EDWARD S. HERMAN

HOW MARKET-DEMOCRACY KEEPS THE PUBLIC AND 'POPULISM' AT BAY

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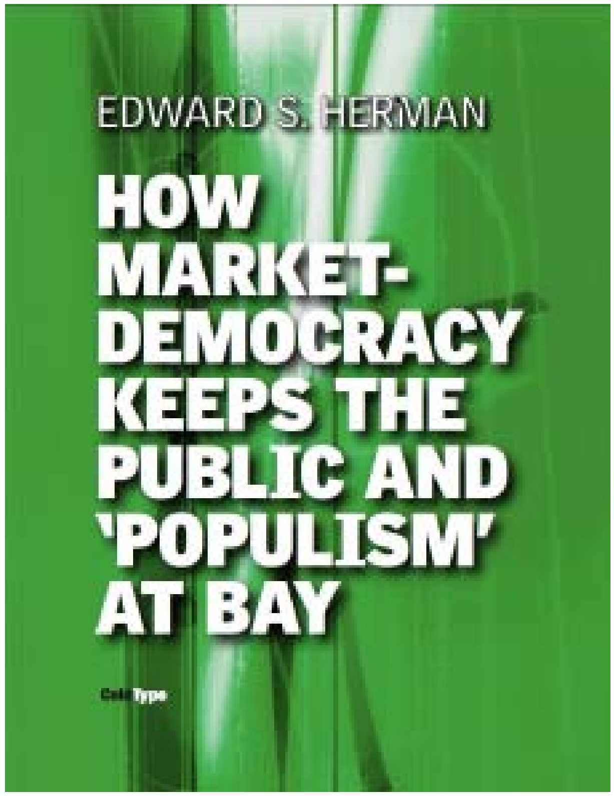

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IT was interesting to see the New York Times editorialize recently against the growing role of money in elections, pointing to "the sheer volume of money it [the current election campaign] is generating," and the "ludicrously premature handicapping of the race based on the ability to raise cash" (ed., "Running for Dollars," April 5, 2007). The editors note that the "political industry" is "ordaining mega-fund raising as the sine qua non of a credible candidacy," when "in principle" a political race should be a "competition…if not of ideas, then at least of personalities and positions."

But it is even more interesting to observe how the New York Times falls in line with the standards of the "political industry" in their treatment of potential candidates and thrusts aside the "principles" that would give weight to "positions" and perhaps even "ideas" as well as personalities. Day after day the paper features Hillary Clinton and Barack Obama, with lesser attention to John Edwards, including their history, fund-raising achievements, political strategies, and swipes at one another, with minimal attention to their "positions" or "ideas." And there has been minimal attention to how their fund-raising is related to their "positions" currently or possibly in the future. The Times is hardly unique in featuring the candidates that have the bucks, marginalizing both their positions and ideas, and paying negligible attention to the candidates who are not raising much cash, but the paper is notable for pointing out the principles being sacrificed as it sets them aside and joins the media crowd in following the money!

So the process of selecting leaders via supposedly democratic elections in the United States starts with the flow of money to candidates – and the size and direction of that flow depends on who has the money and uses it to fund election campaigns. In this country, with a highly developed and profitable corporate community, the money comes disproportionately from Wall Street and a broad array of business interests. Enormous sums are needed these days as TV ads are expensive and necessary and the competition among candidates for the necessary funds is intense – many candidates who are already in office have complained about the great proportion of their time they need to devote to just raising money.

Those that provide the money are investors in candidates and elections, and credible theories have been developed on the extent to which the parties serve particular investor groups who focus heavily on particular parties, though almost always hedging their bets and building good will with the less favored party. (See Thomas Ferguson, *Golden Rule: The Investment Theory of Party Competition and the Logic of Money-Driven Political Systems* [Chicago: University of Chicago Press, 1995]). The investor-businesses must consider this use of capital a profitable one, with rates of return high enough to justify this form of investment. The payoffs may be specific and large, as where the investment helps bring with it a large government contract, or it may just be a broadly based but still substantial payoff in reduced tax rates, eased environmental constraints, benefits from reduced or impaired regulation, wars and rising military budgets, and other payoffs. Market-based democracy has proven to be very profitable in recent years.

Clearly, if the relative size of the flow of funds from investors to candidates defines election "credibility," the investors effectively vet the candidates before the voting public has any say in the matter, vetoing those whom they disapprove, and exercising a huge influence on the success of those who pass through the vetting filter. The investors also operate indirectly through funding party bosses, party thinktanks, and party activities, as in the case of the Democratic Leadership Council and Progressive Policy Institute, whose officials strongly influence the selection and advance of candidates within their own party – candidates who must be acceptable to the underlying investor community. AIPAC and other organizations and investors focused on support of Israel are reputed to provide 40 percent or more of Democratic Party election funds, and are therefore a highly important investor block who represent only a subset of the U.S. Jewish community, which in total constitutes something like 2 percent of the population.

