

THE FIRST UNITARIAN SOCIETY OF MILWAUKEE

THE MARKET IS NOT GOD

By

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This morning I want to talk a little bit about the state of our economy – from a moral and spiritual point of view.

Our Reading this morning is taken from an op-ed column printed in *The Detroit Free Press* by Paul Rogat Loeb. Some of you may recall that Paul Loeb spoke in our church last year. Paul Loeb is the author of *The Impossible Will Take a Little While: A Citizen's Guide to Hope in a Time of Fear*. Loeb has also written, *Soul of a Citizen: Living With Conviction in a Cynical Time*.

Loeb writes:

In the wake of the New Orleans disaster, I thought of an article I read about Microsoft co-founder Paul Allen's . . . yacht. The 300-foot Tatoosh carries a 30-person crew, two helicopters, a swimming pool, a spa, a private movie theater, six other surface boats (including a 54-foot racing yacht and two Hobie catamarans) and a submarine. . . .

Allen bought the Tatoosh in 2000, when it was America's second largest. Three years later, he added the Octopus. . . , enabling him to leapfrog the founder of Victoria's Secret to own the largest yacht in the world. Itself since surpassed by the yachts of Oracle founder Larry Ellison and the ruler of Dubai, the Octopus is 413 feet long, with seven decks, a 60-person crew including several former Navy Seals, seven other on-board boats, a basketball court, the obligatory movie theater and swimming pool, and two submarines, one of which can stay two weeks on the ocean floor. Allen also owns a third mega-yacht, it turns out, plus two personal Boeing 757's, in case one is in the shop.

We know Allen is unimaginably rich, so maybe his yacht collection comes as no surprise. But the Republicans are talking about permanently ending the estate tax. . . . Our leaders are already lavishing more and more gifts on those who already have more than they can ever use, even in the midst of crises from the Iraq war to the New Orleans disaster, to the shifts in global warming that, by warming the ocean, turned a routine hurricane into a cataclysmic one. Allen's yachts remind me of our choices about what we value.¹

¹ This excerpt was taken from Paul Loeb's "Paul Allen's Other Yacht," as sent to me via email from: Paul Loeb [Loeb@soulofacitizen.org]; sent: Saturday, September 03, 2005 11:37 AM; paulloeb-articles@onenw.org

THE MARKET IS NOT GOD

The Reverend Dr. Andrew C. Kennedy

The US Census Bureau recently released some new data for 2004. As the Administration proudly reminds us, thankfully, the economy grew a solid 3.8% last year. However, as *The New York Times* points out, for the fifth year in a row, the median household income was basically flat, holding at about \$44,400.² Actually, further scrutiny of the statistics reveals that only the top 5% of households experienced any real average income gains in 2004. Incomes for the other 95% of households were either flat or falling.³ In fact, overall, most full time wage earners saw a drop of about 2% in wages last year.⁴ Moreover, in constant (inflation-adjusted) dollars, wages for most American workers are now lower than they were thirty years ago. And, on average, Americans now in their twenties are the first generation in America not expected to do better financially than their parents.

Meanwhile, census statistics also reveal that 1.1 million Americans were added to the poverty rolls last year. A total of 37 million Americans (many of them children) now live in poverty, an increase of six million in the last five years.⁵ Indeed, shamelessly, we have the highest poverty rate of any industrialized nation in the world. In fact, our poverty rate is almost *double* that of the other industrialized countries.⁶

Personal bankruptcy rates have been setting new records almost every year lately. (No wonder they have been tightening up the rules.) In fact, not long ago, *The Boston Globe* reported that bankruptcy filings had recently outnumbered college graduations.⁷

Additionally, 800,000 more Americans found themselves without health insurance this past year – including, I fear, some of you, perhaps, or your children. The number of uninsured Americans now stands at a staggering 45.8 million people.⁸ A related statistic is the fact that we have the highest mortality rate for children under five in all of the industrialized nations.

So, when we hear that ours is a “strong” economy, I think we need to ask “strong” for whom? Who exactly does our “strong” economy serve?

