#1491 Mismanaging Capitalism Can Lead to Fascism (Inflation and the Working Class)

Intro 5-27-22

[00:00:00] **JAY TOMLINSON - HOST, BEST OF THE LEFT:** Welcome to this episode of the award-winning *Best of the Left Podcast*, in which we shall take a look at the disruptions to society that can unfold in times of economic distress, such as high inflation, price gouging, wage stagnation, and income inequality, as well as some policy ideas for turning things around.

Clips today are from the *Thom Hartmann Program*, Robert Reich, *Democracy Now!*, *The Zero Hour*, *The BradCast*, and *Pitchfork Economics*, with additional members only clips from *The Daily Show* and *The Zero Hour*.

Will America's Capitalists Pull Us Into War & Fascism Featuring Richard Wolff_ - Thom Hartmann Program - Air Date 5-18-22

[00:00:33] **THOM HARTMANN - HOST, THOM HARTMANN PROGRAM:** So how does, specifically, I suppose, inflation lead to fascism, and how, in a larger sense, do economics swing the cycles of world history throughout history?

[00:00:45] **PROFESSOR RICHARD WOLFF:** Well, they do it over and over again. It ought to be a basic understanding of the enormous importance and power of economics in general, and economic turmoil in particular.

Let me very briefly go with you through the German experience and show you how impactful it is in terms of where we are now here in the United States in 2022. The German economy exploded in the second half of the 20th century. Together with the United States, Germany and the United States were the great challengers to the British empire. As the century progressed, it became clear that one or the other would replace Britain as the dominant capitalist power in the world. And the British were powerless to stop it.

In the end, the Germans and the British went to war, and the Americans went with the British in that war, World War I. But it came as a cataclysm to the Germans because the working class there had the wages go up, had itself become wealthy relative to anything the rest of Europe could understand, et cetera, et cetera. And they thought they were in the catbird seat. When they lost World War I, it was a devastating blow to them. But they might've worked their way through it. That war, if you remember, ended in 1918. Then in 1923, 4, 5 years later, they had one of the worst inflations in the world. German marks went from 4 or 5 to a dollar to 5 billion to a dollar. I mean, prices were doubling literally every couple of hours over months at a time. You had no way to save anything. The frugal German family that had saved money for generations suddenly discovered that all those savings would barely buy you a quarter pound of butter.

And then four or five years later in 1929, they were hit with the Great Depression that hit all capitalist countries. But for the working class of Germany, it was too much. In the space of a decade, they lost the world war, they went through one of the worst inflations in history, and then they were devastated by the Great Depression.

There is no coincidence that literally two years after the Great Depression hits begins the real rise to power of Adolph Hitler. The German working class needed somebody -- anybody -- to prevent their complete decimation.

And now here we are in the United States. And let me show you the parallel. We just had one of the worst public health disasters in our history. We had the second worst crash of the capitalist system in our history. We have lost the wars in Afghanistan and Iraq. And then we have an inflation, and now we are expecting a recession. It's too much to impose on a working class. People become very depressed, very desperate. And in that situation in Germany, they went in the fascist direction. And we see the signs of it here. Nobody can tell the future. I can't either. But we ought to be awfully careful about what we are visiting on the mass of the American working people, Democrat and Republican alike, because when the backlash comes -- and we're already halfway there -- it is not going to be anything we would want to even imagine.

[00:04:25] **THOM HARTMANN - HOST, THOM HARTMANN PROGRAM:** I remember reading a history of that post-World War I period. And John Maynard Keynes came out and said that if the Treaty of Versailles that was being negotiated by the allied powers who had defeated Germany, which was demanding massive reparations from Germany and demanding that they be paid in Deutschmarks. If those reparations were to remain in that treaty,

that it would produce World War II. He said, World War II will become inevitable. He was, I don't know, I don't want to say laughed at, but ignored, shall we say largely. And, I think it was really, it was very much the case, was it not? Wasn't much of the German inflation an effort to, since they owed billions or trillions to the rest of Europe in Deutschmarks, to pay it off with depreciated Deutschmarks?

[00:05:14] **PROFESSOR RICHARD WOLFF:** Absolutely. But let me take your parallel the further step that will help people see it's relevant. Absolutely. They did impose the reparations. The reparations made Germany's recovery from the war take much longer, make the suffering of the Germans stretch it out further. But more than any real effect -- and it had real effect -- was the fact that it allowed a demagogue -- Hitler -- to make an argument which wasn't correct, namely, what really problematized Germany was the loss of the war and the inflation and the whole structure of their economy and the global depression. But he got rid of all of that and gave them one focus: It's the west. It's Britain, the United States, in cahoots with Russia. He hooked it up that way. And it was the evil others outside of Germany that had to be defeated. He was the only politician determined to rearm Germany to make it possible. The demagogue comes in to the distraught working class, gives them a scapegoat, gives them a way forward, and then watches as the suffering they went through turns them to somebody, and he's the somebody in that moment.

The parallel with our own situation ought to occur to everyone.

[00:06:41] **THOM HARTMANN - HOST, THOM HARTMANN PROGRAM:** Well, I think that parallel is probably best illustrated in the 2016 primary debates, where you had Bernie Sanders taking the populist position that, yeah, the economy sucks in many regards and it does so because a bunch of billionaires have gamed the system and the Supreme Court has corruptly allowed them into politics, and we need to go back to a reasonable political system on a taxation system on the left. We had Bernie Sanders saying that. And then on the right, you had Donald Trump saying, yes, the system is gamed and you've been screwed. But it's because Brown people are coming in from Mexico and because political elites have cut trade deals like NAFTA and things like that -- which had some truth to it, by the way, not the Brown people part, but the NAFTA part. And so you had kind of dueling populism, right-left populism offering solutions to this crisis that America was facing after both the crash of 2000 and the crash of 2008. And, it seems like the middle has collapsed in all this because the middle has been corrupted by largely Supreme Court decisions and capitalism itself, frankly.

I'm assuming that there was a parallel movement in Germany opposed to Hitler, or maybe it was part of Hitler's movement to say, we need to empower the average working person. I know in 1937, when he was on the cover of Time magazine, he was the most popular politician in the world because he had put Germany back together.

[00:08:10] **PROFESSOR RICHARD WOLFF:** Absolutely. The parallels, once you look at it this way, and you ask the question, they kind of kind of come at you one after another. In Germany, there was an opposition that was an extremely strong socialist party. And by 1931 and 2, right next to it, an extremely strong communist party. Together they were picking up roughly half of the votes in the national elections right up until the moment that Hitler comes to power. Their problem was the socialists had been in power for the previous decade or much of it, the 1920s. And since that hadn't solved the problems of the working class, it put them on a defensive position, allowing. Mr Hitler to come in and do his thing. It's almost as though you could criticize the socialists and communists, but particularly the socialist, because the communists never got into the government the way their socialists did in Germany then, but you could criticize them for not doing enough to really change the situation of the mass of people. Had they done so, it would have been a much stronger defense against Hitler coming in. But they were complicit, kind of in the way that a significant part of the Democratic party has been, leaving a rump portion -- Bernie, AOC, and the rest -- having to push more weight than they can handle given the history that arrives at this point.

