, through control over companies like Cargill and Archer Daniels Midland. London-based syndicates control the majority of international traffic in fossil fuels. They control about 65% of precious metals traffic, and the majority of trade in those strategic minerals on which every modern industry depends. Twenty-five percent of the world's land surface, still, is under one or other version of the Union Jack, and about 30% of the world's population. "They" control, directly, or indirectly, the daily lives of billions.

Yet, some stubbornly foolish people still insist on a "byte-sized," materialist's answer to the question, "But what do these super-rich families really get out of it?"

These families themselves give the true answer often enough. They say it openly. Prince Philip is a spokesman for the policy that underlies this: "There are too many people" is his favorite refrain. He has stated publicly that he wishes to be reincarnated as a deadly virus, so he can help deal with the crisis of overpopulation. Or, looney Lord William Rees-Mogg, the patron of Speaker Gingrich and Alvin Toffler and their Third Wave cult, has put himself publicly on the record for a world made up of 5% educated, and 95% not. Looney Lord Willy insists that this is because the 95% are not fit.

The Prince's and Looney Willy's is the voice of the feudal opposition to the Golden Renaissance creation of the modern nation-state under Louis XI of France. These neo-malthusians walk today in the tradition of the same eugenics dogma which the Harriman clan so much admired in the "racial purification" doctrine of the Adolf Hitler whom President George Bush's father, and Harriman official, Prescott, funded to bring to power in Germany in 1933.

On the opposite side to the Prince and Looney Willy, is the modern nation-state, based upon the principle that the individual person is created in the image of God, all endowed with that educable power of reason which sets mankind absolutely apart from and above the beasts. That is the principle upon which the U.S. Declaration of Independence and federal Constitution rest.

However far our nation may stray from the great principles on which it based its struggle against the evil of the British monarchy, our heritage defines us still as the most powerful nation on this planet, a nation whose cultural heritage is rooted in Genesis 1:26-30 and the doctrine of Christian love so beautifully presented in the Gospel of John and the Epistles of Paul. Our adversaries, centered around the British financier oligarchy, insist that mankind is mostly no different than the lower beasts of burden, the vast majority of whom are to be ruled by the rich as feudal barons might rule over the cattle and the hunted wild game on their estates.

Those brutish oligarchs, once aptly described as "the incredible in pursuit of the inedible," want the world to be run their way. The most powerful obstacle in their way, is the heritage of the most powerful nation on this planet, our United States. If those brutish oligarchs can not destroy from the outside, they will continue to attempt to destroy our nation from the inside.

Thus, the economic issue, as raised by the Bingaman-Daschle and Democratic Policy Committee reports, assumes the form of the most crucial moral issue of the 1996 campaign.

Documentation

Time to put economy on a 'high-wage road'

The following is excerpted from "Scrambling to Pay the Bills: Building Allies for America's Working Families," presented on Feb. 28, 1996 by Sen. Jeff Bingaman (D-N.M.) to Senate Minority Leader Tom Daschle (D-S.D.). The 57-page full report is subtitled, "A Set of Comprehensive, Specific Democratic Proposals to Address Wage and Income Stagnation—to Produce Long-Term, Higher Rates of Economic Growth, Shared with Working Families, in the United States." Emphasis is in the original.

It is high time to demand that the American economy put itself on a "high-wage road" back up to our historic economic growth rates. The key players must finally assume their roles to help us get there: American businesses, Wall Street and the financial community, and the federal government must all become allies of working families, self-employed workers, and small businesses. Our report consists of a comprehensive strategy to ally these forces. It proposes to align federal tax policies, spending priorities, and regulatory policies along a single trajectory toward higher economic growth:

- *By producing long-term investments* by business, Wall Street, and government in: research, development, plant, equipment, process technologies, new distribution channels, new marketing strategies, and worker training.
- *That is shared by America's working families.* A trajectory for economic growth that will value and invest in the nation's workers—equipping them with the skills they need to be the best workers in the world, giving them tools they need to embrace, and not fear, economic change, and rewarding them for world-class performance.
- *In the United States.* A trajectory for economic growth that uses both carrots and sticks to force open lucrative, growing foreign markets for American-made products and services and which prevents the undermining of the finest parts of our economic system by intolerably lax labor, environmental, and property standards elsewhere.

There are those who will say . . . that higher higher economic growth is not possible, and that we must simply leave the "invisible hand" alone to do what it will do. . . .

We reject that view categorically. . . .

We believe that stagnant wages are traceable partly to inadequate long-term investment. This view holds that long run wage *increases can only be based on improvements in labor productivity,* which in turn depends on both the degree and direction of America's investment/capital allocation activity.

A-Corp tax benefits and tax benefits for all corporations

Recent statistics indicate increases in workforce productivity, but the longer productivity trend over the last 20 years is weak and any recent gains have been in *volume* (number of units of standard product produced per worker) not *value* (units of output per unit of labor and relative prices) productivity. Increased volume productivity will not lead to higher wages if the price of a company's products falls relative to the price of its inputs. In fact, since 1981, value productivity growth has been much slower than volume productivity growth.

