Taxing Democracy: Politics and the Bush Tax Cut

by
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The science of economics is a political science.
—Max Weber

Few domestic political issues have been debated with more passion than the tax cut that was proposed by the Bush administration and recently passed by Congress. The tax cuts have been characterized as everything from a giveaway to the rich to a stimulus package for an ailing economy. Political rhetoric frequently coalesces with "social science," statistics and economic argumentation, but—interestingly enough—the political character of decision-making on tax policy has tended to disappear from the public debate. What I think is happening, however, is not simply a rethinking of tax codes or a move away from the redistributional character of the post-war American welfare state. Rather, there is a reformation of American democracy through the policy prescriptions of the Bush administration where the acute separation of economics from politics may very well lead to an erosion of the democratic character of the United States. What characterizes the political rhetoric of the Bush administration and neoconservatives?

Without question, linking taxes and democracy has been a consistent theme in American politics. From the birth of the republic, through the massive inequities of the Gilded Age and the great redistributive policies of the New Deal, the War On Poverty and the Great Society, there has always existed a consistent link between the emergence of the state as a participant in the public sphere and the expansion of democracy, especially in economic terms. But recently, the view has emerged that the expansion of the state and the services it provides, its public goods—what we commonly call the welfare state—stands in sharp contradiction to the values of liberty, freedom and democracy. The more the state encroaches on me, the citizen, the less free I am; the less money I am able to keep from what I earn, the more the government is interfering with my liberty. This is the essential rhetoric of anti-tax conservatives like Grover Norquist, one of George W. Bush's top political advisors:

> Look, the center right coalition in American politics today is best understood as a coalition of groups and individuals [and] the issue that brings them to politics [is that] what they want from the government is to be left alone. Taxpayers, don't raise my taxes. Property owners, don't restrict or limit my property. Home-schoolers, let me educate my own kids. Gun owners, don't restrict my Second Amendment rights. All communities of faith, Evangelical Christians, conservative Catholics, Mormons, Muslims, Orthodox Jews, people want to practice their own religion and be left alone to raise their own kids.[1]

Known as the "leave us alone" coalition, such is the ideological context that includes the politics of the most recent tax cuts; an ideology grounded in a much broader conception of society, politics and culture; one premised on a curious mix of libertarian individualism with a provincial, parochial communitarianism. But this is merely a surface phenomenon. It appeals only to the conservative sentiments of a public that has been ideologically dragged to the right over the past two and a half decades. But the material impact of the tax cuts are typically felt at the local levels. This is, in part, a result of tax cutting policies which begin at the federal level and have trickled down over the years into the policies of states.

As federal tax cuts increased throughout the 1980s and 1990s there was an increased pressure states and cities to shoulder the cost of schools and other social services. The politics of the tax cut must therefore be seen first and foremost as a broad attempt to reorient the way in which American democracy was heading since the New Deal which itself was based on the realization that the effects of capitalism on society required the intervention of the state in order to counteract the effects of what Stephen Eric Bronner has called the "whip of the market" from staggering economic inequality and poverty reduction and cyclical economic crises. Later, issues ranging from pollution to enhanced social services and programs were on the minds of the public and began to enter the political agenda of the Democratic Party. It was a conception of democracy that realized that unequal economic power rendered "equal" political rights practically meaningless and that only through the fair distribution of social wealth could political and social rights truly be extended and realized.

One of the main functions of tax policy is the redistribution of income and it is around this issue that the rallying cry for those who seek the reformation of the tax code in America is organized. Whatever else taxes may actually do as an instrument of public policy, the core argument used for the tax cuts has consistently been to link economic productivity (the welfare of everyone) and personal income (the welfare of the individual or family). It is, in so many ways, a flawless political strategy—one that hits Americans where they feel they need it the most, even though the numbers do not work out in their benefit. Most taxpayers therefore see their responsibility as restricted to the sphere of the local. In this sense, an element of racism often enters the picture once largely white and better-off municipalities pay taxes that are redistributed to inner city neighborhoods located close by. What is seen by the average taxpayer is therefore not a set of goods and services, but a complex tax system that is impenetrable and, at the local level, even seen as simply unfair where ailing inner city schools require tax revenues collected at the state or county level from more affluent, largely white suburbs.