You Are Being Lied to About Inflation - Robert Reich - Air Date 2-28-22

[00:09:40] **ROBERT REICH - HOST, ROBERT REICH:** Inflation, inflation, everybody's talking about it, but ignoring one of its biggest clauses—corporate concentration.

Now prices are undeniably rising. In response, the Fed is about to slow the economy, even though we're still at least 4 million jobs short of where we were before the pandemic, and millions of American workers won't get the raises they deserve. Republicans haven't wasted any time hammering Biden and Democratic lawmakers about inflation...

[00:10:11] **REPUBLICANS:** Skyrocketing inflation. Inflation. Inflation.

[00:10:14] **ROBERT REICH - HOST, ROBERT REICH:** ...but don't fall for their fears mongering.

Everybody's ignoring the deeper structural reason for price increases—the concentration of the American economy into the hands of a very few corporate giants with the power to raise prices. If the market were actually competitive, corporations would keep their prices as low as possible as they competed for customers. Even if some of their costs increased, they would do everything they could to avoid passing those costs onto consumers in the form of higher prices for fear of losing business to competitors.

But that's the opposite of what we're seeing. Corporations are raising prices, even as they rake in record profits. Corporate profit margins hit record highs last year. You see, these corporations have so much market power, they can raise prices with impunity. So the underlying problem isn't inflation, per se, it's lack of competition. Corporations are using the excuse of inflation to raise prices and make fatter profits.

Take the energy sector. Only a few entities have access to the land and pipelines that control the oil and gas powering most of the world. They took a hit during the pandemic as most people stayed home, but they are more than making up for it now. Limiting supply and ratcheting up prices.

[00:11:43] **SENATOR ELIZABETH WARREN:** Chevron, Exxon have doubled their profits. This isn't about inflation, this is about price gouging.

[00:11:53] **ROBERT REICH - HOST, ROBERT REICH:** Or look at consumer goods. In April, 2021, Proctor & Gamble raised prices on staples like diapers and toilet paper, citing increased costs in raw materials and transportation, but P&G has been making huge profits. After some of this price increases went into effect, it reported an almost 25% profit margin. Looking to buy your diapers elsewhere? Well, good luck. The market is dominated by P&G and Kimberly Clark, which, not entirely coincidentally, raised its prices at the same time.

Another example. In April, 2021, PepsiCo raised prices blaming higher costs for ingredients, freight, and labor. It then recorded $3 billion in operating profits through September. How did he get away with this without losing customers? Pepsi has only one major competitor, Coca-Cola, which promptly raised its own prices. Coca-Cola recorded $10 billion in revenues in the third quarter of 2021, up 16% from the previous year.

Food prices are soaring, but half of that is from meat, which costs 15% more than last year. There are only four major meat processing companies in America, which are all raising their prices and enjoying record profits. Get the picture? The underlying problem is not inflation. It's corporate power.

Since the 1980s, when the us government all but abandoned antitrust enforcement, all American industries have become more concentrated. Most are now dominated by a handful of corporations that coordinate prices and production. This is true of banks, broadband, pharmaceutical companies, airlines, meat packers, and, yes, soda. Corporations, in all these industries and more, could easily absorb higher costs, including long overdue wage increases, without passing them onto consumers in the form of higher prices, but they aren't. Instead they're using their massive profits to line the pockets of major investors and executives, while both consumers and workers get shafted.

How can this structural problem before fixed? Fighting corporate concentration with more aggressive antitrust enforcement. Biden has asked the Federal Trade Commission to investigate oil companies, and he's appointed experienced antitrust lawyers to both the Federal Trade Commission and the Justice Department. So don't fall for Republicans fear-mongering about inflation, the real culprit here is corporate power.

Prices Soar as Corporate Profiteers & Speculators Drive Inflation; It Hurts the Developing World - Democracy Now! - Air Date 4-13-22

[00:14:40] **AMY GOODMAN - HOST, DEMOCRACY NOW!:** I was wondering, Professor Ghosh, if you can talk about the actual corporations, if you could name names of the large corporations that are making a killing off of what's happening right now, that are making huge profits. I mean, we know when it comes to, for example, gas, and many in the United States have asked — they would say, "Well, people are paying $5 or $6 because of the war, Russia's war in Ukraine." But it turns out that ExxonMobil and BP — all these oil companies are making more money right now than ever in their history. If you can talk about the same when it comes, overall, to inflation and food prices, as well?

[00:15:25] **JAYATI GHOSH:** So, this is the whole issue, that, you know, once you get some increase in prices, companies see this as a terrific way of quickly

making additional profits by raising their prices even more than is justified. So, yes, there is, as I have mentioned, this cost-push element. But what you're also getting is profiteering, plain and simple. So, companies, as you mentioned, in the oil sector, companies in the food sector, companies in a range of other sectors are raising their prices much more than is justified by the increase in their own costs. And they can do this because there's a whole atmosphere of inflation expectation. And this enables them to — there are no limits.

I mean, this is a time when, really, you have to have public policy which is regulating companies like this. And it's possible that governments can do it. You have to regulate the companies that are openly profiteering. You have to set some controls on the prices of essentials, that enter into all other prices. And fuel is one of them. You really have to make sure that those prices are regulated and determined. So, the notion of this free market is completely false, because these are big fat companies — oligopolies — that can control the market. And so you really have to make sure that governments regulate those prices.

The same thing is true internationally. We are getting the big players in agribusiness raising prices of basic grains and foods well beyond what is justified by the increase in costs. And this is affecting people in the developing world who are already much worse off than those in the U.S. and Europe, who already experienced the pandemic much worse, because they had decline in employment, falling livelihood, falling money wages. They haven't had a recovery. Their governments haven't had the money to spend, that has been spent in the U.S. and Europe. They are still well below levels of employment that were there before the pandemic. And now they're facing these huge increases in food prices and fuel prices that really are just going to make massive increases in poverty and hunger globally.

So we have to address the problem at the root, which is in terms of the ways in which prices are structured, the companies that are allowed to get away with straightforward profiteering in times of crisis, and bring in regulations and controls that will prevent that.

[00:17:47] **JUAN GONZALEZ - CO-HOST, DEMOCRACY NOW!:** And speaking of these protests that have begun to develop, especially in the developing world, in Sri Lanka, there was a mass protest over the cost of essential goods. And on Tuesday, the country stopped its international debt payments, effectively defaulting on its debts. Do you foresee a potential debt crisis across the developing world as a result of these inflationary forces?

[00:18:18] **JAYATI GHOSH:** Yes, absolutely. And this is something we had predicted a year ago, actually, even before the Ukraine war. The Ukraine war has, if you like, accentuated and intensified the problem. But it's not just economists like me. The IMF has predicted this, that if you don't do something about, first of all, the huge overhang of debt that already a lot of countries had, then the knee-jerk response of countries in the North, U.S. and Europe, to raise interest rates, so capital — all the capital comes back to these countries, and then you get massive volatility and capital flight from all the developing countries, you're going to get massive debt crises. This is just the beginning. This is, if you like, the first step towards the abyss.

