

Downside UP

A Voice of Contemporary Political Economy Volume V, Issue 4: May, 2005
Ronald G. Woodbury

Preparing a Progressive Platform:

Capitalism, Justice, and the Role of Government in a Progressive Agenda

"The essence of civilization is that the strong have a duty to protect the weak." The words of a wacko liberal, a fanatical big government Democrat, or a bloated bureaucrat? No, the words of George W. Bush, President of the United States. (USA Today, April 1-3, 2005, p. 1.) As a progressive, I could not possibly agree with him more.

But how do we take, or understand, what he said? On its face, what he said seems but one more in an endless series of George Bush truths by convenience. Like "I condemn torture of any kind," "middle class tax cuts," "Social Security will be bankrupt by 2040," "Healthy Forests Initiative," "Clear Skies Initiative," or "reducing our dependence on carbon-based fuels." Deceit appears as simplemindedness.

From another perspective, what he said is just absurd. This is a man who has pushed through Congress the largest tax cuts ever given to the rich while trying to cut health care spending on the poor by \$20 billion a year. This is a regime which is halfway through implementation of a decades-long effort by Corporate America to protect itself from class action and damage suits, to make it more difficult for ordinary people (but not corporations) to declare bankruptcy, and to eliminate all taxes on investments.

Yet neither of these interpretations explains why Bush said what he said. The occasion of the President's remark was the Terri Schiavo debacle but the language is genuinely that of his New England forebears. It expresses their deeply felt sense of the social responsibility of the rich and powerful for the poor and downtrodden. It is at the core of the traditional – and I would say, real -- Christianity which Bush and his radical right evangelical supporters ignore. It comes straight from the upper class Protestant milieu in which his father fully, and George in part, grew up. And it is at the foundation of progressive thought for all those people who, whether or not they recognize their roots in the Judeo-Christian tradition, have been creating social programs in the United States to protect the weak against the strong.

Fundamentally, the progressive agenda is about justice. Justice requires protecting the weak against the strong, and, for all its difficulties, government, and specifically democratic government, is essential to that goal. Bush may not believe in the social and economic implications of what he said but he couldn't help expressing its ideals.

Downside Up, “Role of Government,” page 2

Every one of the responses I received regarding the creation of a progressive agenda were posited on the idea that government and government programs are pivotal to creating the just society all progressives dream of creating. None would ever talk, as I have at least three times quoted Jeb Bush of talking, about a dream of abolishing government. (1) Charity is not sufficient. The rich do not yield their wealth and power willingly or sufficiently. Only the people, through democratic government, can fulfill the “essence of civilization.”

To understand what progressives are saying, it is important to understand the roots of the debate over the role of government in Western societies. The very language of the debate echoes down to this day and, even if they could not identify the source, most readers will especially recognize the language of Adam Smith, the founding father of capitalist thought. While far less recognizable in a society which, for all practical purposes, blackballs the socialist critique of capitalism, the words of capitalism’s great critic, Karl Marx, ring just as eloquently. From the two of them, writing more than 100 years ago, we can easily discern the basic outlines of the current debate. Although we may perceive it as a debate between Democrats and Republicans, liberals and conservatives, it is in fact the same debate, both practical and ideological, about capitalism, justice, economic growth, property, wealth and the general welfare.

Progressives must, once again, revisit that debate. They have to look again at the role of government in a world where what passed for socialism ended up undemocratic and even some democratic governments overplayed their hand. They must address this issue while simultaneously upholding democratic government as the only institution with the power and authority to constrain the excesses of a multinational corporate capitalism run amuck.

Of Wealth & Property: Adam Smith & Karl Marx

Adam Smith

While a whole lot of simplification results from reducing Adam Smith and Karl Marx to symbols of the struggle between capitalism and justice, these two seminal thinkers raised the core issues. Smith published his Inquiry into the Nature and Causes of the Wealth of Nations (usually referred to as just The Wealth of Nations) in 1776 at the start of the English industrial revolution. There he laid out the program, rationale, and ideology of free market capitalism. Marx, writing for a half century across the second and third quarters of the 19th century, laid out the essential critique of capitalism and what he saw as its necessary and inevitable transition to socialism.