II

Consider some different economic statistics:

- The US is over \$7 trillion in debt.

² The actual figure is \$44,389.

³ *The New York Times*, September 1, 2005, p. A22.

⁴ Hightower, Jim, *The Hightower Lowdown*, November 2005, p. 2.

⁵ *Ibid*, and *The New York Times*, *op. cit.*

⁶ Jennings, Derek, “Poverty of Values,” *alt weeklies.com*, October 19, 2005, p. 3.

⁷ Cited by *Too Much*, May 9, 2005, p. 2. Unfortunately, *Too Much* did not say if that statement pertained to Boston or Massachusetts or some other geographical area. (*Too Much*, incidentally, which bills itself as “A Commentary on Excess,” is a wonderful weekly electronic newsletter published by the Council on International and Public Affairs, a nonprofit research and education group.)

⁸ *The New York Times*, *op. cit.*

- This debt is getting larger since, with the recent huge tax cuts mostly for the wealthy, the US budget deficit was the third highest on record this past year, at \$319 billion.⁹
- Indeed, taxpayers who earned over \$1 million last year actually saved (because of the tax cuts) \$30,000 each!
- Meanwhile, China helps us out by buying \$1 billion worth of US Treasury bills every day (to help float our loans).
- The Chinese save 50% of their domestic product, while the average American has \$9,000 on his or her credit cards.

Now, given these statistics, when we hear that ours is a “strong” economy, not only do we need to ask for whom is it strong, but perhaps we also need to wonder a little bit about the underlying fundamentals of our economy.

Indeed, if we listen carefully, we can hear at least a few voices sounding out warnings from the sidelines. There is the economist Paul Krugman of *The New York Times* and Lou Dobbs on CNN. And there is William Greider. Greider, writing in *The New York Times* last summer, ominously suggested that we face structural economic problems as serious as those that destroyed the late Soviet Union and that, like the USSR before its breakup, one of the key problems is that our leaders can not (or will not) talk about these problems. Let’s hope Greider is either exaggerating or wrong. “[Our] weakening position,” Greider writes,

in the global trading system is obvious and ominous, yet leaders in politics, business, finance and the news media are not willing to discuss candidly what is happening and why. Instead [Greider continues] they recycle the usual bromides about the benefits of free trade and assurances that everything will work out for the best.¹⁰

As Greider explains, another one of the key problems is that Washington defines our ‘national interest’ primarily in terms of advancing the global reach of our multinational corporations. The problem with this, as my favorite op-ed columnist Molly Ivins notes, is that our multinational corporations increasingly are working against the interests of many of us Americans. First, they are outsourcing many of our jobs, and then many of the companies are locating what are, in effect, sham headquarters in off-shore havens to avoid paying US taxes. Moreover, for the most part, the only restraints we have ever had on multinational corporations are (1) governmental regulation and (2) the right to sue for the various kinds of harm corporations sometimes cause. But, as Ivins points out, it is precisely these two forms of control that are being not just undermined, but are being tossed out entirely (ironically) by an increasingly activist right-wing judiciary.¹¹

Another lonely voice sounding a warning from the sidelines is Thomas Frank. Frank holds a Ph.D. from the University of Chicago. He has written a book called, *One Market Under God*, in which he argues that the Market – with a capital “M” – the Free Market, through a series of transformations in recent decades, has, in effect, in finance and political circles, been elevated to the status of a God. Increasingly, over the years, in other words, we have seen among political and financial leaders a growing consensus around the presumed wisdom of entrusting virtually everything to the Free Market. Not only all powerful and omniscient, the Free Market is also touted as a popular and reliable god, too, which forms

⁹ BBC News, <http://news.bbc.co.uk/go/pr/fr/-/2/hi/business/4343814.stm>; published: 2005/10/14 20:27:22.

GMT. Actually, the budget deficit this past year was widely viewed as good news since it came in lower than anticipated, and it was down significantly from last year’s record \$412 billion.

¹⁰ Greider, William, “America’s Truth Deficit,” *The New York Times*, July 18, 2005.