Redistribution is one of the main targets of the Bush tax cut and its impact will be substantial. Recent data show that, even before the current tax cut was put into effect, the top 400 wealthiest taxpayers paid less taxes in 2000 than in both 1995 and in 1992. In the past nine years, the incomes of the "top 400 tax payers increased 15 times the rate of the bottom 90 percent of Americans."[2] And it is important to point out in this context that the top 1 percent of income earners in America have a 26 percent share of the tax burden while their share of the Bush tax cuts is over 50 percent.[3]

However we may view the rhetoric of the tax cuts, what is becoming ever more apparent is a gradual destruction of the public sector and the expansion of the market to more domains of society. In this sense, the Bush tax cuts are not merely an expression of fiscal policy. They also fundamentally serve a larger project of redirecting the way that American democracy has functioned throughout the post-war era. This redirection involves a wholesale transformation in the way that government can act to soften the harsh impacts of the capitalist economy whether it is in the form of economic inequality or environmental degradation.

Tax Reform and Political Opportunism: Bush in Context

THE TREND TOWARD TAX REFORM in the 1980s was, it should be admitted, the result of many legitimate economic pressures. The problem was not in the changing economics of global capitalism but in the way the politics of the right in America—as well as other nations—used this economic pressure for its own ideological ends. This can be explained in the flowing way. During the post-war years, there was a general consensus among policy makers that taxes should be progressive and used as tools for economic management. Throughout the 1950s and 1960s, this Keynesian logic made possible spending on large social programs and the investment in infrastructure. Business and the wealthy paid large marginal tax rates as opposed to the poor, working, and middle classes. This form of redistribution that allowed working people and even entire regions of the country to migrate to improved living conditions and to enjoy improved social services and public goods.

Arguments were often made about the degree to which these taxes were indeed progressive. Political élites—more often than not representatives of business interests—made the argument time and again that a reduction of taxes would mean an increase in economic growth and productivity (a rise in GDP). However, such political arguments had very little support. First, there was the problem of politics. Americans overwhelmingly supported progressive taxation since the majority of them benefited from it directly. But next, the few studies that were made on the link between taxation and economic growth showed that there was no relationship at all.[4] Anti-tax political rhetoric therefore lacked, through the 1950s and 1960s and well into the 1970s, any political support from the citizenry of the United States and also any empirical support from the social science establishment.

This situation began to change in the late 1970s. For one thing, as American workers began to prosper they also started moving up in income tax brackets and getting hit by increasingly higher tax rates. This was part of the system's design, and it also showed the old system was actually working. Tax revenues were supposed to grow automatically since "as the economy expanded, inflation pushed more and more individuals into higher and higher tax brackets as their nominal incomes increased."[5] The tax system that had been devised and implemented in the 1950s and early 1960s began to lose its redistributive impact since the classes that, in the past, had benefited from the redistribution of wealth were now being taxed at ever higher rates and the benefits were no longer as clear as they once were. The result was a sharp increase in political pressure toward tax reform which, with the election of Ronald Reagan in 1980, led to a wholesale redirection of American government and its tax policies from the weakening of government agencies such as Housing and Urban Development (HUD) to an expanded federal deficit and the start of a widening gap in income and wealth that continues to grow today.

The economic facts were merely an entrée for neoconservatives to argue their case for the minimal state and the reduction of taxes on corporations and the wealthy. Tax reform was necessary, but not the sort of draconian cuts in public services and institutions that served the working poor that were inevitably enacted. Instead of a reworking of increasingly complex tax codes and regulations, tax cuts were initiated that helped exacerbate inequalities that were growing from the impacts of a post-industrial economy. What the conservatives of the "Reagan Revolution" did was to focus opportunistically on public dissatisfaction about growing tax burdens created by a system that was in need of reform and use this public sentiment to trample the welfare state.