[00:19:02] **AMY GOODMAN - HOST, DEMOCRACY NOW!:** I wanted to ask you about the inquiry that you're taking part in today with Progressive International, which was founded by, among others, the independent Vermont Senator Bernie Sanders, as well as Yanis Varoufakis of Greece. Can you talk about the inquiry into the IMF and how that relates to what we're talking about?

[00:19:30] **JAYATI GHOSH:** Well, you know, I think many people in this inquiry are going to be arguing that the IMF had been guilty of many sins of commission and omission. I think the sins of commission are very important, but they're well known. Let me quickly highlight. The IMF goes into countries that are in deep crisis, and says, "Cut public spending." And it's part of the way they are supposed to somehow bring these countries back into balance, by saying, "You reduce government spending, you impose austerity, and investors will feel more confident. Private investors will then come flocking in." That rarely happens. All that happens is that the problem gets much, much worse.

There are many ways in which the IMF has had a very double standard, again, in terms of the rich countries and the not-rich countries, the middle-income and low-income countries, because in the rich countries they say, "Yes, spend more. You have to be countercyclical. You have to revive the economy." In the middle- and low-income countries, they say, "Oh, you have to cut down on your spending, because you have to reduce your deficit. You have a very large debt. You have to make sure you can somehow reduce that debt" — in the period of crisis. So, in turn, they then demand extra fees and commissions. They impose surcharges on the countries that are worst off, that have had to take IMF loans for a longer period or take larger IMF loans, which is absolutely ridiculous. It's the IMF making profits out of a catastrophe in all of these countries. So these are the sins of commission, which are very great and have had devastating consequences across the world, really.

But the sin of omission, I would argue, is actually even greater. The IMF is the only multilateral agency we have today that handles global finance and can think of international financial arrangements to do with crises, to deal with the challenges that humanity faces. We don't have any other structure. Now, humanity, we know. First there was a pandemic. We know that there could be well more pandemics and so on. But there is climate change, which is, again, already upon us, which is affecting agricultural supply, which is affecting coastal sea rises, which is affecting livelihoods, which is causing already significant increases in environmental destruction, in hunger, in employment loss, in people having to move, displacement, all kinds of things.

You have to bring in massive public spending. And the IMF is the agency that can do it. Where is the ambition that can actually provide this minimal funding for the huge climate challenges that we face globally? And which, really, again, you can't be nationalist about this. Climate doesn't respect passports and visas. It's not stopping to wait at the border. It's going to affect everybody, if we don't do something now. And the IMF has been remarkably unambitious, sluggish, I would say, really not doing the minimum that it's supposed to do. It was created just after the Second World War in a very, very different world, with this power structure that is completely ridiculous now, with the U.S. being able to block everything, U.S. and Europe controlling 60% of the voting rights and all that. But as a result, it really hasn't moved to do the basic things that a multilateral organization that is in charge of global finance has to do.

Prof. Richard Wolff Do Workers Have It Too Good Nowadays - The Zero Hour w RJ Eskow - Air Date 5-14-22

[00:22:48] **PROFESSOR RICHARD WOLFF:** What's happening is we are living in a disconnect, a disconnect between our government and the mass of the people, between those who run the mass media and the mass of the people; in short, there are multiple narratives, and we can see that everywhere.

The Trump base of the Republican party clearly lives in a place quite different from where a large other portion of American people are living. So we're seeing a community, if you like, break apart. I don't think there's a polite or nice way to say it. And one of the symptoms or signs of it are these extraordinarily incompatible renditions of what's going on. And you know, we've had that before, right? Throughout the 20-year war in Afghanistan, we were constantly told by our military leaders how we were winning, how the surge was catching the Taliban off guard, on and on and on. And then the war finally is over and we

lose and the Taliban takes over. Clearly something was not working quite right in the rendition.

Pretty much the same story applies to Iraq. We we'll see pretty soon I suspect whether the same kind of disconnect applies to Ukraine and so on. And it also applies domestically. I mean, the University of Michigan does the most widely respected survey of consumer sentiments. Their recent results are unambiguous: that the American people are more pessimistic about their financial situation, and not only about how it is now, but what they foresee it will be six and 12 months out. Because those questions are asked by the University of Michigan's consumer survey. So clearly something is going on with the mass of people in terms of how they understand the economy when compared to the Federal Reserve, The New York Times and so on. And I've noticed it too.

It is remarkable among my colleagues as economists, how some of them seem to be really gung ho. They use words like "the economy is strong," "the economy is resilient," "there's nothing to worry about," et cetera, et cetera. You know, Janet Yellen, as I think I've mentioned to you, was a classmate of mine at Yale. And she and I look at this same world and we see radically different things. I could point if you'd like to a few. The real wage of the United States has not budged for 40 years. Basically we are doing not that much better in terms of what our average wage can afford for us to buy in 2022 than we were in 1980, which is over 40 years ago. I mean, we have not been spending on the working class in this country. So when someone says labor costs are rising, I'm looking at them, "What are you talking about? The last 40 years have seen productivity per worker rise steadily: one, one and a half, 2% a year. Whereas, what is paid to the worker has been flat in terms of its real value."

Okay. It doesn't take rocket science to understand: the wage is what the employer gives the employee. Productivity is the reverse: it's what the employee gives to the employer. If what the employee has been giving to the employer goes up one or 2% a year for 40 years, but what the employer gives the employee is stagnant for 40 years, you know what we're going to get? A booming stock market and deepening inequality, which is what every statistical study shows us. Except of course we know from history that this is not sustainable. And again, the proof is that from the high point reached by the stock market last November, 2021, to right now as I'm speaking to you, the largest stock market in this country, the NASDAQ, has lost over 25% of its value. That's $7 trillion vanished in terms of value. And I daresay that when the middle class and upper class of this country take a look at their 401k statements at the end of May, they are going to be in for a very distressing shock. And it's not a shock that the economy is strong, but it's a shock exactly the other way.

And finally, the measure most economists use for how the economy is doing, the GDP -- gross domestic product, a rough measure of the total output of goods and services -- for the first time in a long time shrank in the last quarter, that is the first quarter of 2022, by one and a half percent, roughly. This is not a sign of a strong economy. This is a sign of the opposite.

So you kind of begin to wonder either what the folks at the top have been drinking, eating, and smoking, or they've become advertisers, their job being to sell the government that they represent, and not square with us about the strengths and weaknesses of that government.

Omar Ocampo of Inequality.org on corporate billionaire greed Part 1 - The BradCast - Air Date 5-11-22

[00:29:08] **OMAR OCAMPO:** We've had 1 million deaths, um, from COVID-19, and it's an unpleasant milestone that the United States has... has achieved, and be... continue to be the epicenter of the pandemic.

And this is all occurring, um, in the context where, um, you know, the billionaire class has increased their wealth by staggering $1.7 trillion. And, you know, we gotta ask, "What about the rest of us?"

You know, the median income from... comparing 2020 to 2021 for, uh, you know, your average U.S. worker has actually decreased by $2,000; and our, uh, you know, median household wealth, um, from, you know, from comparing 2019 to 2021, uh, to uh, 2001[?] has actually decreased.

So, um, yeah. When you look at it by, you know, income or wealth percentile, it has been the top 10%, but especially the top 1%, who have seen impressive gains.