This trend has direct impact on America's competitive position and American living standards. If the U.S. continues down the road of stifled innovation and low-value productivity gains, foreign competitors will make greater inroads since they more easily can match efficiency improvements on standard products or compete successfully with American firms based on lower wages. In other words, American wage growth will not expand until the U.S. expands production of higher-value items. Furthermore, new products and new markets are needed to create new jobs and offset employment reduction that often accompanies productivity growth in established products and services.

The existing federal regulatory framework (most corporate governance rules, tax laws, and accounting conventions) exacerbates the problems of capital allocation and wage stagnation since much of it was developed before World War II. Since the 1950s and 1960s, revolutionary changes have swept the business world, including dramatic growth in information and communications technology, extensive globalization of production and investment, a shift in importance from large and diversified companies to smaller and more flexible organizations, and a pronounced concentration of private equity ownership in institutional agents. We believe that the federal government must update its investment, corporate governance, and tax policies to reflect these fundamental changes, to link productivity growth to wage growth, and to encourage proliferation of responsible business practices.

In our view, composition of investment matters. If the U.S. takes beneficial measures to reduce deficits and increase savings without efforts to channel these benefits into productive capacities, then it will have done little to address the root causes of income stagnation. . . .

Overall growth in the nation's net capital stock has fallen considerably over the past 20 years. A decline in fixed investment means that growth of the capital-to-labor ratio in U.S. industry—which is crucial to growth in value productivity and wages—is slow by historic and international standards. Three particular investment trends have contributed to this pattern and are of concern to us:

1. *Net investment* in fixed corporate assets in the United States has fallen substantially, by both historic and international standards. American companies now invest at lower rates in intangible assets (R&D, workforce training, new products and new markets, supplier relationships, establishment of brand names and distribution channels) than their foreign competitors.

2. *New equity issues* have been outpaced in recent years by equity retirements (e.g., from acquisitions and stock repurchases). This matters to the issue of high-wage jobs because most intangible investments (R&D and new market development) are funded by new equity, not tax-favored debt or internally generated cash flow. Most corporate investment now has to look solely to internally generated cash as a source of funds, and not a much larger pool including new, outside capital.

3. *Increased dividend payouts by firms reflect capital market pressure for current income as well as shortage of investment opportunities that meet perceived hurdle rates.* High hurdle rates (return required) in the U.S. relative to foreign competitors result in comparatively high profits and lower investment in the U.S. than elsewhere. If there is a short supply of capital and immediate returns are demanded and if certain types of investment (R&D, worker training, market share development) are less conducive to precise future cash flow projections, high hurdle rates will inefficiently skew capital away from longer-term to shorter-term or more tangible projects. As a consequence, American companies spend billions buying back [their] own stock rather than investing in new assets. . . .

Establishing the 'A-Fund'

We have concluded, along with many experts, that our current financial markets exert enormous short-term pressures on America's businesses. That pressure to produce short-term profits inevitably makes it harder for businesses to make the long-term investment in their employees that a true alliance with America's working families requires. We believe that this counter-productive phenomenon must be confronted head-on; at a minimum, we need to create a "speed-bump" against this short-termism. We believe that we must take steps to help "Wall Street become allies with Main Street."

Our bottom line? We propose creating a disincentive to the churning of securities in the form of a less-than-one-half-of-one-percent and declining tax on the sales of securities that occur within two years of purchase, and using the proceeds to pay for a huge education and training tax cut for America's working families.

The transaction tax on short-term speculation on all securities, is described in greater detail below. The proceeds from this tax would be segregated in a "Financial Markets Allied with America's Businesses and Working Families Fund" (the "A-Fund"). And the primary uses of the "A-Fund" would be to pay for tax deductions for post-secondary education and training purchased by American workers, and for tax credits to help cover the expense of raising and educating children of pre-school, elementary, and secondary school age. In other words, we propose a tiny tax on short-term trading to fund a big tax cut for long-term investment.

A-Fund sources

The tax is imposed on the short-term churning of securities. It is paid in diminishing amounts over the holding period of the security, and *is not paid at all* if the security is held just two years or more. Remember that one of the purposes of the fund is to encourage well-informed investments in corporate securities followed by sustained support of the securities over some reasonable investment time period.

Our proposal would impose a small and diminishing securities transfer excise tax (STET) on broad-based security sales made less than two years after purchase. The tax would extend to transactions by individuals, corporations, and tax-exempt pension funds and other entities and would apply to stocks, bonds, options, futures, and swaps of currency, interest rates, and other assets. This would include trades on behalf of Americans and American assets on American and foreign exchanges, whether done directly or through any intermediary investment fund. It is important to apply the STET to all securities, to avoid prejudicing investment in one securities vehicle over another. The tax would be paid by the seller (the person on whose behalf the sale was made) at the time of the transaction and would not apply to new issues.