On the whole, the statistical data is clear for anyone who has any casual acquaintance with the econometric studies and economic data: since 1980, there is a statistically significant relationship between the level of taxation and economic growth: as taxes increased, economic performance lessened in terms of GDP growth. This situation changed from the 1950s, 1960s and 1970s because there was a reconfiguration of global capitalism. From the 1980s onward, there was an increased global mobility of capital and the result was that corporations were able to move spatially to avoid costs. Taxes were among these costs. By 1990, this was a general theory of business planning with Michael Porter's book, *The Competitive Advantage of Nations*, serving as one of the central texts coaching businesses in how to avoid the costs of producing in only one site, especially a site that was not "friendly" to business in terms of tax rates and regulatory limitations. Corporations were encouraged to move to places where the tax burden—as well as wages and other limitations—were less prohibitive to profits. In the United States, this meant moving many factory jobs out of the northeastern states, where labor unions were strong and businesses taxes were higher at the state and local levels, to the south or to other countries (i.e., Mexico).

As the global economy began to change, the political economy of American taxation began to change as well. But this is where the crucial issue arises: even though there clearly were economic pressures brought on by this restructuring and the American tax system was in need of reform to remain a viable method of redistribution, the political reality was something quite different. The populist cry for tax reform was translated by the Reagan administration into a project of restructuring the state—a project which is still ongoing—where the role of the state in providing services was bypassed in favor of privatization and the redistributive functioning of taxation was rolled back. Legitimate needs for tax reform were therefore twisted by conservatives in an attempt to reorganize government and transform American democracy.

Redefining and Restructuring American Democracy

In 1843, the German economist Wilhelm Roscher wrote that political economy is not merely the “art of acquiring wealth; it is a political science based on evaluating and governing people.”[6] Economics is therefore a field that is fundamentally concerned with the very idea of the public good, it is far from being a value-free science. This is something that has been lost in recent debates on the politics of the Bush tax cut. The assumption—or even the outright belief—remains that there are legitimate economic reasons that can justify the various tax cuts which, and this is usually openly admitted, explicitly favor the wealthy. Inequalities that are generated from the tax cuts are considered “justifiable” first on supposedly economic grounds (i.e., promoting growth and employment) and, at times, on ethical grounds, in the sense that everyone deserves to keep whatever they “earn.” But neither of these contentions actually make sense. No empirical evidence links tax cuts on wealthier income earners and employment, nor is there any reliable evidence that supports a link between tax cuts on individual income and economic growth, even if there is evidence, as was discussed above, that corporate tax rates do affect growth rates. Economic policy is being done for political ends and the actual content and intention of this politics needs to be seen for what it is: a reconfiguration of American democracy. This reconfiguration means a retreat from the idea that the state ought to meliorate class differences, the acceptance of the idea that political democracy is somehow indifferent to economic and social inequality, and toward a situation where the market extends to almost every aspect of public life.

It is interesting to note that the Bush administration openly admits that its tax cuts favor the wealthy. This is a marked change from even twenty years ago when the political theorist Philip Green could write that “[s]pecial advantages for economic élites, as in the United States tax code, are introduced *sub rosa*, never proclaimed out loud. No one defends legislation by suggesting that the better class should be rewarded more and the inferior class less.”[7] Today, there has been a shift in the political sensitivity to social inequality and class division.