[00:30:02] **BRAD FRIEDMAN - HOST, THE BRADCAST:** So, let me start with some of those questions, what is going on here and why, before we get to what can-- or should-- be done about it; and what is-- or isn't-- being done about it in, uh, in Washington, DC.

I understand... I guess I understand why, you know, Jeff Bezos, his wealth, and the Walton family's wealth-- they're the owners of Walmart-- why they went up

during the pandemic, as lockdowns and so forth, drove Amazon and Walmart deliveries through the roof. That I get.

But, uh, Bill Gates, and especially Elon Musk wealth growth; that's a bit harder to make sense of.

So as... as Trevor Noah was, sort of, asking, uh, what is going on here, and... and why, you know, are folks like, uh, Musk and others allowed to, essentially, radically increase their wealth, I guess, using other people's money?

[00:30:56] **OMAR OCAMPO:** Yeah. Um, so the interesting thing, like you said, the wealth has soared for some countries... I mean, for some, um, individuals and companies; and it makes intuitive sense, because, um, you know, there was an increased demand and increases of sales for certain, um, uh, products and services.

But a lot of, uh, you know... the stock market, um, they were able to benefit from stimulus packages that were introduced to alleviate the initial economic impact of the pandemic. And there have been massive government interventions throughout the world. The Federal Reserve began purchasing in, like, mid 2020, $120 billion worth of corporate bonds a month. And this effectively gave investors a floor, and pushed the stock market up.

Um, and, you know, referencing, uh, you know, Trevor Noah, um, when he's talks about the, you know, the volatility of the stock market, we first have to look at who participates in it, and who invests in the stock market. You know, a little over half of U.S. Americans own stock, but the wealthiest top 10% own about 90% of all stock. And that demonstrates two things: that... because... One, due to the concentration of ownership, uh, what is good for the stock market is not necessarily good for your average household or individual, because the benefits largely accrue to a small minority.

And second, is that the top 10% are essentially market makers, and the rest of the market takers. The stock market tends to be forward-looking, meaning it reflects the attitudes and perceptions of the rich on future economic performance, not actual or current sales or revenue. So the health and stability of the stock market is essentially dependent on the perception of, you know, 10% of our population, who does not necessarily have any expertise, but just react to an event or a statement from a government official, or entrepreneur, or celebrity.

David Dayen on the Baby Formula Shortage & Monopolies in the Age of Corporate Power - Democracy Now! - Air Date 5-17-22

[00:32:54] **AMY GOODMAN - HOST, DEMOCRACY NOW!:** For more, we're joined by David Dayen, executive editor of The American Prospect. He writes about the four companies that sell almost all baby formula in the United States in his new piece headlined "The Age of Rationing: From pandemic supply chain snarls to baby formula shortages, we forgot that physical production isn't magic, and we need to engineer it for stability."

So, let's start with this real catastrophe right now for parents with babies across the country and the whole issue of monopolies, starting with the whistleblower, who alerted the company and the FDA. And the response? The whistleblower was fired. Two babies die. We're talking about months ago, before we got to this point where the shelves are bare for everyone.

[00:33:43] **DAVID DAYEN:** Yeah. The whistleblower first alerted the company internally and then alerted the FDA. This was way back last October. This facility, in Sturgis, Michigan, produces about 20% of the nation's supply of formula. So, obviously, if you take that offline, you're going to have a problem. It's magnified even more by the market structure and the way that formula is sold. But just alone, if you take one out of every five boxes of formula off the shelves while this is investigated, you're going to have a problem of getting supply into the places that you need.

[00:34:26] **JUAN GONZALEZ - CO-HOST, DEMOCRACY NOW!:** And, David Dayen, how did we get to this point that four companies — it seems almost every major industry in America today, there's three or four companies that monopolize or control the supply. How did we get to this point in terms of baby formula?

[00:34:43] **DAVID DAYEN:** I would argue it's even worse in the baby formula industry. There are really two large conglomerates: Abbott Labs, which makes Similac and also produces medical devices, and Reckitt Benckiser, which is the creator of Enfamil, the other major brand, and they're mostly known for making Lysol. They're a U.K. company that makes a whole bunch of consumer goods. They're really the giants. About two-thirds of the market is in the hands of those

two companies. Nestlé, through the Gerber brand, and Perrigo, which makes store brands, they have a little sliver.

But the reason is that we have a program called Women, Infants and Children, the WIC program, and about half of all formula passes through that program, that goes to poor families. And it's very well intentioned. You get very large discounts, the government gets, for purchasing formula and then getting it on to poor families. But they do this in a way that says that each state does a competitive bidding process with a formula company, and in exchange for those volume discounts, they get market exclusivity. So, if you go to the state of Michigan, the state of California, the state of Oregon, there's only one company that, if you're a WIC recipient, you can actually buy and get that formula for free. So, other competitors of that dominant company, whether it's in the WIC program or not, you're not going to put stuff on the shelves if half of your customers can't buy it. So what you end up having is these little monopolies in all 50 states. And that's because of the structure of the WIC program, which gives the exclusive sole-source contract in exchange for a discount.

[00:36:40] **JUAN GONZALEZ - CO-HOST, DEMOCRACY NOW!:** And while everyone is focused on baby formula, can you talk about Abbott Labs and what other crucial products for children are also being disrupted right now?

[00:36:50] **DAVID DAYEN:** Yeah, I mean, Abbott Labs makes a whole host of other medical devices and healthcare products. Of course, we were reminded at the beginning of the year that Abbott Labs was one of the two companies that was allowed to make COVID-19 tests in this country. And they were — as we all remember, when there was a surge in COVID cases at the beginning of the year, there was a shortage of that equipment. Last year, Abbott Labs shut down its facility for making COVID tests because of low demand. So there wasn't a stockpile. And as a result, when cases surged and people wanted the at-home tests, they weren't readily available. And so, this speaks to sort of a desire to cut costs over creating some redundancies, some resiliency, some inventory on the part of Abbott and on the part of the government itself, frankly, and it's led to a lot of problems throughout the healthcare space.

[00:37:56] **AMY GOODMAN - HOST, DEMOCRACY NOW!:** So, the answer for President Biden is to allow in foreign baby formula companies in this crisis. There was a discussion last week of invoking the Defense Production Act. You wrote the book Monopolized: Life in the Age of Corporate Power. What do you think needs further to happen so we're not going to see something like this again? And also, just the outrage of there being a whistleblower, how

the FDA plays in this, because they went to the FDA, they went to Abbott, they were just fired?

[00:38:28] **DAVID DAYEN:** Yeah, I mean, and if you read the complaint between the FDA and Abbott, you'll find that traces of this bacteria that ended up killing these two babies was found in Abbott products in 2019 and in 2020. So, obviously, there are a lot of problems at this lab in Sturgis, Michigan, and the FDA needs to do just a much better job of monitoring all this. So, that's number one.

Number two, I think you need to overhaul this WIC program and not create this situation where you have 50 dominant little mini monopolies throughout the country for formula. It makes the whole system far less resilient. And if there's one shock, basically, you end up with this kind of crisis. Thirty-four states, Abbott holds that WIC contract, and the states in which supply is most in shortage right now correspond to the states where Abbott holds that contract. So, that's clearly the problem.