Smith wrote in opposition to the then dominant European form of economic organization called “mercantilism.” Under mercantilism, the State (meaning the whole apparatus of government, not geographic subdivisions of a country) dominated the economy, controlling trade, using tariffs to protect favored industries from foreign competition, and granting monopoly charters to certain companies. This system is readily familiar to students of the American Revolution whose Declaration of Independence, not entirely coincidentally, was written in the same year as The Wealth of Nations. The English monarchy granted a tea monopoly to the East India Company. It levied tariffs against French products. And it decided who could trade with what countries, not just in the colonies but at home. Two of the most important, if not the most important, groups supporting the American Revolution were American merchants and would-be manufacturers.

Downside Up, "Role of Government," page 3

Smith argued that removing government intervention in the economy – in today's jargon, "getting the government out of the business of business" – would increase production and wealth. As myriads of individuals competed to produce better products at lower prices, more wealth would be created and more good accrue to the public. This was an era when philosophers -- Smith was considered a "philosopher" -- would talk of the "greatest good for the greatest number" as the measure of social policy. The Preamble to the American Constitution refers to "promot[ing] the General Welfare." Smith's genius was in realizing how free trade and the interaction of buyer need and merchant interest created – "as though by an invisible hand" -- a powerful economic drive for the creation of wealth. I am sure that most readers have heard most of these phrasings, even if they are not sure where the phrasings come from. For free trade, Smith used the French word, "laissez-faire" (leave alone to do), also in common usage today.

Smith believed that, "by pursuing his own interest [a merchant or manufacturer] frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good." The "government that governed least governed best." Government should restrict itself to security and defense. These ideas paralleled the "liberal" Enlightenment political ideas behind the American and French Revolutions – "liberal" here used in its original and real meaning of "liberty." (See below.)

Karl Marx

While Marx, writing frequently in collaboration with Friedrich Engels a half century and more later, would surely be seen by most as writing in complete opposition to Smith, he in fact wrote in the same philosophical tradition. Both were concerned about how to create a better society. Both were concerned about wealth and the lack of it. Both were concerned about the public good/general welfare and both sought ways of promoting it. Both, I would argue, came out of the Judeo-Christian tradition and its concern for the poor and the oppressed.

A big difference is that Marx was looking at a different reality 50 to 100 years after Smith wrote. In his most famous work, The Communist Manifesto, co-authored with Engels in 1848, Marx was looking at the reality of the industrial capitalism which in fact emerged out of Smith's freer, though not really free, market economy. He was looking at a world in which workers were regarded as no more than commodities, or property, hired and fired at the will of the factory owner, and living in abject poverty and exploitation. Owners paid workers only as much as the owner had to pay to get them. That was not much since farm workers were simultaneously being thrown off the land. Conveniently for factory owners, land that had been used to raise crops was being converted to sheep farming which then supplied wool to the factories where the former farm workers now worked. "The worker *appears* to be free, because he is not bought and sold outright,...but he is forced to sell himself." He is the slave of "the whole capitalist class," and in some ways worse off than the slave because "no one is responsible for providing him with food and shelter."

For Marx, society was now focused on two classes, the capitalist bourgeoisie which owned the means, or instruments, of production (e.g. factories, banks), and the working class, or proletariat, which has only its labor to sell. The existence of private property is the heart of the problem because "the necessary condition for [its] existence is the non-existence of any property for the immense majority of society."

Downside Up, "Role of Government," page 4

"Private property is already done away with for nine-tenths of the population."
Workers must "throw off the chains" that bind them by abolishing private property, eliminating the capitalist class, and taking control of both factories and the State.