It is a specific political philosophy, or ideology, that essentially defines the Bush tax cuts. The Bush administration’s economic argument that the tax cuts will somehow stimulate a dragging economy and increase employment has little support in theory and no support empirically. The tax cuts are proposed as part of a stimulus package, one that will promote economic growth. But, as James K. Galbraith has recently pointed out, these cuts are not a growth policy for two crucial reasons: “They are targeted to the wealthy, and they are back-loaded so as to conceal their true long-term impact on budget deficits.”[8] The extent of the tax cuts is therefore structured so that the real effects on the budget will not show up for another ten years or so since tax cuts on the wealthy will continue to diminish tax revenues and therefore increasingly bankrupt the state. Of course, this is not obvious when one examines the tax plan since such easily perceived hardship would cause at least a small degree of backlash.

It is well-known economic logic that growth could be stimulated by new and increased government spending, something that has not even been publicly debated by the Bush administration’s economic policy advisors. This is because it would put the United States back in a Keynesian policy state of mind; and this means that there would be legitimacy in refunding the state and this would give some weight to political interests that want to expand the welfare state, government programs, regulatory agencies and other things which would be antithetical to the pro-business mentality and interests of the neoconservative agenda. In other words, once the state becomes more active in the economy, there is more likelihood that that state will also be used for expanding social programs. This runs directly counter to the current trend of shrinking the state and its influence in both economy and society.

There is also the question of economic growth and job creation. This issue has been at the core of the Bush administration’s arguments for the tax cuts as well as a broad conservative wave of support. Heritage Foundation economist Mark Wilson claimed in a recent study that if the tax cuts were made retroactive to the beginning of 2003, 1.6 million jobs would be added to the economy by 2011 and expand economic output by another $248 billion.[9] But there have been no academic economists who have been able to verify these findings in a single peer reviewed professional journal, and it is little surprise why. The rationale is classic "supply-side" economic thinking: the more money that is poured into the economy by letting people keep what they earn—so the supply-siders argue, in theory of course—the more society as a whole will benefit since people—especially the wealthy—will be more likely to invest in the economy and start new enterprises. A "free" market liberated from any type of restraint, regulation and public accountability is therefore the optimal arrangement for liberty and democracy.[10] This is the essential view that informs neoconservative political and social thought, but it is not a fact of economic science. Recall 1993 when there was an increase in the top income tax rate from 33 percent to 39.6 percent and *still* there was an increase in capital investment and a flourishing economy throughout the remainder of the 1990s. From the point of view of empirical evidence, the conservative argument quite simply makes no sense.

It is more correct to say, then, that there is a *political* imperative behind this shift in economic policy, and its agenda is the fundamental transformation of American democracy as we have known it throughout the post-war period. The primary motivation is the ideological view that the state needs to be reduced, to be minimized. The conservative economist Robert Barro of Harvard University and the Hoover Institution put it most bluntly:

> One attraction of tax cuts and deficits is that they starve the government of revenue and thereby promote spending restraint. This worked particularly well in the 1980s. The Reagan tax reductions were a proclamation that the growth in government had to stop—and, with something of a lag, that happened from the mid-1980s through the 1990s. . . . [M]ost people's income comes from their skill and effort (or, through inheritance, from the skill and effort of their parents). People deserve to keep most of what they have produced and earned, after sharing reasonably in the tax burden for financing a limited government.[11]

In many ways, Barro's comment outlines in brief the basic ideology behind the politics of the tax cuts. The starving of the state is part and parcel of a political philosophy that sees an increase in the extent to which the market—and therefore not public, but private interests—control many, if not most, of the production and supply of public goods and services (school vouchers are one example of this). But the reality of the implications of a social policy driven by low taxes is never highlighted by any of these thinkers or writers. Take California, a state that passed Proposition 13 in 1978 which says that property taxes cannot be greater than 1 percent of the actual sales price on real estate with a limited increase of 2 percent per year. Although the tax was clearly something that most homeowners supported—and still do, it still has a support rating of 60 percent in the state—the benefits flowed to corporations whose property taxes on land and buildings are under-assessed and therefore drain the state, and its municipalities, of essential tax dollars.[12] California now faces a $38 billion deficit and its public services have suffered—its schools are consistently ranked in the bottom half of the nation when it comes to spending per-student.