There are several ways to go about it. One is, you know, you just sort of — if you want to do this market with WIC where poor families get these discounts — and it's very important that they do — you could make that a government program and let private companies on the non-WIC side of the market compete with one another. The other option is that instead of hiving off for the poor each purchase that they have to make, so that they have to get a WIC program for formula, and they need food stamps for food, and they need a housing voucher for housing, you could just sort of give a larger cash benefit and let families figure out what they need on their own, and not hive these things off and create these problems with the overall market.

Omar Ocampo of Inequality.org on corporate billionaire greed Part 2 - The BradCast - Air Date 5-11-22

[00:40:25] **BRAD FRIEDMAN - HOST, THE BRADCAST:** Well, let's talk about some of those policies, uh, Omar Ocampo: what... what should... what can be done, and what should be done, to, uh, you know, help even out the equation a little bit, uh, before we get to the conversation about whether policy makers are actually taking action to do any of it; What would you like to see? What is... what is the prescription for what ails us at this point.

[00:40:48] **OMAR OCAMPO:** Yeah, so I would say that a short-term solution would be a wealth tax on... on... on the wealthy. You know, we actually did a study, earlier this year, um, that was released, um, in collaboration with Oxfam; um, and, uh, we estimated that if we levy a 2% tax on wealth over 5 million, 3% on wealth over 50 million, and 5% over 1 billion, it would raise over $920 billion, um, just in the United States. So, just think about what we could do with that revenue, um, you know, yearly.

Um, so that's something that could, you know, uh, you know, go towards health expenditures, and making sure that our healthcare system is not, uh, is not overwhelmed; you know, because the pandemic has definitely shown some of the vulnerable.... vulnerabilities that we have in the, in the, in our healthcare system.

Um, you know, this could be used, maybe, to have partial student loan debt cancellation. You know, we can reframe that as like a student loan stimulus, if... if... you know, people are not fan of the word cancellation, or forgiveness. Yeah. Um, yeah...

[00:41:58] **BRAD FRIEDMAN - HOST, THE BRADCAST:** I mean, we gave trillions in stimulus to the... uh, to the wealthy, to... you know, during the pandemic. Nobody has screamed about how unfair that was, for "What about everyone else who didn't get money?" Uh, and yet when it comes to, you know, taking away even some of the, uh, student debt, which is through the roof-- thanks also, by the way, to private equity-- uh, you know, people say, "Oh, that's unfair!" But it's really, it's not. Or at least it's no more unfair than it was when, uh, when the fed, uh, fired its... its money cannon into the market, uh, during the two and a half years of the pandemic.

[00:42:34] **OMAR OCAMPO:** Exactly. And, uh, as, you know, we mentioned before, it was, uh, the Fed was spending $120 billion a month that, um, you know, beginning and mid, um, I think it was, uh, June 2020, and it ended in like December 2021. Um, they're still pumping money into the market. It's only, like, 60 billion now; but there's still a significant amount of money to prop up, uh, you know, not just, uh, you know, already profitable companies, but also companies that, you know, that if we knew... if we were truly a free market, they should be, uh, out of business at this point.

But, you know, no one says to a corporation, "How come you didn't save six months, um, you know, expenses?" Um, but... yet we expect that from households, but not, uh, the corporation

[00:43:19] **BRAD FRIEDMAN - HOST, THE BRADCAST:** And how much of, uh, what I see, uh, you know, I, personally, as out-and-out profiteering at this point-- pandemic profiteering, war profiteering, uh, you know, the oil companies, the clothes companies, the food companies-- how much of that can actually be prevented by policymakers in DC.? Didn't we use to have... uh, weren't there laws against, you know, war profiteering in an economy where a handful of major companies, or private equity firms now control monopolies, or near monopolies, where they can charge anything they want, really, for their products, because they control so much of the market, there's really no place else for consumers to go. So there's no competition in the market to help keep prices down. And these companies are taking advantage to, just, raise their prices, um, you know, as, accountable.us, uh, the president there said, "Just because they can."

Is there anything that policy makers can do about.

[00:44:15] **OMAR OCAMPO:** Yes. Um, so it's not unprecedented. We used to have, uh, you know, commissions that are dedicated to tracking and looking at, uh, you know, uh, profiteering during times of uncertainty or crisis. So that's something that, you know, we could, uh, advocate for. And, um, we have done, in... in... in... um, past reports about, you know, "Let's have a specific COVID 19 commission that looks into whether or not, um, the... the prices that we see, uh, in the market is a reflection of the fundamentals of supply and demand. And if they are not, you know, we should be able to have, uh, excess... um, an excess profits tax. So we can have a tax on the windfalls that can then be redistributed in the economy in the form of a stimulus check, or... cause... you know, um, or be the beginnings of some type of, you know, basic income to basically ensure the material security of every individual in the United States. So, um, yeah, that... that is, you know, one thing.

And I'll... also, that... I think that, also... that if we were to come up with a commission like that, you know, we should definitely look at, you know, having a committee of, you know, that assesses and rates our response to the COVID-19 pandemic, and identifies our shortcomings, and makes recommendations on how to prepare for the future, including how to prepare, uh... having been on these committees that in order to, uh, have, uh, taxes on excess profits.

How Biden’s budget proposal takes on corporate power (with Niko Lusiani) -

Pitchfork Economics with Nick Hanauer - Air Date 5-10-22

[00:45:40] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** The Biden administration released their 2023 budget proposal a couple of weeks ago, and it did seem to send a loud message that Biden wants to curb corporate power. What's in it? And what do you think is significant?

[00:45:54] **Niko Lusiani:** Just to start, to be honest, there are lots of goods. There are also some bads, and some, maybe, a few, uglies in the President's budget.

But to start out on really just focus on the goods, and what it could do to curb excessive corporate power, i'd say there's three main areas and we can dig in a little bit more if you'd like.

The first one, I think, that the President and his team made a real important decision to call out support for work that's being done in the Congress and SEC to tackle the pernicious use of share buybacks. We can go into detail on that; that I think was very important. It was not talked about so much, but, I think, an important part of the budget document.

Then, there-- in terms of the funding side-- there's further, and really historic, increases in funding for the antitrust law mechanisms, both the antitrust division of the DOJ and the FTC. I think, will make a difference. Those agencies are incredibly understaffed and we need to build them up as well as so many other federal agencies to be able to take on corporate power.

And then third area where there was a lot of heat and a lot of discussion and a lot of good movement was on the tax code. And the President said from the beginning that he wants to reward work, not wealth. And so, a lot of the existing tax proposals we'd heard in his campaign were there, including increasing the corporate income tax rate, the personal income tax rate, et cetera; eliminating fossil fuel tax preferences. I think that was an important part of it. And then there's a couple of new tax proposals, one on ensuring a minimum tax for centi-millionaires, and another to make sure that US and foreign multinationals pay 15% per country everywhere, and that would effectively end the abuse of tax havens.

[00:47:43] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** Well, why don't we start with stock buybacks, which we have talked about so often

on this show, because they're, just... it's both such an egregious practice and, simultaneously, proof positive, that as a country, we could afford to do almost anything we chose if we wanted to. It's a waste of money, and it also proves that if we wanted to fund anything, there's tons of money there to do it.

