

A word to the wealthy

ONE MONDAY THIS PAST MAY, CHARTER MEMBERS OF THE United States' newest economic elite gathered in the ballroom of the Washington, D.C., Ritz-Carlton for GOPAC's spring conference. GOPAC, the political action committee chaired by Newt Gingrich, rightly boasted that it had helped elect a majority of the new Republican representatives in the last two election cycles. More than any other group, GOPAC's early, hidden contributions were responsible for Republicans capturing control of Congress for the first time in 40 years. So great was GOPAC's power that, on this day, it was able to summon before it all the leading Republican presidential candidates—Bob Dole, Phil Gramm, Pete Wilson—and some of the minor ones.

The candidates made their pitches separately. Each tried to show that *he* would be the toughest executive. Alone in the balcony, out of sight and mind, I took these notes on one candidate's frank, conservative assessment of this moment in national history.

1. Candidate begins by acknowledging the wealth of the audience and their desire to influence American politics. Founding fathers wanted people of property to guide affairs of state because it was assumed that they'd be more responsible.

2. The good news for all assembled is that voters are resonating with the American conservative tradition that demands fewer taxes and less regulation. 1996 should be a major realignment election—yielding not only a Republican president, but also a filibuster-proof Senate and at least 20 more House seats. (Applause throughout the room.)

3. Once in control, new activist Republicans will humble government's ability to impede the 21st-century economy. Trends that helped make everyone in the ballroom prosperous are strengthening. Winner-take-all economy. Upper 20% will do well; upper 1% extremely well; upper half of 1% best of all. Wealthy can invest in their children's education, which is the link to preserving gains. A relative educational advantage will be easy for children of the elite to acquire because public schools are so weak.

(Candidate pauses as dessert course is cleared.)

4. Repeats point about divergence in educational opportunities and says this split reveals the looming danger: degeneracy in a fragmented society. The forces unleashed won't be easily tamed. Candidate wants to cut through Christian Coalition nonsense. Asserts that almost everyone in room knows that evangelicals are foot soldiers whom elite Republicans are betting can be bought off with a moment of school prayer and harder-to-obtain

abortions for the poor. But candidate wants to talk to the audience honestly about the real moral crisis.

(The ballroom becomes quietly edgy. Is candidate about to say something blasphemous or hit them with a novel fundraising pitch?)

5. Candidate sidetracks, maybe sensing nervous mood. Wants to analyze Oklahoma City for a moment. Bombers & state militias are nuts; people in this ballroom are no more responsible for explosion than is Clinton for the Unabomber. And everyone in room knows that the Clinton administration is far less organized and competent than this crazed anarchist. (Laughs all around room.) But Unabomber and militia terrorism seem to be coming from a similar social strata: working-class white men who are lost in the emerging 21st century economy. They can't comprehend their situation so they imagine conspiracies, which they try to explode.

6. Simple arithmetic of winner-take-all economy: There will be more losers soon. The bottom half of country will feel as if the American dream has slipped away. In the short run, we can focus their anger on federal bureaucrats. But we know government doesn't do that much one way or another. "After all, that's why everyone in this room is against paying taxes." (Scattered laughs.)

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7. Candidate returns to danger of exploiting anger for short-term political gains, even though such gains are highly

likely. What's the risk? Populist rage is bound to increase because cheap labor abroad and computerized automation are eliminating manufacturing and administrative jobs here. Dead ends will provoke desperation. More families will split apart. Random violence by detached youth will increase. Public ignorance also will increase with deterioration of public school system.

8. Candidate says that social fabric is deteriorating, virtue is in decline, selfishness is on the rise. Invisible hand of market working globally, but laissez-faire morality at home isn't. Individuals are still the best bulwark against tyranny, but we seem to be producing too many empty, desperate individuals.

9. Consumers—bombed by advertisements for the good life—won't be happy if they have little money to spend and poor prospects of obtaining more in the future. Unhappy customers make unhappy citizens. To believe that political virulence can't erupt in the United States is to ignore a core conservative insight: Human beings everywhere are capable of wickedness. "Isn't that why we fight to *conserve* the traditional safeguards that have evolved over the centuries?"

(No answer. Candidate pushes forward.)

10. Besides, as prudent business people, this audience knows the value of hedging against instability. Government is that hedge. It's one thing to tame the ambitions of professional bureaucrats, and another to encourage

disrespect for common standards and duly constituted authority.

11. Bottom line: When a business elite becomes too greedy and shortsighted, the rest of the population will follow their example. A mob masquerading as a democracy will demand simple, immediate solutions. A demagogue will arise pandering to this mob. Initially this demagogue will solicit the support of the ruling class, but once he has popular support, he will turn on anyone who questions *his* authority.

The candidate has both captured the room's attention and gone on too long. He concludes his talk by handing out an excerpt for them to contemplate. He wants the audience's support, but only if they acknowledge their responsibility to reinvest in the country, particularly its educational capacities, its job training programs, and its safety net for the young poor. The audience should begin by inspecting their own condition, which he feels is best described in a passage from Plato's *The Republic*. Socrates is educating a student about how aristocracy degenerates into oligarchy, which inevitably enrages the mob, who install a demagogue, whose unscrupulous desire for power is insatiable.

The candidate passes out copies of a sheet containing the following passage and then walks off the stage.

"By and by, then," said I, "they push ahead with their moneymaking, and the more they value money the less they value virtue; in truth, we may imagine riches and virtue as always balanced in scales against each other."

"Just so," said he.

"And when riches are honoured in a city, virtue and the good people are less honoured than the rich."

"That is clear."

"Now what is honoured anywhere is practised, and what is dishonoured is neglected."

"Just so."

—Plato, *The Republic*, Book VIII

ALAS, NEITHER DOLE NOR GRAMM NOR Wilson nor any of the other candidates present gave this speech. They all used bland catchphrases to pander to the audience's prejudices. A high official on one of the candidates' campaign teams told me that each contender tried to convey that, if elected, he'd perma-

nently cripple government's capacity to regulate the economy. After all, the economy was working unbelievably well for the ballroom congregants.

I had time to outline what an honest conservative candidate might have said because the actual speeches were so predictably hollow that one didn't need to pay attention. No one present wanted to speak or hear the truth: that the rich are successfully waging a war against the rest of the country. Candidates for higher office seek patronage from the rich with the implicit condition that this class war will never be discussed.

And if some of the war's losers turn violent, then taxpayers will just have to build more prisons to house them. Meanwhile, the winners will imprison themselves in walled enclaves that sport their own police forces.

Newt's financiers don't care about the country. They aren't really conservatives. They have a shallow understanding of history, little sense of the common good, and no respect for limits. Intoxicated by their own rise, they're expanding their rhetoric and encouraging social friction. Behind the facade of fiscal prudence and Christian piety, they're raiding the public till while intimidating all authorities in a position to police their predatory behavior.

—Jeffrey Klein


GOPAC AND NEWT

At the end of GOPAC's spring conference, Newt Gingrich resigned his chairmanship, explaining that he was "just too busy" to continue "the hands-on running." As speaker, he'd acquired other fundraising vehicles and wanted to distance himself from GOPAC as ethics investigations loomed.

Newt used GOPAC to amass personal power, secretly collecting at least \$10 million in violation of disclosure laws. Some of his secret donors looked to him to neutralize a little bid-rigging, securities fraud, hazardous waste dumping, or product-approval problems pending with the Justice Department, the SEC, the EPA, or the FDA.

On page 36, we continue to analyze who Newt's financial backers are and where their interests lie.


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