Why people accept this situation is a crucial question that needs to be asked. For one thing, there is an ideological explanation. Taxes themselves are not seen as public goods and services, but as redistributive mechanisms to those that do not deserve it—i.e., the poor—or as funding an ever-expanding state and government waste. This is, in part, the product of the rhetoric of the Reagan administration and its attack on welfare. But there has also been a general consensus in the media—one that has become almost universally accepted—that government programs are inherently inefficient and never benefit those that they intent to help. This negative view of government programs is partly due to a certain ideology that has been nurtured by conservative think tanks, writers and politicians for more than three decades. In this sense, the middle class in America sees fewer of its interests in common with the lower class, even though this is clearly not the case.[13]

As this divide has increased—especially as the racialization of this divide also has increased—the largely white middle class sees the social cost of promoting more equality through taxation as increasingly unfair since it sees itself as shouldering much of this burden, never mind the fact that the middle class, too, has been affected by falling incomes and will increasingly see a slide in their own quality of life and the public institutions around them. This ideological explanation translates into a political reality where the lower classes are largely disenfranchised and the middle and upper classes would prefer to keep their incomes safe from taxation and have little interest in an increase in social equality and do not see the deteriorating quality of their public services as being connected with dwindling tax revenues. Either way, this cleavage between the lower and middle classes is politically debilitating since the Democratic Party sees its traditional constituency of the working poor and middle class workers with divergent political interests even though they have more in common with each other than either of them do with the wealthy. The fact is that fighting for improved public services and worker protections of all kinds are things that both the working poor and the middle class share as common interests. The problem remains articulating a political message that bridges this divide.

This reorientation of American democracy puts markets and private interest over that of the public interest. Indeed, this has been the mainstay of American public life, but the new phase of this trend threatens to make it a more permanent reality. The reality of this situation can be seen most explicitly in the rise in economic inequality in the United States. The income tax was started in 1914 as a "class tax," one that took from the wealthy and redistributed to the rest of society. This turned into a "mass tax" during the Second World War to accrue monies for the war effort. However, it is precisely the notion of class that has been allowed to drop out of the discussion. Class is at the center of the tax cut debate because, as Barro incorrectly states, it is not the case that wealthy people are the ones that "produce" and therefore "earn" what they receive in terms of income. Capitalism is an economic system that produces profits from social labor; the fact that corporate CEOs make more than 400 times the income of the workers that actually produce the products and services can hardly be justified through an argument based along the lines of earning one's pay. This may be an extreme example, but all one needs to do is look at any corporation that develops, say, new technologies. Most, if not all, new technologies are developed in labs and research departments by Ph.D.s or other highly-skilled researchers earning middle income salaries whereas owners earn profits and income that are exponentially higher.

What this discussion points to is that the very meaning of democracy in America is being transformed, perhaps transmogrified is a better term. In place of public concerns and the public interest, it is private interest that has now become paramount in social policy. Whereas the general character of the American welfare state in the post-war period implicitly recognized that political democracy and political equality are practically meaningless without some degree of economic equality and that capitalism as an economic system had serious deleterious effects on society, we now see an institutional transformation where the welfare state is being rolled back to allow the market once again—as in the 19th century—to operate freely irrespective of its social costs. The peculiar caste of American liberalism has typically been seen as strongly Lockean: private property and the ability to accumulate property indefinitely and, therefore, wealth, has always been its backbone. But there have also been other aspects of liberalism: those that stood up for the unpropertied and those whose interests were not served by the free activities of those who owned private property. Indeed, the expansion of American liberalism came not—as neoconservatives have been arguing in recent years—from the ability of individuals to own property and pursue an "American dream," but rather from labor unions and working people that pushed for democratic reforms in the economy, the state and society.[14] Democracy is now being translated into a laissez-faire libertarian reality: as the organization of the entirety of society around the pivot of self-interest subject to minor legal restraints by a minimal state.

