

# How to Liberate America

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David Korten

Keynote Presentation to MoveOn/Olympic Progressives event launching the American Dream Movement on the Olympic Peninsula, Sequim, WA, September 27, 2011



I'm thrilled to be speaking to this amazing civic gathering. Such energy. Such possibility.

Six hundred fifty energized people gathered in this auditorium tonight in small town rural America to advance the Great American Awakening, end the American nightmare, and rebuild the American Dream. What an amazing and hopeful sign that America is awakening.

Our time is short, so let's get right to the point.

## A Failed System

The U.S. economy is in a shambles. The financial crash born of Wall Street excess has stripped tens of millions of honest, hardworking, and talented Americans of their jobs, homes, and retirement assets and plunged them into poverty and despair. As bad as conditions are for white people, they are far worse for people of color and for young people just entering the labor force already in debt bondage to Wall Street banks for their student loans.

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Poverty has risen to a near thirty-year high. The only social mobility is downward, millions lack health insurance, schools are failing, prison populations are swelling. Americans workers put in more hours than workers in any other high income country—at the expense of their health and of family and community life—employment security is a thing of the past, and wages of working people are stagnant because a few Wall Street CEOs and financiers used their political power to game the system to their advantage. They used “free” trade agreements to outsource

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jobs to bust unions and push down wages so they could capture all the productivity gains as bonuses to accumulate grand fortunes. Families dependent on wages that don't cover basic necessities are then forced into debt bondage to the bankers who hold their credit card and mortgage debt in order to put food on the table.

Obscene inequality that has been growing for more than 30 years is unraveling America's social fabric and the existing economic structures guarantee that without a radical system restructuring, inequality can only grow.

Finally, a Wall Street cultivated addiction to endless, mindless economic growth in consumption to grow corporate profits is disrupting Earth's climate patterns, reducing Earth's capacity to support life, and creating large-scale human displacement that further fuels social breakdown—even as billions of the world's people struggle to obtain basic necessities.

These are symptoms of a failed economic system and a failed political system that facilitates the failure and is incapable of resolving it. A solution requires far more than simply electing politicians who have a D beside their name to replace politicians who have an R beside their name. Yes, it requires a progressive tax system and Wall Street regulation, but that is only part of the answer.

A real solution requires a deep economic restructuring to replace the failed institutions of the Wall Street economy with the institutions of strong Main Street economies. The process begins with a framing story that identifies the source of the system failure in the public mind and frames the path to the solution—which brings me to the subject of my presentation, "How to Liberate America from Wall Street Rule."

And please note that what I'm presenting here is covered in my books, which are available for purchase this evening from the amazing local Port Angeles bookstore—Port Book & News. You can find discussion guides on my website:

[livingeconomiesforum.org](http://livingeconomiesforum.org).

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## **Epic Contest for the Soul of America**

It comes down to values and power. The fate of America turns on the outcome of a contest between forces aligned behind two competing economic systems with

dramatically different values, structures, and agendas. One is the greed-driven, money-serving corporate-ruled Wall Street Economy that measures its success exclusively by the financial profits it generates for the already rich. It neither

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acknowledges nor accepts responsibility for the economic, social, environmental, and political devastation it leaves in its wake.

The other economy is comprised of the democratic, community-rooted, market-based life-serving Main Street economies that ordinary people are rebuilding across the nation and around the world. This emerging New Economy measures success by its contribution to securing adequate and meaningful livelihoods for everyone in a balanced

relationship to nature.

## **From a Nation of Debt Slaves to a Nation of Owners**

These differences between these two economies trace directly to their contrasting ownership models. The Wall Street economy features the absentee ownership of footloose publicly traded corporations for which short-term financial profit is the sole measure of performance. Economic and political failure starts here.

The Main Street economy features the responsible living-ownership of locally rooted businesses by people who care about the health and vitality of their community and its natural environment. Real prosperity starts here.

As to the ruckus about the budget deficit, America is far from broke. Money literally rules America. Wall Street is awash in it and is highly adept in using it to hold both corporations and government hostage to its narrow, short-term financial interests. Wall Street banks and corporations are sitting on record amounts of idle cash in the trillions of dollars for which they have no use.

Beyond their PR BS, they have no interest in creating jobs, educating American children, or assuring that Americans have health care and retirement security. They appeal for ever more tax breaks and regulatory relief to have yet more money on hand to use as they used their taxpayer provided bailout money—to increase their bonuses, pay dividends, buy other companies, buy back their own stock, and to look for opportunities to create new financial bubbles and outsource more jobs.

## Health and Retirement Security

There is no mystery why Medicare and Social Security are under attack. Medicare is a threat to the profits of Wall Street's insurance corporations. Ending Social Security to force us all to depend for our retirement on Wall Street managed investment accounts will add trillions to Wall Street profits and bonuses.