Of Capitalism and Justice: Theory and Reality

I chose to quote so heavily from both Smith and Marx because their words are so powerful and Smith's ring so loudly down to the United States today. Smith's are much of the stuff of everyday language on the political right and in our daily news media. Yet, both "philosophers" were much better at analyzing the present than foreseeing the future. Marx failed to understand the capacity of capitalism and the capitalist class to adapt to proletarian protests and resist capitalism's own destruction. Those revolutions which did occur did so not in the most advanced industrial societies, as Marx predicted, but in societies where economic and social life had only started to evolve towards capitalism, such as Russia, or where it really didn't exist at all, as in China and Mexico. All of these societies produced authoritarian, undemocratic regimes. His vision of the socialist revolution and a classless, proletarian, democratic society never came into being -- anywhere.

Smith failed to foresee how free trade/free market capitalism would evolve into another version of the monopoly system he sought so hard to eliminate. Marx and his followers saw that capitalism had a "natural" tendency to monopoly. In the crucible of "unfettered" competition, there was a constant "tendency" to overproduction. With many capitalists all trying to make their wealth producing a given product, it was inevitable that, without state regulation or collusion, they were likely to produce more than consumers were willing to buy at a given price. If they produced too much, prices dropped. Consumers might then be willing to buy more but since some producers were more cost-efficient than others, those who were less cost-efficient could not make money at the new, lower, price. They would go out of business or be bought out by the more efficient producers. On a macroeconomic scale of the whole economy, this process is what created the constant ups and downs, from boom to bust, with which we are familiar in our own lives. The market regulated itself over time but only with booms and busts in the middle and always leaving fewer producers in control as well as considerable economic disruption and unemployment along the way.

As weaker producers went out of business, more and more production was "concentrated" in the hands of fewer and fewer producers. In our time, this concentration is in the hands of a few, what modern economists often call "oligopoly," rather than the hands of one, "monopoly," but the idea is the same: there are few enough producers to substantially control the market rather than compete fairly in it. This is the story of John D. Rockefeller's Standard Oil empire and Andrew Carnegie's US Steel Corporation. Smith imagined that as production became monopolized by fewer and fewer producers, they would raise prices, but that would only invite other producers to enter the market, starting the cycle over again and maintaining competition and prosperity.

In fact, as producers became larger and larger, it became much more difficult for small producers to enter the market. To some extent it was the sheer size of the larger producers. It took too much money – capital – just to start up. But it was also that, once grown large, big producers like Standard Oil, US Steel, and Microsoft, used their wealth and power to prevent competition. US Steel forced railroads to transport its steel at lower prices than the steel of other producers. Standard Oil would overprice its oil where it had no competition in order to under-price it and

Downside Up, “Role of Government,” page 5

eliminate competition elsewhere. Railroads would do the same to farmers, charging less for long distance hauls where they had competition and much more for short distance hauls where they had no competition. Microsoft is notorious for using its Windows operating system near-monopoly to drive competitors out of other markets (e.g. Netscape in the browser market).

Government: Back in the Business of Business

The whole idea of modern corporations like Standard Oil, US Steel, and Microsoft was itself as incomprehensible to Smith as the idea of the giant urban metropolis was to Thomas Jefferson. The modern corporation was, moreover, no natural phenomenon but a creation of government. Until the 1830's in the United States, businesses were individually owned or partnerships. This meant that in case of bankruptcy or a large legal claim, all the assets of all the owners were at risk. You might lose your house to pay your creditors if your business went bankrupt. But in the 1830's, states began passing laws to create "limited liability" corporations where investors risked only the value of their investment, not everything they owned. As a matter of economic policy, these laws encouraged vast aggregations of capital and stimulated economic development, no doubt about it. People were much more willing to invest if they did not risk all that they owned. But part of the original idea was that there was a corresponding obligation by the corporations to society for their privilege. That has been lost and the giant corporation now dominates, indeed rules, our society.

As Smith likely never dreamed of today's giant corporations, he never imagined they would ultimately undermine the free trade system which enabled them to come into being. Born in opposition to mercantilist government monopolies and subsidies, free trade ended up creating a system in which giant corporations sought government protection and support just as they had done under mercantilist kings and queens. Government was back in the business of business.