Bankrupting the state is therefore a primary aim of the conservative revolution. The very core of any substantive democracy, the public sphere, has slowly eroded through the further separation between state, society and economy, a separation made initially by Locke and then intensified by revolutionary thinkers like Thomas Paine. But American democracy was not initially grounded in Lockean notions of liberalism as writers such as Louis Hartz have insisted. Rather, it was the tradition of *republicanism* that informed the American Revolution and the early vision of the kind of democracy and society that it would usher in. In this sense, American democracy was initially concerned with the preservation of the public good through political institutions that were publicly accountable; it was not self-interest and the accumulation of private property that initially informed broad sections of the American citizenry. But throughout American political history, there has been a real tension between this tradition of republicanism and its emphasis on the public good and Lockean liberalism that places emphasis on private property and a liberal political order insisting on the separation the political and economic spheres. Thinkers like William Graham Sumner in the 19th century and, more recently, Milton Friedman, have interpreted American democracy through the lens of individual liberty and, therefore, as economic and political liberalism, a position grounded in the individual and not in a conception of the public.

Progressive alternatives to the tax cuts need to be articulated. A tax system that is as indecipherable and impenetrable as that in the United States requires serious reform. However, this does not mean eliminating tax revenues through tax cuts. Taxes on wealth would be much more effective than taxes on income since inequality has risen most in terms of wealth and not in terms of income.[15] In this way, the place where social inequality is most intense—in the unequal distribution of wealth—would be the place where redistribution would be concentrated. Wealth inequality between households means a disparity in the ability to buy a home, is more "likely to be better able to provide for its children's educational and health needs, live in a neighborhood characterized by more amenities and lower levels of crime, have greater resources that can be called upon in times of economic hardship, and have more influence in political life."[16]

But even more, the central problem—and one that would no doubt capture the attention of much of the electorate—would be to advocate job growth through government stimulus. What the Democrats in Washington should be pushing for in place of simply smaller tax cuts is an expansion in government programs that provide both public services *and* employment. Education, health care as well as transportation infrastructure are specific examples. Aside from being excellent opportunities for the state to create useful and dearly needed public services, they would also create well-paying jobs for large segments of the population. These are programs that have actually worked in the past and today require more serious attention in part because they are in stark opposition to the supply-side policies that the Bush administration has been pushing. Indeed, the empirical evidence for job growth resulting from increased consumer spending is extremely weak compared to that of state and federal programs.[17]

A responsible left program needs to counter the ideology that currently hampers economic policy and move toward policies that will capture the interests of working people and connect their concerns with broader public programs at the state and federal level. This has not happened for a variety of reasons, one of which can be located in the general ideological view of the contemporary left and its attitude toward the state. In many ways, this is a product of the 1960s and the New Left which was overtly hostile toward the state. From anarchist-inspired movements to the Arendtians and the emphasis on communitarianism over what was generally seen as the coerciveness of the state—all of which were quite respectable positions on the left in the 1960s—the New Left promulgated a general political view that was in opposition to the state, not merely in practice, but in theory as well.[18] The New Left's attack on the state left liberal Democrats with few allies when conservatives took power in 1980 with their own anti-state agenda. The state programs of the Roosevelt and Johnson administrations seem utopian now in the present context and the left has itself to blame in part for the lack of political and ideological support for the state and it has no practical institutional alternatives to the neoconservative vision that is emerging as present reality.

Even more, there was also—beginning in the early 1970s—an effort by big business to clamp down on labor unions and also begin a campaign of political activism themselves to help stem the tide of anti-business sentiment whipped up during the 1960s. This is where institutions such as the American Enterprise Institute, the Cato Institute and the Heritage Foundation got started and by the end of the decade, they had succeeded in electing a president with their own ideological perspective.