Markets work well for some things—particularly markets comprised of human-scale community-based businesses that operate within a framework of community values—like a farmer's market and most locally owned Main Street businesses. But when we need to get together to pool risk to achieve health and retirement security for all Americans, it is a very bad idea to give the job to private for-profit corporations owned and controlled by Wall Street interests devoted only to extracting as much profit as possible.

A for-profit insurance company maximizes its profits by denying coverage to people with medical problems, increasing premiums for those it insures, and denying claims—practices for which private insurance companies have made themselves famous. Mutual insurance companies organized as cooperatives owned by their policy holders used to do the job fairly well, until Wall Street took them public. The best solution is a single payer system administered by a democratically accountable government—essentially a form of national scale cooperative ownership. There is need for adjustments in Medicare, but it is a basically sound approach to meeting the health needs of our nation.

Retirement security is for most of us also about pooled risk. The fortunate few who have individual financial assets sufficient to cover their needs even if they live to a hundred and ten and spend the last 20 years of their life in intensive care can feel fairly secure with an individual investment account. For most of us, an investment account—quite apart from the inherent uncertainty of Wall Street financial markets—is an adequate solution only if we die shortly after retiring with no serious health problems. The only way to guarantee retirement security for a nation is through a social contract under which those of working age support those of retirement age in return for the expectation that subsequent generations will do the same for them. Social security is just such a contract and it is there for all of us. With a private retirement accounts you are on your own and God forbid that you live longer than your financial assets.

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## Democracy Comes Only from Below

The evident failure of government, particularly the federal government, to address the economic, social, and environmental failures of the Wall Street economy traces directly to Wall Street players who have used their financial power to reduce democracy to a weak, shallow, and corrupt charade and thereby stripped government of the capacity to provide effective leadership in the broad public interest.

The Wall Street economy is incapable of transforming itself. It will collapse. We must liberate America from its grip or collapse with it. As our forbearers liberated America from rule by a distant king and the British East India Company, we must now liberate ourselves from Wall Street rule.

Fortunately, people all across America are awakening to the fact that there are

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alternatives to the disastrous status quo and they are mobilizing to build a new American economy that will allow all Americans to achieve the New American Dream.

It hasn't been announced yet by Fox News, but you can find out about it from the independent media—

like YES! Magazine.

America is awakening to our potential to unite as a nation to transform our economic lives and institutions and bring forth a new human future of environmental health, peace, and justice for all. It's about values, vision, real democracy, real markets, people power—and the restoration of local control and civic life.

The political extremists who, intentionally or not, align behind policies that strengthen Wall Street rule are intent on promoting candidates for the 2012 Republican ticket who are so far outside the political main stream and so dedicated to advancing policies so contrary to the interests of most Americans that they are setting themselves up for a resounding 2012 defeat even against Democrats campaigning on the slogan "But we're not Republicans."

A serious get-out-the-vote campaign combined with voter education on the Republican agenda should assure a Democratic sweep next year. That may get the government functioning again, but it won't shift the power from Wall Street to Main Street, because the Democrats are as dependent on Wall Street campaign money as the Republicans. They just make it a little less obvious.

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Advancing the structural changes needed to shift power from Wall Street to Main Street is a much bigger challenge.

## Framing the Debate

Note that the Tea Party currently dominates the national political debate not because it elected Republicans to a majority in the House of Representatives in the 2010 election, but because it gained control of the Republican Party's policy agenda. Reshaping the policy agenda of the Democratic Party is a far more ambitious task than simply getting Democrats elected against an extremist opposition consumed by illusions of self-righteous invincibility.

The Tea Party's rise to power was greatly facilitated by their mobilization behind a framing story Wall Street interests have been promoting for decades through corporate dominated media and education to define the economic policy debate. Whoever controls that framing story, determines the economic policy agenda. Here is the essence of the Wall Street story now familiar to all Americans.

Economic growth is the path to prosperity. To increase growth, reduce taxes and regulation, particularly for the job creators, the wealthy people who have the money to invest in job creating businesses. Taxes and regulations kill the ability and incentive for the rich to make the investments that grow the economy to create jobs. Government is a consumer, not a producer. Because of market discipline, for-profit enterprises are always more efficient than government. Get government out of the way by reducing taxes and regulation and privatizing government assets and services so the market can work its magic to the benefit of all of us.

This story is so familiar that most people accept it without question, failing to recognize that each of its key assertions is either false or misleading. And never stopping to think through how it serves Wall Street interests.

The Tea Party didn't invent this story. It simply embraced it, to tap into well founded public fear and anger and focus that fear and anger on government as the problem. Whether or not the intention of most Tea Party members, many of whom are in fact

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as distrustful of Wall Street as we are, this served to deflect public blame for our national crisis away from Wall Street, deepen established political divisions, and create a political gridlock that largely precludes effective government action to contain Wall Street's abuse of its economic and political power.