[00:48:13] **Goldy:** Well, an extra trillion dollars to invest in the economy.

[00:48:16] **Niko Lusiani:** Per year.

[00:48:17] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** Yeah. Per year.

[00:48:19] **Goldy:** Per year.

[00:48:19] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** It's not nothing. Tell us what the budget reflects.

[00:48:24] **Niko Lusiani:** Yeah. I think what the budget is getting to is, really, recognizing a growing consensus of what you just said: that open market stock buybacks are used principally to manipulate stock prices and earnings per share to benefit, in the short term, C-suite executives who get paid based on earnings per share, and other metrics related to stock price; but, also, actually shape the way the stock market is working, I think in important ways. There was a study recently that showed that something like 40% of the gains of the equity rally over the past eight or nine years comes from companies buying back their own shares. That's proof positive of very, very unhealthy capital market.

So there's those bigger macro issues. And then, as you said, also the opportunity cost of all this wasted money.

What the budget does is it shows support for, essentially, disconnecting the ability of corporate executives to juice the stock right at the moment they're selling shares, which has been the preferred way of many corporate executives to get a little pay bump, incidentally, while they're using corporate funds.

So that's essentially what the budget says it does. I think it's really important, because now we have both the Security Exchange Commission, which is engaged in a new rule making around stock buybacks, which would increase the transparency, ideally at a daily level, so you could see on every day what a company has bought back in shares, and track that against insider selling from executives. That's moving forward, hopefully in a positive way. And we've put in some submissions on that. You've got Congress moving accordingly.

And you've also got, maybe surprisingly, a lot of, if you want to say sustainable, or just common sense investors, which are saying, "This has got to end." And so we may be at a place where this particular provision in the budget, sort of, symbolizes peak buybacks. Because we are now at a peak. This is a record year, as you know. Maybe this will signal that the time has come.

[00:50:36] **Goldy:** I just want to be clear about the policy and the budget. What you were referring to is that there's a lot of studies that show that a company will announce stock buybacks, that will drive the price up immediately, and then executive sell at that moment. And as I understand it, this would put a three year freeze on executives selling their shares after announcing a share repurchase?

[00:51:05] **Niko Lusiani:** Yeah. Something around three to four. This is... it's a proposal, so it's not written into legislative language. But that's, sort of... the idea is to have a cooling off period to prevent executives from selling their shares at the time of, or just after, a share repurchase. And to the extent that you believe that a lot of these share purchases are done to a boost personal income, and there's some private interests in mind, which I think is the case, this would essentially eliminate that.

[00:51:35] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** Just playing it back to you-- I hadn't thought it quite through-- if you were the CEO of a company that does a stock buyback, you will not be able to sell any of your shares for three years after that action takes place.

[00:51:52] **Niko Lusiani:** Yeah.

[00:51:53] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** Okay. Well, that will put a kibosh on it.

[00:51:56] **Niko Lusiani:** Well, exactly it would. Exactly. It would limit the interest of the buybacks to begin with.

[00:51:59] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** Yeah, there wouldn't be a lot of enthusiasm in the C-suite for stock buybacks anymore, because that effectively ends the executive's ability to buy and sell stock.

[00:52:16] **Niko Lusiani:** Or it would end their ability to do engage in buybacks.

[00:52:17] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** To do stock buybacks.

[00:52:19] **Goldy:** If they don't do buybacks, and they instead invest in their own company, and increase sales, and the stock price goes up.

[00:52:29] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** Then they get a sale.

[00:52:30] **Goldy:** The earnings have gone up, then they can sell and make a profit.

[00:52:32] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** Okay. I'm seeing this clearly now, and the power of that change is more apparent. To me, I would've just taxed them at 10%. I would've just said, "Look, go for, it but we get 10% of everything you do."

[00:52:50] **Niko Lusiani:** Yeah, well, there's a proposal on that, Nick, as part of the Build Back Better-- RIP-- agenda. There was an excise tax of 1%. We could get up to 10%, 20%.

I personally think that we should move back to a pre-1982 standard where these open market repurchases were seen as manipulative and just ban it.

[00:53:15] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** Yeah. A 100%. Except in extraordinary circumstances, right?

[00:53:19] **Niko Lusiani:** Correct. And if you want to distribute, you can use the dividend channel, which is more recognized as adding value.

[00:53:26] **Goldy:** Speaking of taxes, how would this centimillionaire tax affect people like Nick?

[00:53:34] **Niko Lusiani:** Well, I can't say I know the ins and outs of your tax returns, Nick, but essentially this would prevent many centimillionaires from being able to pay less than 20% essentially, to get around and avoid the income tax code in really important ways.

[00:53:53] **NICK HANAUER - HOST, PITCHFORK ECONOMICS:** To be clear, I pay more than 20%, Goldy, already.

[00:53:55] **Niko Lusiani:** It wouldn't affect you at all. There you go.

[00:53:58] **Goldy:** I said people like Nick.

[00:54:01] **Niko Lusiani:** Exactly. What this is really focused on is to deal with this really outstanding and pernicious gap between what ordinary people pay in income tax-- on average, something like 14 to 20% at the federal level-- and what centimillionaires and billionaires pay, which is anywhere between zero and maybe 8%-- I think, on average, was the one of the latest studies-- and say, "Hey, no matter how rich you are, you can't get beyond the law and you pay 20%, including importantly on realized gains."

So If you're a Zuckerberg, and Facebook stock jumps 20%, you're going to pay, on an annual level, the existing capital gains tax on that unrealized gain, even if you didn't sell the stock.

[00:54:48] **Goldy:** Is that the main part of how this works? Or do they have specifics in terms of this... I guess it's, like, the alternative minimum billionaire tax?

[00:55:00] **Niko Lusiani:** Yeah, exactly. It would set a floor for those worth more than a $100 million, and apply also, as I mentioned, just, to those unrealized capital gains.

Which is important because this is happening within a context of a growing consensus, at least in many parts of the Democratic Party, that we need to tax the ultra wealthy more effectively. And there are different ways to do that. The wealth tax was very much discussed during the campaign and a little bit after that. That would tax dynastic wealth, that would tax the stock of wealth at a 2% level or an 8% level. Whereas this proposal, which is really, sort of, an iteration of Senator Wyden's mark to market proposal, would tax the growth of wealth. And it's, really, in that sense, more of an income tax than a wealth tax.

Elon Musks Billionaire Games - The Daily Show with Trevor Noah - Air Date 5-7-22

[00:55:52] **TREVOR NOAH - HOST, THE DAILY SHOW:** I'm by no means an economist, nor am I an expert on stock markets and all things finance related, but you have to admit, a lot of what happens on Wall Street seems like a scam. Today was one of the strangest things to read, it was yesterday, stock market goes up. Why does stock market go up? Because they say they were

happy that Jerome Powell said the Fed would never increase the interest rate by more than half a percent. So they were like, "yeah," and then it went up.

And then today was crazy, the market was crashing, in a way. They're like, "it's a blood bath," and I was like, why? and they're like, "oh, because they misinterpreted what he said," and then I was like, wait, wait, wait, wait, wait. First of all, how does that happen? How are markets changing because somebody reads something or understand, and all of you at the same time? And then secondly, why do markets do that? Does that make sense?