The vetting and support power of election investors means that a market democracy is not a real democracy as the public participates only indirectly in choosing their leaders, and their choices are restricted to the set approved by the monied elite. In economics terminology, voters have free consumer choice but not consumer sovereignty in the electoral process, the latter resting with the party leaders and, most importantly, their funders in the investor community. This also means that extremely well qualified potential candidates, and candidates running on minor party tickets, will not be able to compete with the vetted "credible" candidates for lack of money. Thus, by this selection process improper "ideas" and "positions" either won't make it into the serious election competition (e.g., Kucinich and Gravel), or as minor party candidates will be underfunded and underreported (e.g., Nader in 2000 and 2004).

The electoral process would not work in this highly undemocratic fashion without the full cooperation of the mainstream media in allowing financial support to define credibility and determine coverage, as the New York Times does in contradiction of its editorial admonitions on the importance of having competition based on substance other than money support. The media do this because they are part of the same corporate community as the election investor-funders: their owners are rich, their advertisers have strong pro-business political interests, their leading sources are members of the government, the flak they worry about is from powerful people and the rightwing, and they work on the basis of establishment ideology. They accept or are frightened into cooperation with the pro-Israel donors and organizations. Their editors, having internalized all of these considerations, gravitate to allowing money flows to dominate, with a focus on the horserace, and, importantly eschewing tendencies toward "populism," which is generally anathema to the investor community.

It may be argued that the public's sentiments are really tapped ex ante because the vetted candidates pulling in the money usually have high poll ratings, which they must have – along with the money – to stay in the competition. This misses two important points. One is that high poll ratings are strongly related to media attention and media spin, so that money, the associated credibility and substantial media coverage, mean good poll ratings, assuming a positive or at least neutral spin. Another point is that the vetted and credible candidates quickly become "electable," whereas those poorly funded and not credible are soon seen, even by those who prefer them in substance, as not electable. The non-electables lose poll status for those anxious that their party win, even with a second- or third-best candidate.

Investors don't like populists who, by definition, want to serve popular forces rather than elite interests. Populists are likely to seek more progressive taxes – and higher taxes for the election investors – support for labor organization, more money for education and infrastructure improvement, a building up of the sagging benefits of the welfare state, and a sharp cutback in resources for the warfare state and "security." (The latter are the elite's preferred form of resource waste and "make work" – and in contrast with, say, the New Deal's WPA, derided at the time by the elite but which built huge numbers of schools, roads, dams and museums – in fact the last major surge of infrastructure construction in this country – the elite's preferred form of waste produces only debt, fear, and dead and mangled bodies.)

Paralleling the elite's dislike of populism is that of the elite representatives or proxies in the mainstream media. This is reflected in the media's regular hostility to populist candidates, their frequent claims that the Democrats have lost elections because of populist tendencies and a failure to attract centrist independents, and their regular suggestions that the Democrats must combat their lack of adequate attention to "national security." In a classic illustration, the New York Times defended the exclusion of Ralph Nader from the 2000 pre-election debates on the grounds that the two major candidates provided adequate options (editorial, "Mr. Nader's Misguided Crusade," June 10, 2000). Both candidates called for more arms and neither featured any items on the populist agenda. In the present campaign, it has been noted that the media are already impatient with the inclusion of populists like Kucinich and Gravel in organized debates, while at the same time they laud the "diversity" in Republican debates that include marginal candidates (see Peter Hart, "Clear the Stage," EXTRA!," July/August 2007). An exception: the pundits are furious at the lesser-known Republican contender Ron Paul, an anti-war candidate!

With both the money flows and media bias hostile to populism, the "credible" candidates start out with or quickly learn the formulas: steer clear of any firm commitment reorienting taxes, helping labor organization, or spending large sums on infrastructure and welfare, but make clear your financial support of the national security state and your commitment to Israel and the active pursuit of the leading foreign targets (today, Iran and a recalcitrant Pakistan, along with Chavez and Venezuela).

For the Democrats, given their mass base, it is common for one or more of the credibles to make populist gestures in the primary competititon, but these are usually not very specific, and whether general or specific are likely to be ignored following the election in a process of social-democratic betrayal that has become global.

- See Edward Herman, "Democratic Betrayal: A Standard Form," Z Magazine, Jan 2007 – http://www.zmag.org/ZMagSite/Jan2007/herman0107.html

The growth of inequality and the weakening of the union movement, with the associated concentration of economic power, has increased the election vetting power of a tiny elite. The increased concentration of control of the media has had the same effect, and the two factors reinforce one another – that is, they both contribute to a political shift to the right, which produces tax, labor and other policies that increase inequality and that facilitates media concentration, both of which contribute to a further shift to the right, and so on. The vetting process becomes even more built-in, and the same is true of the media's acceptance and normalization of the link between money flows to candidates, their associated credibility, and the attention given to them as opposed to impoverished candidates. There is even reinforcement from court appointments by rightwing politicians, with the help of the vetted Democrats, who make sure that there are no residual "checks and balances" to the triumph of rightwing ideology, including the right of money to "free speech" and electoral domination.

So the system is working well for the investors in the market democracy, even if poorly for the general electorate, and the efforts at mass mobilization in the public interest have made little headway so far in stopping let alone reversing the trend, at least in the United States and other "developed" countries.