The framing story is the key to political success. We need to back our agenda with a counter story. We progressives are really good at generating endless lists of positive policy proposals, but we are generally very poor at framing and popularizing the larger framing story that would give our proposals a deeper sense of meaning and purpose.

## A Story for We the People

Take the Contract for the American Dream. It is a brilliant synthesis of the thousands of policy proposals submitted from conversations involving 131,203 Americans into a list of 10 important and widely popular policy proposals—each of which can be easily attacked within the established right wing story frame as an unwarranted socialist government intrusion into our personal lives and a threat to private enterprise and the free market.

We need to back our agenda with a powerful counter story that puts the focus on Wall Street rule as the problem and frames an agenda to shift power from Wall Street to Main Street. Something along these lines:

In response to the Great Depression of the 1930s, America put in place a highly progress tax system and strong regulation of Wall Street banks and corporations. The resulting American economy created the American middle class, made America the world leader in industry and technology, and made the American Dream a reality for a substantial majority of Americans.

Then Wall Street began mobilizing in the 1960s to launch assault on regulation, unions, social safety nets, and taxes on the rich. It used its growing economic and political power to push down wages and benefits, eliminate and outsource jobs, and redirect financial markets from long-term investment in real wealth creation to inflating and speculating on financial bubbles for short-term gain.

Contrary to the Wall Street propaganda, Wall Street is a job killer, not a job creator. Increasing Wall Street taxes and regulation will actually increase jobs, by shifting power from Wall Street job killers to Main Street job creators.

To build a prosperous 21<sup>st</sup> century America we must declare our national independence from Wall Street, reclaim the power Wall Street has usurped, and rebuild a national system of Main Street economies owned and

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accountable to people who have a natural interest in building healthy communities with healthy natural environments that provide everyone access to a dignified family wage job with benefits.

The power shift from Wall Street to Main Street is in fact the implicit, but unspoken, frame of the

[Contract for the American Dream](#). Making it

explicit, would make clear that what it presents is far more than simply a list of traditional progressive policy ideas. Let go through each of the Contract's ten points with this powershift frame in mind.

Contract point 10, **Strengthen Democracy** is about eliminating Wall Street's power to buy elections. Point 7, **Return to Fair Tax Rates**, Point 9, **Tax Wall Street Speculation**, and Point 5 **Make Work Pay** all reduce the power imbalance between Wall Street and Main Street by contributing to a more equal distribution of wealth. **Return to Fair Tax Rates** and **Tax Wall Street Speculation** combine with Point 8: **End the Wars and Invest at Home** to increase the funding available to invest in family wage private and public sector jobs with benefits that meet essential needs to **Invest in America's Infrastructure** (Point 1), **Create 21<sup>st</sup> Century Energy Jobs** (Point 2) and **Invest in Education** (Point 3). People with good jobs are less susceptible to manipulation by political demagogues—again a blow to Wall Street power. Point 4: Offer **Medicare for All** and Point 6: **Secure Social Security** empower people and community by liberating us from dependence on Wall Street insurance and investment management corporations that care more for their own profits than for our health and retirement security.

The story of the national imperative to shift power from Wall Street to Main Street provides a unifying theme for a powerful political alliance of Puget Sound and Olympic Peninsula groups advancing campaigns that contribute to building a New Economy supportive of the American Dream. Examples include MoveOn, the Washington Public Bank Coalition, Puget Sound Alliance for Retired Americans, the Local Investment Opportunity Network, Sustainable Communities All Over Puget Sound, The Backbone Campaign, Washington Community Action Network, Occupy Wall Street, US Uncut, The Other 98%, SEIU Fight for a Fair Economy Campaign, Mad as Hell Doctors, Veterans for Peace, Strengthening Local Independent Coops Everywhere, YES! Magazine, and the Businesses Alliance for Local Living Economies.

Some are focused on political action to contain Wall Street; others are focused on building strong local economies. The two go hand in hand.

Too often progressive groups dilute their energies by working in silos. We build effective political power only through larger alliances built around unifying stories.

Replacing the Wall Street economy with a global system of human-scale interconnected Main Street Economies that function in harmony with local ecosystems, meet the basic needs of all people, support just and democratic societies, and foster joyful community life is an epic, even audacious undertaking.

The future of humanity lies in the balance. I find hope in the fact that we stand beside millions of people the world over who are rising to this great challenge. Now is the hour. We have the power. We are the one's we've been waiting for. Thank you.

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David Korten is co-founder and board chair of YES! Magazine, co-chair of the New Economy Working Group, president of the People-Centered Development Forum, and a founding board member of the Business Alliance for Local Living Economies (BALLE). This presentation summarizes themes from his most recent book, *Agenda for a New Economy: From Phantom Wealth to Real Wealth*, second edition. His other books include: *The Great Turning: From Empire to Earth Community*, and the international best seller *When Corporations Rule the World*.