That's something where I was like, why do markets have the ability to do that? It was like jumping and fortunes, then going down. There is a scammy nature to the whole thing, and I think they've tricked everyone into going like, "no, it's the economy. It's for you. It's for you. All of good economy good for you," and you're like, "is it though? For everyone?" It's like, "yes, good for you."

And I get it for people's retirement and I get it for 401ks and I understand those aspects of it, but I've realized there are so many things that are designed it in such a slick scammy way. Like the Elon Musk Twitter thing is one of the best examples. People argue that you cannot tax billionaires on the shares that they hold in a company because it is an unrealized gain.

So they go, yeah, you're worth $300 billion, but we can tax you on those stocks because you haven't sold the shares, so you don't have the money. You're worth the money, but you don't have the money. I understand the argument, they go, no, you don't have it, it's just what it's worth, because could also crash and then you have nothing, so we can tax you on it.

Then I'm like, okay, I understand that. So you can't tax the people on a thing because they don't have it, it's just there. Okay. Fine. Then, Elon Musk offers to buy Twitter. He offers to buy it and then he says, in his offer, he goes, I'm putting up my Tesla stock as collateral, then I'm like, "so you do have it?" and he's like, "no, no, no, no, no, I don't have it. I don't have it. I'm just going to say as collateral. So then they accept the offer. He now buys Twitter. Now that they've accepted his offer, he now goes to private equity and banks and other rich people or whatever, he goes, "can you guys borrow me the money to buy Twitter?" He's like, "I want to buy Twitter because I don't want to sell any of my Tesla shares, so I want to use your money to buy Twitter," but then they're like, "what are we loaning against?" and he's like, "well, my Tesla shares." Then I'm going like, wait wait. So, so you, you can, you can buy a thing based on what you have, yes, but when we want to tax you, you can say, I don't have it.

Just think of the logic of it. It's such a fun game that billionaires gets to play, because all their money is in that. Like, if you earn your money as a salary, your money just gets taxed, that's it. The IRS comes and you can't be like, "I don't have that money." You can't be like, "that money's in the bank. I don't have that money. What money? It's in the bank. Only when I take it out, then you can tax me. For now it's in the bank, IRS."

No, IRS is like, "don't worry. We've got your pin number. We'll handle this." But then if you have billions in shares, you can then use that as money to then get more money, but not get taxed on any money, because you don't have money. And now, I'm not saying that you should tax people based on an unrealized gain, because I understand for a market and an economy that might be crazy, but I am saying it seems to me that you then shouldn't be able to use a thing that's unrealized as collateral.

Prof. Richard Wolff Do Workers Have It Too Good Nowadays Part 2 - The Zero Hour w RJ Eskow - Air Date 5-14-22

[00:59:42] **PROFESSOR RICHARD WOLFF:** In the House of Representatives, there is something called the Select Subcommittee on the Coronavirus Crisis. They issued a report last week. And one of the items just getting a little bit of play was they accused two or three of the leading meat packing companies in this country, Tyson Foods, Smithfield Foods, and others, of deliberately leaning on the government in 2020 to specifically order that meat packing plants be kept running, even though meat packing workers, who are crammed into small spaces, standing close to each other, would be vulnerable to COVID. It's so gross that the committee found that the executive order issued by Donald Trump as president in 2020, ordering meat packing plants to stay open, was actually written -- the order -- in large part by the lobbyists of the meat packers.

Here's the statistics released by that committee. I'm just quoting the report. 59,000 meat packers got COVID in this country. 300, give or take, died from it. And the argument given by the meat packers, well we have to do this, otherwise the meat supply of America could be in danger, the committee did the work and reports -- this is the House of Representatives in Washington, it's not me making this argument, I'm just telling you about it -- they report that during the time we were told, that the president was told there's a threat to our meat supply, record amounts of meat from America were being exported, and that there was millions of pounds of pork frozen, sitting, waiting for just such a situation so

that, that could be used. In other words, they were just profiteering, telling whatever story would make it appear that they had to get what they wanted, which is a continuation of the workers. If they got sick, they go hire somebody else. They wanted to keep the factories humming, the meat packing plants running, and the government of the United States now, two years' later, is doing the research, which it can force with subpoenas, and showing what actually happened. But if you're not willing to wait two years, if you're trying to go with what the consensus is, virtually all media outlets back then, as the committee shows, reported that there's a danger to our meat supply, leading the American people to believe that you're not keeping the workers there to profit the company, you're keeping the workers in a dangerous place where 59,000 of them got COVID, because of the concern that meat be available on the tables of the American people.

I mean, it is a lesson in corporate duplicity, in the government's complicity with the duplicity. But you also can see that the reporters, the writers, get caught up in this. They don't have the time, they don't have the incentive to go -- if they even could have -- figured out what the truth was. So we get carried along and we have to wait two years for some committee or some enterprising researcher to actually figure out what the hustle was that time.

[01:03:49] **RJ ESKOW - HOST, THE ZERO HOUR:** And you know what else, Richard Wolff, is not only didn't they do the research to find this out themselves, that that subcommittee report was not on the front page in The New York Times. What I read on the front page -- and I'm just singling it out because that's the article I have in front of me -- is just these general statements that suggest that meat packers, like all other working Americans, are getting paid a little bit too much for everybody's good. That's the only message. You know? So you get what I'm driving at here.

And before we go, the other thing I was kind of pondering, knowing that we would be speaking, is labor force participation. Because it seems to me, if everything is so fantastic for the American worker, which I think we've clearly established it is not, but if you were to believe such a thing, you might want to look at labor force participation rate. Correct me if I'm wrong again, but it seems to me, it goes up, it goes down or whatever, but it's less than 50%. And granted, the population's aging and so on, but it doesn't seem to me, even looking at peak working years, 25 to 54 or whatever, we're not at all-time highs for labor force participation. It seems to me that we don't have a country, regardless of what the official employment figures say, but correct me if I'm wrong, it doesn't seem to me we're at something we can call full employment. It doesn't seem to me that people are being -- in addition to being adequately

compensated -- it seems to me there's room for growth there. So I'm wondering why I keep hearing how overheated everything is.

[01:05:23] **PROFESSOR RICHARD WOLFF:** Exactly. The labor force participation has not recovered back to where it was before the pandemic and the crash hit in 2020. So clearly there is not an enormous incentive to come back.

Let me give you a particular statistic that I found arresting: we have in the United States now, as I'm speaking to you, 938,000 childcare workers, people who take care of children in specific little enterprises that are there for that, so that parents can go to work and someone will take care of their kids while they're working.

Before the pandemic hit, we had 1,050,000. So we are 12% short of where we were before the pandemic. And you say to yourself, Wow, people need childcare more than ever. We have more population now than we did two years ago. So we're not taking care of our parents, particularly our young parents.

Okay. Why? Well, then I found the answer. The average, the median, the median pay for a childcare worker in the United States as I'm speaking to you is $13.22 an hour. Case closed. That's the median. That means half the childcare workers get less than $13.22 an hour. In other words, this is a poverty program. And what is the poverty program? Taking care of young children.

