

“The Deep Roots and Scary Consequences of Escalating Inequality”

By Dick Burkhart

Vashon Island Unitarian Fellowship, May 31st, 2015

Growing up as a UU in Tacoma, I never worried much about inequality. That was a matter of history from the old world, of kings and queens versus peasants -- or so it seemed. I had no idea that I was living in the golden age of capitalism. The 1950s and 60s were perhaps the only time in the history of the world where a society experienced both rapid and egalitarian economic growth for a generation or two. Middle class income and wealth grew even faster than the riches of that era's lords and ladies.

Nor did I know that so-called primitive societies of hunters and gatherers were also very equal in a communal way. That would have suggested that social equality was even in our genes, that kings oppressing their peasants was some kind of aberration. As I learned later, that was wrong. Traditional societies, as Jared Diamond calls them, are egalitarian because their survival depends on sharing their food and helping each other through hard times.

But as soon as agriculture got under way, food and property could be accumulated. Then some men found ways to gain control of those supplies for

their own benefit, making others their slaves or workers. And besides they needed chieftains to organize defenses against raids on those supplies. And besides, a strong enough chieftain could raid someone's supplies and come back with loot for his warriors and allies.

But my naiveté was in for a rude shock: **The Vietnam War**. Suddenly history became very personal. As a high school student in Lakewood, then as a student at Reed College in Portland, I confronted war, death, and politics. In response I read deeply into the UU history of justice and nonviolence – Henry David Thoreau, William Ellery Channing, John Haynes Holmes, and the prophetic voices of Gandhi and Martin Luther King. I became a conscientious objector and luckily had an understanding draft board.

This led me to interrupt grad school at Dartmouth to volunteer to teach mathematics in Laos for two years. There I came to admire a poor but generous and tolerant Buddhist society, one whose elite class was so small that the leaders on opposite sides of the war were cousins. No Pol Pot type ideology and killing fields there.

Though difficult, peace and justice seemed possible. “Progress” was in the air. It seemed that “a rising tide would lift all boats”. **No More.** Now it’s mostly the yachts.

By the time of the UUA General Assembly last June in Providence, Rhode Island, it was an entirely new era. Inequality had assumed center stage, progress had become a double edged sword, and old world history appeared in an entirely new light.

After the financial crash of 2008, those of us on the board of UUs for a Just Economic Community were eager to take action. At the General Assembly in 2009, I drafted an Action of Immediate Witness on “Bail out Main Street not Wall Street”. But the chair of the Commission on Social Witness would not even let the delegates vote on it. Even the UUA had been infected by the corporate mentality of Wall Street, reinforced by dependence on big donors. UUJEC and other affiliates had already been cut out of much of the GA programming by the UUA Board.

Being persistent, in 2010 I drafted a Congregational Study Action Issue, or CSAI, called “National Economic Reform”. Despite a strong promotional team, it came in second to Immigration Reform. But I knew that the aphorism “Money is the root of all evil” goes back to biblical times. **Patience**. Soon enough, in 2011 came the Occupy Wall Street Movement, calling on the 99% to challenge the 1%. After this came the realization that it was going to be a long and pretty sick economic recovery, with a shrinking middle class, as most of the recovery was going to the 1%. This was no accident of course, as US economic policy has been orchestrated by the 1% for some time, under both Republicans and Democrats.

Then in 2013 we noticed that UUSC was working on raising the minimum wage. At the same time in Seattle an audacious campaign was building toward a \$15 minimum wage. I thought let’s have another go at a study action issue on economic justice, this time featuring Inequality. Sure enough, UUSC agreed to join our campaign, though only after I changed a few words in the text to avoid aggravating major donors. Then the Commission on Social Witness alerted me to two other CSAI proposals that were similar, so we combined forces and came in first in the Congregational Poll in January 2014. Not surprisingly proposals on Democracy and Gun Violence were also strong contenders.

Arriving at the GA in Providence I'd found out that Bill Schulz, head of UUSC and the UUA's best known voice, wouldn't be able to speak for our CSAI due to a conflicting meeting with major donors. And then we heard that the strong youth caucus was going to be neutral. But, as they say, sometimes the stars align. The day before the vote, the youth got together and decided to support us. Two of them stayed up to midnight working on their speech, which turned out to be marvelous when they ran it by us the next morning.

That afternoon we ended up in a runoff vote with our friends promoting the Democracy CSAI. They'd made powerful speeches. Only then did I realize that we needed a new speaker for the final vote, which kept getting delayed, and delayed, until just before the end of the session. Suddenly in walks Bill Schulz, his meeting over. Immediately I send his able lieutenant Brock Leach, over to ask Bill to wing it as our final speaker. As the best speaker in the UUA I knew that he could deliver, even without preparation, and boy did he!

Now back to my road to discovery that led to all this, since I know that all of you are on your own roads to discovery.

After the collapse of the Soviet Union I began looking for the mythical Peace Dividend. And I thought that global trade would mean global harmony - No more wars. **Didn't happen.** I began thinking, well, how should the global economy and global politics be organized? Somebody must have developed a blueprint for a just and effective world economic order. **Couldn't find it.**

But I started getting hints as to what was going on. David Korten came out with his book When Corporations Rule the World. And the Reagan era had put greed and militarism back on their pedestals, in all their ugliness. Little did I know how much worse things would get under the regime of George W. Bush, or how little Obama would do to change the entrenched plutocracy.

Meanwhile I'd read Jared Diamond's classic "Guns, Germs, and Steel" and realized that it was possible to make sense of history. This was a real eye-opener: There were geographic, environmental, biological, and technological forces driving the grand sweep of history. Why hadn't this been the centerpiece of my college liberal arts education, or even high school?