At the start of the 20th century, some protective tariffs in the United States rose to over 100%. The country did not advocate free trade until after World War II when it was in a position to dominate the world economy. Today, the United States supports selective free trade, that is free trade in markets where its corporations, now multinational, can dominate. Multinational corporations get their "home" (2) governments to give them special tax breaks, pay them subsidies, and buy their products at non-competitive prices – all, of course, in the national interest.

Consider this: US, European, and Japanese agricultural subsidies alone amount to \$1 billion a day. These subsidies enable First World agricultural products to be sold in Third World countries for less than their farmers can produce those products even with low wages and minimal living standards. The World Bank estimates that removing the developed world's subsidies, quotas, and high tariffs would raise 144 million people out of poverty in the Third World. (Jeffrey E. Garten, "Don't Just Throw Money At the World's Poor," Business Week, March 7, 2005, p. 30.) How's that for a solution to illegal immigration to the United States?!

While Chinese imports crush US furniture and textile manufacturers, US multinationals have little concern about either the cheap Chinese Yuan or the \$160 billion US trade deficit with China. They move their money around the world to wherever labor is cheapest and profits are highest. Their subsidiaries, along with those of European, Japanese, and other multinationals, produced 55% of China's \$593 billion in global exports last year and took advantage of the cheap Yuan to

Downside Up, “Role of Government,” page 6

increase their investment by \$60 billion more. (“Who Wants China’s Yuan To Rise?,” Business Week, March 7, 2005, p. 37.) Is there any wonder that the US economic expansion of the last three years has been notably short on new jobs?!

As the giant corporation emerged to dominate the world scene, it also dominated the domestic scene. In the early 20th century United States, large corporations got the government to suppress strikes and crush unions. Today, they buy our democracy, giving to Democrats when they are in power and Republicans whether they are in power or not. They try to reverse the modest social programs begun in the Progressive Era and running through the 1970’s. There seem to be no limits to their willingness to desecrate the environment. They oppose a higher minimum wage, lower taxes on themselves, try to undermine social security, and drop private health insurance while resisting public health care. They bewail the very idea of subsidizing Amtrak and flood us with their “government that governs least governs best” ideology at the same time that they lobby for those huge farm subsidies, noted above, which go almost entirely to large corporate farmers like Archer, Daniels, Midland. Inc.

There is probably no more exquisite example of the American corporate oligarchy than the pharmaceutical industry – what even the business press routinely refers to as “Big Pharma.” Drug companies don’t compete on price; they collude on price. They moan about the cost of research but they spend twice as much on sales and administration as on research and development. Pfizer alone spent \$16.9 billion last year on sales and administration. They spend \$4.4 billion on almost entirely deceitful consumer advertising. An army of “drug reps” (Pfizer alone has 38,000 of them) try to influence doctors with endless samples, free dinners, and free trips to “educational” conferences. The ten largest drug companies have a median profit margin of 17% compared with 3.1% for the other Fortune 500 industries. Most drug development is designed to create small variations on old formulas so the company can extend expiring patent monopolies. Of the 78 drugs approved by the Federal Drug Administration (FDA) in 2002, only 17 were really new and only seven better than drugs already on the market. A powerful lobby spends hundreds of millions of dollars influencing politics, a fact that well explains the new Medicare drug law barring the government from negotiating lower prices for the program. (3)

Adam Smith would roll over in his grave. Karl Marx and his followers would gain some satisfaction from the reality of their predictions that capital would become continually more concentrated in fewer hands and capitalism would forever push wages to the subsistence level. It is not too much to say, as Marx did, that the enemy of workers is truly “the whole capitalist class.” For a significant part of the 20th century, capitalism in the United States ceded ground to progressivism and democracy, but the response was more tactical than absolute. The power of ideology, multinational corporations, and selective free trade has slowed and reversed the growth in US middle and lower class wages and income. The minimum wage today in real dollars is much lower than it was in the 1970’s. (4) Despite the increase to over 50% of Americans who own some stock, the percentage owned by the bottom 40% has dropped to 2%. The top 10% owns 66%. The top 20% owns 82%. (5) For all the success of Adam Smith’s market ideas, we live today in a monopoly capitalist society not unlike the mercantilist model he so vehemently opposed.