Let me remind you what psychology teaches us. The first five years of your life are among the most important shapers of your capability, your brainpower, your personality, and much about you. It is a very important high priority time. And what are we doing? Half of the people who are in charge of the young are folks to whom we offer less than $13.22 an hour. I mean, that is wrong on so many levels. It's hard to know where to begin. But one thing is for sure, this is not an incentive for people who are creative, who need an income, who want a job, to go and do something as important as that is.

And not only does it hurt the children, but it means of course that the shortage of such workers denies parents the possibility of utilizing them, which means millions of parents, particularly women, are staying home in order to cope with the absence of any other way to take care of their children. And the only thing to add to that is if you get rid of Roe vs. Wade, you make the problem worse.

But this is a society -- you know, you and I have talked about this RJ, I really have the sense, which I've not had before in my life -- that this is a society, a

system falling apart, and it is casting about in an increasingly irrational way to try to cope with the cascade of its problems.

Final comments on the culture of distrust of the poor

[01:08:51] **JAY TOMLINSON - HOST, BEST OF THE LEFT:** We've just heard clips today, starting with:

The Thom Hartmann Program discussing the rise of fascism in Germany, in the wake of hyperinflation;

Robert Reisch explained the impact of corporate concentration on inflation;

Democracy, Now! looked at how times of inflation are used by corporations to price gouge;

The Zero Hour explained the disconnected narratives of the elite and everyday folks experiencing the economy;

The Bradcast discussed how COVID drove the growth of billionaire wealth;

Democracy, Now! explained the special corporate deals that were struck, which are now helping drive the shortage of baby formula;

The Bradcast looked at policy proposals, including a wealth tax; and

Pitchfork Economics explored the pros and cons of Biden's budget proposal.

That's what everyone heard, but members also heard bonus clips from:

Trevor Noah on The Daily Show explaining how the rich enjoy undue benefits of their wealth without taxation; and

The Zero Hour gave two case studies of corporate abuse: from the meat packing industry; as well as childcare.

To hear that and have all of our bonus content delivered seamlessly into your new members-only podcast feed that you'll receive, sign up to support the show at bestoftheleft.com/support, or request a financial hardship membership,

because we don't make a lack of funds a barrier to hearing more information. Every request is granted. No questions asked.

And now, I just want to put a little bit of a finer point on one of the stories that was brought up in the show: the WIC government deals with corporations, as we heard, exclusive deals were struck on a state-by-state basis in exchange for discounts on baby formula, that sort of thing.

And the argument for a policy like this gets made in a multilayered way. First of all, what they will say, is that there's a desire to save the government money by striking special deals. And that is the least-terrible sounding argument of the bunch. But, as I think you'll see, it's not that good. And it gets worse from there.

What, I think, is really at play here is a deep-seated distrust of people to know how to take care of themselves without guidance or guardrails. And when I say people, I don't mean people in general; I think, you know, people in the government will go on and on about how great they think people are at free enterprise, and making their own decisions, and choice, and all of that.

"It's the poor people, unfortunately, who just don't know how to make any decisions for themselves. And so if we're going to help them," the government is, sort of, saying to itself-- they don't say this as much out loud-- "if we're going to help them, we really have to put some restrictions on the help we give. Otherwise they're going to do it wrong, because they're poor, and they don't know how to do things."

So, this, I think, is itself a form of, sort of, elite panic-- this is a concept we've been discussing on the bonus show in depth-- and it is this assumption, by the elite, that the poor-- and the working class, depending on the circumstance-- are almost perpetually on the doorstep of chaos, with only the thin veneer of social structures keeping us in check. And so, if there's something like a natural disaster, the reaction of the elites is often to police the people to keep us under control, rather than just help us deal with the actual disaster, for fear that... I don't know, "A riot is going to break out at any minute!" Right?

So that's in an emergency situation. But in policymaking, this same kind of fear of the poor, and the working class, manifests with programs like WIC and SNAP, that provide support for people-- because, that's nice-- but it creates this huge bureaucracy to filter out the deserving from the undeserving, which, of course, itself is just a compromise, because there are many who think that to be poor essentially automatically makes one undeserving of help. You've already

proven yourself to not know how to live life correctly. So it's... it's, sort of, a throwing-good-money-after-bad sort of situation in those people's minds.

And then, on top of that, there's the logistical guardrails. You've got the bureaucracy, and then the logistical guardrails that make sure that those who we have deemed at least partially deserving can only spend the money on what the policy makers think is appropriate.

And all of this, all of the work that goes into separating out the undeserving, and all the effort put into designing guardrails to keep people in line, it all stems from the desire to avoid the greatest sin in American politics: wasting taxpayer dollars.

No, I'm just kidding. That's just the argument that they make, which makes it more acceptable to people. You know, obviously vastly more money is wasted in places like the Pentagon than on our various supports for the poor. But what we always hear is hand-wringing over money wasted on social programs, because it taps into a very different idea of how the money is being spent, or wasted, or whatever; because with the social program, many will think that the money is being given to those who can't be trusted, unlike the honorable people working in the military industrial complex who have proven their worthiness through their success.

So if you need this in shorthand—basically people who don't need help deserve it because they don't need, it while those who need help don't deserve it because they've proven themselves unworthy by needing it.

And so the way they'll see it, is that wasting money on poor people isn't, like, overspending on a new fighter jet. I mean, that could just be a mix-up. That happens. That's understandable. But giving money to the poor, who, as we assume, can't be trusted to spend their money correctly, becomes an injustice. It's not just moving money from the haves to the have-nots; it's moving money from the deserving to the undeserving. And that's, basically, just stealing someone's money and throwing it in the garbage.

So that's how you get people all riled up against policies that would actually make sense, and be less complicated, and help people more, because you can put it in this framework of injustice.

And it is this narrative, that we have been beaten down by, that results in the focus on designing these kinds of programs to avoid wasting money at all costs.

Giveaway corporate monopolies? Sure. Build a bureaucracy to create friction between those who need help and actually receiving that help? Absolutely.

Don't give cash-- that is maximally flexible, so that people can get exactly what they need-- but rather give them highly restricted spending power that, also, maybe, as a side benefit, marks and stigmatizes them in the process? For sure.

And then, all of that comes crashing down when there's a sudden shortage, and the monopoly structures play into that? Well, you know, what can we do? How could we have seen this coming?

And all of this, from the overly complicated way that we design our policies, to the disdain for the poor that drives those policies, it all comes from the faulty premise that individualism and meritocracy are good ways to describe the functioning of society.

There's no structural analysis to the factors of the cycles of poverty that have nothing to do with individual effort or merit. And so people can continue to delude themselves that to be poor is an evidence of a lack of merit, and to be rich is evidence of merit. And one need not look any closer than that.

Which brings us back to the solution that cuts through all of this and was mentioned in the clip: just give people more money and don't make them jump through all these hoops.

But really, it isn't just a policy problem. That's relatively easy to fix, if you make the right arguments, and push it through the right legislatures, and all of that. It's a culture problem, built on this faulty premise. And frankly, we need to fix both.

As always keep the comments coming in at 202 999-3991 or emailing me to jay@bestoftheleft.com. Thanks to everyone for listening.

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