As a result of these different political trends, the Bush tax cuts will be able to push further a liberalized economic order that at the same time promotes economic inequality and the concentration of power in the hands of the few at the expense of the many, whether it be through wealth, property, or media control. This agenda goes against the grain of much of Western political thought which constantly repeats the injunction against extreme inequalities in property and wealth. From Plato and Aristotle through Locke, Smith, Hegel, Tocqueville and Dewey, among so many others, gross social inequalities have been seen as a major threat to the common good and a democratic polity. More and more, the republican strain in American politics is being eroded and the move toward a democracy based on the foundation of private interest is being increasingly privileged. Such a reconfigured democracy will see the roll back of the institutions and policies that have helped those disadvantaged by the economy; it will increase economic inequalities as well as inequalities in quality of life; and, in the end, it will affect the way that political power is distributed in the United States. The Bush tax cuts are therefore more complex and even more dangerous than initially meets the eye, and it is the very structure of American democratic culture and governance that hangs in the balance.

Notes

[1] Grover Norquist on NOW in conversation with Bill Moyers, transcript at: http://www.pbs.org/now/printable/transcript_norquist_print.html. It must be said that there is also a bit of hysteria mixed in with this rhetoric. Norquist again: "Guys with guns will show up if you don't pay your taxes and take that money from you. And I think that we want in order to have a free society to have as little as possible done coercively." (Ibid.)

[2] David Cay Johnston, "Very Richest's Share of Income Grew Even Bigger, Data Show," *The New York Times*, June 26, 2003.

[3] See Laura D'Andrea Tyson, "Tax Cuts for the Rich Are Even More Wrong Today," *Business Week Online* at: http://www.businessweek.com/magazine/content/02_27/b3790053.htm.

[4] See Claudio Katz, Vincent Mahler and Michael Franz, "The Impact of Growth and Distribution in Capitalist Countries: A Cross National Study," *American Political Science Review*, vol. 77, no. 4, 1983.

[5] Sven Steimo, "Why Tax Reform? Understanding Tax Reform in its Political and Economic Context," http://stripe.colorado.edu/%7Esteinmo/reform.html.

[6] *Grundrisse zu Vorlesungen über die Staatswirtschaft* quoted in George E. McCarthy, *Classical Horizons: The Origins of Sociology in Ancient Greece* (Albany: SUNY Press, 2003).

[7] *The Pursuit of Inequality*, p. 3 (New York: Pantheon Books, 1981).

[8] "Socking It to the States," p. 12 *The Nation*, June 9, 2003.

[9] See David Francis, "Bush Tax Cuts Widen US Income Gap," *The Christian Science Monitor* and *Common Dreams* at: www.commondreams.org/headlines01/0523-02.htm.

[10] Of course, there really is no such thing as a truly free market since there is always some form of corporate welfare or tariffs that benefit corporations. The key issue that should be emphasized is that any regulation that potentially helps working people is attacked whereas those regulatory bodies and policies that help capital are promoted or maintained.

[11] "There's A Lot to Like About Bush's Tax Plan," p. 28, *Business Week*, February 24, 2003.

[12] See Mark Baldassare, "How the West Is Taxed," Op-Ed Section *The New York Times*, June 27, 2003.

[13] See William Julius Wilson, *The Bridge Over the Racial Divide: Rising Inequality and Coalition Politics* (Berkeley: University of California Press, 1999).

[14] For an excellent statement of this position, see Karen Orren, *Belated Feudalism* (New York: Cambridge University Press, 1991).
[15] See Edward N. Wolff, *Top Heavy: The Increasing Inequality of Wealth in America and What Can Be Done About It* (New York: The New Press, 2002).
[16] Edward N. Wolff, "Racial Wealth Disparities," p. 7 *Jerome Levy Institute of Economics Public Policy Brief*, no. 66, 2001.
[17] See Jeff Madrick "Economic Scene," *The New York Times*, July 10, 2003.
[18] Sadly, this is still a thriving view among leftist thinkers. See the recent "Rosa Luxemburg Debate" concerning the state in *New Politics*, vol. VIII, 2002 no. 4; vol. IX, 2002, no. 1 and no. 2.

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