Liberalism Divides

It was the reality of capitalist development which inspired Progressivism and led to the radical change I have noted in the meaning of the word “liberal.” Capitalism became an engine of wealth but not one which produced the greatest good for the greatest number or served the general welfare. Capitalism evolved back to monopolistic – or oligopolistic -- forms, sucking money from the government while exploiting workers and beating back socialism. Where something called socialism appeared, it was authoritarian and inefficient. (6) Proletarian democratic socialism never happened. Under capitalism, equality was sacrificed to economic growth. Under socialism, economic growth was sacrificed to a deadening equality mismanaged by a bureaucratic elite.

In Europe and elsewhere, a compromise was reached. Socialism was rejected for its inefficiencies, its threat to individual initiative, and its miserable record of authoritarian government. Sometimes called the “welfare state,” the compromise balanced private ownership of the means of production with extensive regulation of corporate abuses and monopolies, protection of the environment, social programs for the poor, and some state-owned public services and semi-autonomous agencies. Social programs guaranteed worker and union rights, health care, education, food, shelter, a minimum living wage, and income for all or most all citizens regardless of their ability to compete in the private economy. Certain public services were deemed to be rights of citizenship so essential that the government or its agencies should own them. They were not to be subject to private profiteering. These included water, power, communications, bus and rail transportation, and sometimes airlines or even coal and steel. Health care was deemed both a social program and an essential service in many European countries.

In the United States, a strong Progressive movement in the early 20th century blunted some of the hard edges of corporate capitalism. The New Deal and the Great Society extended and added to many Progressive Era programs. But the United States never went as far as Europe in guaranteeing basic programs and services to all its citizens on an essentially equal basis. The US Constitution mandates federal responsibility for the postal system. Water was, and is, usually a public responsibility throughout the United States. Many towns and cities have municipal electric and gas companies. North Dakota had – and maybe has -- state-owned grain storage. But the US telephone system has always been privately-owned, though regulated. Amtrak was made a public agency only after the railroads decided passenger traffic wasn’t profitable enough any more. Health care for most has remained a commodity available only to those with money or insurance. While the poorest have had basic health care, tens of millions have been forced onto charity and emergency-only public services.

In the 19th century, all of the people on both sides of the struggle to define a modern state were “liberals.” That was a good word. People were proud to be liberal. They were people who believed in liberty. But liberalism divided. Progressives came to believe that in order to preserve liberty for all Americans, it was necessary to restrain the power of giant corporations and redistribute wealth among those oppressed and exploited by corporate power. Only government could impose these limitations and soften the excesses of capitalism. Anti-trust legislation, a minimum wage, food and drug regulation, an income tax, school lunches, and other programs like those in Europe were part of that effort. Progressives remained “liberal.”

Downside Up, “Role of Government,” page 8

The people who came to be called “conservatives” in the United States clung to a highly theoretical Adam Smith vision of the world. They wanted to preserve Smith’s focus on property and wealth creation without regard to its actual distribution or questions of public good and general welfare. They were liberals but their understanding of liberty legitimized wealth based on its origins not its current reality. It is not that they would necessarily deny that the US economy is monopolized, or at least dominated, by giant corporations. For them, or the “think tanks” and intellectuals who rationalize their point of view, the degree to which economic, and even political, power is, or has become, unequally distributed in the United States is irrelevant. Because it was once fairly earned out of market competition, it is deemed just.

Progressives generally see wealth and power, especially corporate monopoly wealth and power, as inherently undemocratic and contrary to liberty. It does not matter how freely it was gained. Conservatives generally accept inequality as the result of fair competition. Since Microsoft started out as a small competitor in an open market, its later use of monopoly tactics is not a basis for anti-trust action. That is how the Bush Government specifically rationalized its soft treatment of the anti-trust case against Microsoft. Ignored is the fact that inequality of wealth and power creates grossly unequal competition and undermines equal opportunity for succeeding generations of children. The right to pass your wealth on to your children trumps equal opportunity for those children not so lucky. Thus does the Republican Party oppose any estate – what it calls “death” – taxes.