Yet there was a huge gap between this grand vision and today's economics. I thought, surely there must be some smart economists who've figured out where we should be headed. There used to be all these progressive voices in academia, exposing all the corruption, cutting through the hype.

Then one day I happened to be at Pike Place Market and wandered through Left Bank Books. There I found an intriguing title "Debunking Economics – The Naked Emperor of the Social Sciences" by an Australian economist named Steve Keen. This proved to be another gold mine. Knowing both economics and math, he tore apart microeconomics limb by limb, locating exactly the ludicrous assumptions and the false reasoning. I now often refer to what they teach you in Econ 101 as garbage economics. As computer geeks say, "garbage in - garbage out".

For example, when you have to assume that human beings, as economic actors, are always perfectly rational and motivated only by monetary self interest, then it's a sure sign of garbage ahead. The real world of economics and human beings is far too complex for that. Not that there isn't some truth - some validity in certain situations. But not even supply and demand always works like they claim.

The problem is that many economists, like Milton Friedman and the Chicago School, reject standard scientific reasoning when it gets in the way of their ideology. They find assumptions to justify their desired conclusions, then cherry pick the data. Except that they try to hide all this behind a façade of objectivity and a fortress of mathematics.

For some standard theory, like the Efficient Market Hypothesis, economists even assume that people have perfect foresight. Or they assume that trade among many countries will operate the same way as Ricardo's theory of comparative advantage between 2 countries, as if the dynamics of many celestial bodies would be as simple as that of the Newtonian dynamics of 2 bodies.

In contrast global climate science is a real science, despite the chaotic nature and unpredictability of the weather. Economics could take the same approach, drawing on the mathematics of complexity, chaos, and scenarios, like the nonlinear dynamics of the famous Limits to Growth studies of the 1970s. But economics has become far too politicized. Even among heterodox economists, there is not much movement in this direction, though a new department was

created just for Steve Keen to chair at Kingston University in London last year after they shut down his department in Sydney.

Having lost hope of much guidance from economists, I turned back to history and hit another gold mine. This time my eyes were opened by Peter Turchin's great book "War and Peace and War – The Rise and Fall of Empires". Turchin's analysis shows that inequality is not just an artifact or symptom of a social disease. It is a key causative agent. Young and growing empires, kingdoms, or civilizations, have strong social cohesion, born of both conflict, opportunity, and relative equality. He calls this "asabiya", the word used by the 14th century Arab historian Ibn Khaldun, who chronicled the rise and fall of regimes in North Africa. Asabiya means the capacity for collective action for the common good. When you have it, you can prosper, or at least survive. When you don't, things fall apart.

Economic equality is essential to creating and maintaining asabiya, though religion or ideology, and the bonds of war or adversity, often play big roles too. When an empire is nearing its zenith, asabiya wanes as inequality grows. The elites want to keep expanding their wealth, but find it harder to keep exploiting natural resources or other peoples, so they turn on their own people. Often free

holding farmers or producers become serfs, debt slaves, indentured servants, or something similar. Overpopulation from over exploitation leads to a drop in earnings among commoners. Plus taxes are shifted to them or increased to maintain the expanding lifestyles and numbers of the elites. After a while the commoners become too poor to support the elites. State power begins to break down in a Malthusian nightmare: Civil war among elite factions, or popular rebellions, or little resistance to foreign invaders. Eventually there is a massive die-off or dispersal of elites and commoners alike, with great losses of wealth. Finally the stage is set for a new cycle of rise and fall. Besides the Roman Empire, a classic example is 14th century Europe, where the plague served to accomplish the massive die-off. Then came the renewal of the Renaissance, followed by another period of war and disintegration in the 17th century.

When I combined this background with my knowledge of limits to growth, it became clear that the Reagan era was no accident. The escalating inequality of the last 35 years is a sign of the US empire reaching its zenith. Jared Diamond's analysis shows us the driving forces that underlie the dramatic slow down in economic growth that has occurred. These are environmental limits like climate change and resource limits like peak oil. Turchin's analysis shows us that this

escalating inequality, much of it mediated through Wall Street, is business as usual as far as history is concerned. Thomas Piketty's historical data and analysis shows the same thing – that the post WWII period of egalitarian economic growth was an aberration, that normally the rich get richer, leaving the poor behind, until something bad happens, then they shift the blame.

Now the big question: Can we do any better than past civilizations? After all we do know a lot more. We have all kinds of marvelous technologies. We still have strong middle class. And “when there is the will, there is a way.”

But do we as a society have the will, the collective will for survival, the *asabiya* of Ibn Khaldun? Or will we fight over the scraps until the bitter end, like the Roman Empire, to become the “last man standing” of survivalist mentality? This last 35 years of social backsliding demonstrates that it's not technological progress that will save us. This is not a matter of technique, but of spirit, of transcending our individualism and challenging the system. Our 5th UU principle celebrates the “democratic process” but only in a shallow way. Without deep and strong democracy, both political and economic, our capacity for collective action for the common good, our *asabiya*, withers away.

We've had the shock of the financial crash of 2008, the Occupy Movement's rallying cry for the 99%, and now Black Lives Matter. More and more people are waking up, but we're still not there, not even close nationally, where big money still rules the day. We need to add asabiya to our UU principles and our national and global dialogue.

A more sharing and communal society will allow us physically to survive on less, but only a society bigger in spirit will make this a worthy goal. A society that shrinks inequality, not the middle class. A society that that raises both the minimum wage and taxes on the rich. Or a society with highly progressive global income and wealth taxes, like Thomas Piketty proposes. Or a society which makes us all owners – like the Alaska Permanent Fund, “With Liberty and Dividends for All” as Peter Barnes puts it. Or a host of other strategies. You'll find many ideas in the UUJEC study guide. Take your pick. There's no blue print from on high. We are creating it.