'Who is downsizing the American Dream?'

Excerpts from the March 11 Democratic Policy Committee staff report, "Who Is Downsizing the American Dream?" commissioned by committee chairman Rep. Richard Gephardt (Mo.) and vice-chairman Rep. David Obey (Wisc.). Emphasis is in the original.

While overall economic growth has been disappointing during several extended periods in the past two decades, the American economy is nearly 50% larger today than it was at the beginning of the 1980s while average wages are lower. . . .

The advocates of laissez-faire capitalism have been fighting against the minimum wage, government regulation of business, unions and public interference with the prerogatives of corporate managers for more than a century. It is important to examine why those forces became suddenly far more effective in achieving their policy objectives in the 1980s than they had been in previous decades. . . .

The success of far-right conservatives in taking the reins of the Republican Party [after the election of Ronald Reagan], their success in translating their economic concerns into achievable legislative packages, and their ability to dominate the public debate on economic issues was to a very large degree the result of a carefully planned effort that began a quarter of a century ago. That effort involved a group of wealthy American families and a large number of the nation's bigger corporations who collaborated in the creation of a network of sophisticated and heavily financed organizations aimed at not only electing sympathetic office holders but changing the direction of media coverage and the underlying opinions of ordinary voters.

The Scaifes, Richards, and Kochs are families whose names mean little to most Americans. Other families like the Coors, Bechtels, Lillys, and Kohlers are known only because of the products or corporations that bear their names. Few individuals from any of these families have run for public office and for the most part they studiously avoid public scrutiny. But they have not only taken a great interest in influencing public policy, they can rightly claim to have forged major changes over the course of the past two decades in the way in which the government and the economy of this country function. . . .

Conclusion

This country has been grappling for decades with a choice between two types of capitalism. One type views corporations as organizations which are dependent not only on investors and managers but on the workers who make its products and the communities that provide schools to train workers, highways to get products to market, and police and military to protect commerce. This view holds that corporations cannot be viewed simply from the input of the investor and that corporations have obligations to employees and to the community as well as to their shareholders.

There has been a concerted attack on that philosophy of capitalism in recent years. The "pseudo-think-tanks," advocacy groups, and formal lobbying operations of the far right have focused on selling a different view of the corporation and society. According to that view, efficiency requires that corporations focus solely on the interests of shareholders, that enterprise achieves maximum efficiency only when left to its own devices, and that the only useful role for government is to get out of the way. . . .

But it is necessary to look no further to the left than David Packard, the billionaire corporate co-founder of Hewlett-Packard, a Republican activist who served as a Reagan political appointee, to find serious dissent to this point of view. Packard built his company around a vision that continues to be a management model discussed in business schools and among business leaders. He believes that corporations should be viewed as triangles. Management makes up one corner of the triangle, investors a second, and the workers a third. . . .

That view of the corporation stands in stark contrast with the view expressed by "Chainsaw Al" Dunlap, most recently of Scott Paper, when he spoke at a retreat for House Republican freshmen. *Roll Call* reported Dunlap's speech: " 'This nonsense about the working people,' he sneered. 'Don't ever apologize for being successful.' ". . .

A similar perception was recently expressed by an AT&T executive who commented that in the future, all employees will have to consider themselves as contingent workers.

This is a stark deviation from the vision of responsibility that many of our larger corporations practiced in previous eras. . . .

It is not that this inequality is unnoticed by those now running the Congress. It is that they view this as the desirable outcome which results from an economy unhindered by government restraint. A recent report by the Republican staff of the Joint Economic Committee put the argument this way: "All societies have unequal wealth and income dispersion, and there is no positive basis for criticizing any degree of market-determined inequality."

The irony is that this market-driven "downsizing" of America's middle class will ultimately take a big bite out of American corporate profits. Economist James Paulsen of Investors Management Group explained it to Jonathan Laing of *Barron's* in a recent interview: ". . . In other words, business can't continue to eat its own young in the name of efficiency.". . .

At the very heart of the message which the right-wing think-tanks, advocacy organizations, and corporate lobbies have tried to sell over the past 20 years is the notion that only markets (i.e., business and investors) can make the right decisions. That government is an institutional buffoon that can only make matters worse. That if we can get government (as well as labor unions and environmental lobbies) out of the way, markets can really show their stuff. . . .

But this narrow-based elite has systematically deployed the large and focused sums of money necessary to change the rules of the game and it has done so with remarkable effectiveness. Their effort, in effect, amounts to nothing other than class warfare. . . .

We should heed the advice of those who caution against "class warfare." A country divided against itself will be disadvantaged in competing against foreign producers. It will inevitably face social division and political strife. . . . We will destroy the idea of America as a model for the rest of the world.

That is why this whole relentless policy of class warfare needs to be recognized for what it is and terminated. . . .