After perhaps 100 years of progressive dominance of the political and ideological agenda in the United States, conservatives now hold the upper hand.

Thinking Anew About Government

As American history all too well demonstrates, government action is a doubled-edged sword for progressives. All the social progress and programs from the Progressive Era to the New Deal and on to the 1960’s derive from government programs designed to balance off the power of the strong in favor of the weak. Progressives are right to believe in government, but government has been frequently, and surely is now, far more the instrument of the rich and powerful. The fact that corporate use of government to prevent competition and oppress the poor is rousing hypocrisy does not belie the reality.

Progressives need to think differently about government and government programs in light of the 100 years of experience we have had in this and other countries. As Smith said, government can get in the way of initiative and wealth production. We have to admit, heaven forbid, that progressives have made mistakes, that governments have made mistakes. It has to be said that progressives do have a tendency to think of government as inherently good. Conservatives do have a point in accusing liberals of thinking that government is the solution, or has a solution, to every problem. Governments and government programs do tend to grow mindlessly like an alien blob. Government regulation can be heavy-handed and bureaucratic. Government agencies can become intransigent bureaucracies run by arrogant bureaucrats and staffed by lazy workers.

At the same time, the private sector, especially as represented by the large corporation, can itself become horribly bureaucratized and inefficient. The competitive market is supposed to prevent ossification of the corporate body by enabling competitors to enter markets and beat out inefficient corporations. But in

Downside Up, “Role of Government,” page 9

fact, contrary to private sector ideology, no business likes competition. Every business, given its druthers, will try to monopolize its business sector, driving out existing competitors and preventing new ones. That’s what inspired anti-trust legislation against the robber barons of the 19th century. That’s what Microsoft under Bill Gates has been trying to do ever since the company stole the idea of Windows from Apple.

In both cases, what happens is the product of the incentives and self-interest built into the public and private sectors. The private sector is driven by the idea and the reality of making money, as profit and income. This drive for profit and income in turn makes the system innovative, dynamic, and competitive, and the innovative, dynamic, competitive environment stimulates growth. The problem is that the system is not so great at equity and justice. The same incentives and self-interest that lead to the pursuit of profit and income can lead people to cheat, to lie, to destroy the environment, to exploit workers unmercifully, to prefer monopoly over the very market system that enabled them to be successful in the first place. I don’t see how anyone can live in the United States today without a constant sense that the businesses one is dealing with are trying to deceive you. Advertising and my junk mail reminds me of that every day.

That’s where government comes in – and, indeed, historically -- did come in, not only in the United States, but also in Europe and other places. Government can be an inspired instrument of good. The chance to do good and serve society is a major reward built into government employment. Throughout our history, famous leaders and ordinary workers alike have dedicated themselves to the high ideals of service for the common good. As John F. Kennedy notably stated this ideal, “Ask not what your country can do for you but what you can do for your country.”

The challenge for progressives is to figure out what the role of government should be in a post-Smithian and post-Marxian world. Who should run and pay for health care? When does government ownership make sense? How much regulation is too much? Is regulating food and drugs the same as regulating the environment or children’s toys? What are the differences and what differences in regulation do they call for? Which level of government should be running education? How about privacy, national security, and civil liberties? Are there not legitimate concerns about our national security and equally legitimate concerns about civil liberties. Why shouldn’t government provide free education for all Americans at the college level as well as primary and secondary levels? Wouldn’t it be better to subsidize Amtrak and not subsidize Archer, Daniels, Midland? Should we be putting anyone in jail for non-violent crimes, especially drug offenses? (7) Should we be trying to reverse the Bush tax cuts? Is there any excuse for millions of American children going without enough food, no matter what it takes to feed them?

This is a time for progressives to affirm their belief in good government, not deny it. We need a new, non-ideological and pragmatic, progressive platform. This is not to say less progressive. It certainly means more government social programs than we have now. But it cannot only mean more social programs. Every social program can be re-thought to be more effective and more scaled to the problem it is to address. Sometimes, the best solution may just be more -- real -- private sector competition. Our platform should be based not on any purely ideological commitment to government but what best serves the common good, what works best to bring justice, equity, and prosperity to our society.

Downside Up, “Role of Government,” page 10

Next month I will publish some of the platform proposals I received from readers. They are very interesting. If you have not written already, or even if you have and you still want to get your ideas included, please write in the next two weeks.

1. “There would be no greater tribute to our maturity as a society than if we can make these buildings around us empty of workers; silent monuments to the time when government played a larger role than it deserved or could adequately fill.” (Inaugural Address, Florida Governor Jeb Bush, Tallahassee Democrat, posted to the paper’s web page, Jan. 7, 2003)
2. I put “home” in quotation marks because many corporations now have fake tax homes to which they attribute much of their income so they don’t have to pay taxes where they actually produce goods and services. Many also produce more goods and services in countries other than where their corporate home is.
3. Arnold S. Relman, M.D. and Marcia Angell, M.D., “A Prescription for Controlling Drug Costs,” Newsweek, December 6, 2004, p. 74; Patricia Barry, “New Salvos in the Prescription Drug Wars,” AARP Bulletin, January, 2005, p. 18; “Will Drugmakers Back Off the Hard Sell,” Business Week, March 7, 2005, p. 44; “Pfizer’s Funk,” Business Week, February 28, 2005, p. 74.
4. The high point of the minimum wage in real (inflation-adjusted) dollars was in 1968. In 2005 dollars, it was then \$8.68. It is now \$5.15. One of the major arguments against a higher minimum wage is that it would make us less competitive with foreign labor. Heaven forbid that the United States would protect labor the way it protects corporations!
<http://oregonstate.edu/instruct/anth484/minwage.html>
5. Ana Azicorbe, Arthur Kennickell, and Kevin Moore, “Recent Changes in U.S. Family Finances,” Federal Reserve Bulletin, January 2003. These figures include stock held in retirement plans.
6. Capitalism did not always precede strong governments, especially in the third world. In Russia and Latin America, we could say that combinations of feudalism and imperialism led directly to strong governmental systems without an intermediate stage of capitalist development. Some of these governments were created by revolution. Many were/are dictatorial.
7. How nutty is a society which puts people in jail for life just because they were caught three times with a small amount of crack cocaine, but lets someone off with a license suspension (maybe) after they kill someone while driving under the influence of alcohol?

Web Site: Downside Up has a web site: All previous articles are listed there and can be read and printed out with a few clicks of your computer. Take a look for back issues. Suggest changes. Make copies. Tell me about problems. Tell your friends about it. The web address is <http://v-home.ws/~downsideup/> You should be able just to click on this address and go to the site.

Expanding the Readership: If you like what you see in Downside Up, feel free to forward this on to others. If you have received this by forwarding from someone else and you would like to be on the direct email list, email your email address to downsideup2@bellsouth.net. If you want to be taken off the email list, email to the same address.

Downside Up is published to educate the public about political, economic, and social issues from personal finance to international relations. In order to maintain flexibility in administration and allow for donations to political organizations, Downside Up is not set up as a charity and contributions are not tax-deductible. Email correspondence may be sent to downsideup2@bellsouth.net. Responses to email may appear in the newsletter but not necessarily be responded to personally.

Ronald Woodbury is the publisher, editor, and general flunkey for all of Downside Up. While publication benefits from the editorial advice of one of his daughters and occasional other pre-publication readers, they will, for their own privacy and sanity, remain anonymous. The web spinner’s name is also best left anonymous.

Woodbury has a B.A., M.A., and Ph.D. in history and economics from Amherst College and Columbia University. In addition to many professional articles, he has published a column, also called Downside Up, in the Lacey, WA, Leader. After a 36 year career as a teacher and administrator at six different colleges and universities, he retired with his wife to St. Augustine, FL, where he continues to be active in church and community. He has two daughters, one a physician and one an anthropologist, and six grandchildren.