¹¹ Ivins, Molly, “Big Time Trouble,” *The Progressive Populist*, Sept 1, 2005, Vol II, No. 15, pp. 22-23.

the basis for talking about what is termed “Economic Democracy.” This was new to me, but as Frank explains,

From Deadheads to Nobel-laureate economists, from paleoconservatives to New Democrats, American leaders in the nineties came to believe that markets were a popular system, a far more democratic form of organization than (democratically elected) governments.

“This is the central premise,” Frank continues,

of what I call “market populism:” that in addition to being mediums of exchange, markets are mediums of consent. With their mechanisms of supply and demand, poll and focus group, superstore and Internet, markets manage to express the popular will more articulately and meaningfully than do mere elections. By their very nature markets confer democratic legitimacy, . . . , markets look out for the interests of the little guy, markets give us what we want. . . . Since what the market does – no matter how whimsical, irrational or harmful – is the Will of the People, any scheme to operate outside its auspices or [to] control its ravages is by definition a dangerous artifice, the hubris of false expertise.¹²

As you may guess, this then becomes an argument for de-regulation, and for a loosening of virtually all of our governmental controls over industry to the presumed inherent wisdom embodied in the capital-M Market.

As Thomas Frank notes, this kind of market deification only seems normal, perhaps, in a world that already hawks best-selling books with titles like *JESUS, CEO* and *God Wants You to be Rich*. Even the preeminent business management guru Tom Peters, once chose for a chapter title in one of his best-selling management books: “The Market’s Will Be Done.”

III

As William Greider and others point out, however, more than anything else, this deification of the market, wherein the Market is God, also – by no means coincidentally! – tends to exalt the rich and make the world safer for its billionaires. Indeed, despite this talk of “economic democracy” and the markets “looking out for the little guy,” we are currently living through one of the least populist economic eras in the past 100 years.

Indeed, a recent Institute for Policy Studies report¹³ tells us that the nation’s top CEOs had another banner year last year. The average CEO in the nation’s top companies – not *all* CEO’s, in other words, but the CEO’s in our nation’s top companies – now makes \$11.8 million a year. To break this down for you, this means the top CEOs are making \$5,673 per hour. That’s \$44,916 a day – which is more than a lot of us make in a whole year! Or almost \$225,000 a week.

Now, I don’t know about you, but this strikes me as just a tad *excessive*.

¹² Frank, Thomas, *One Market Under God* (New York: Anchor Books, 2000), p. xiv.

¹³ “Labor Day Report: CEO: Worker Pay Ratio Shoots Up to 431:1,” press release found on the United for a Fair Economy website, citing the Institute for Policy Studies “Executive Excess 2005” report.

Not only has CEO compensation risen to vertiginous heights, but the gap between them and the rest of us is growing at an unprecedented rate. I've talked about this before, but again in 2004, the ratio of the average CEO pay to the average worker pay spiked hugely – from 301-to-1 in 2003 to 431-to-1 in 2004.¹⁴ This means that for every \$1 the average worker makes, the top CEOs make \$431.

For comparison, the ratio of average CEO pay to average worker pay in Brazil is 57-to-1. In Britain, it is 25-to-1. In China, it is 21-to-1. In France, it is 16-to-1.¹⁵ But here in the US, again, it is 431-to-1!

As the Gulf Coast catastrophe so clearly revealed to the entire world, we in the United States are not that far from our Third World friends. Indeed, we have the greatest disparity between the rich and the poor of any developed nation on earth. The richest 1% of our population own more wealth than the bottom 95% put together. Or get this: our nation's wealthiest 13,000 families – representing just 1/100th of 1% of our country's population – receive almost as much income as our poorest 20 million families!

This, I submit, is not just excessive, it's scandalous! And Congress is thinking about repealing the estate tax?! In light of our country's needs, in my judgment, this is simply unconscionable! Moreover, it is all so transparently greedy and self-serving. Even the conservative Alan Greenspan, our nation's central bank chief, now says,

The income gap between the rich and the rest of the US population has become so wide, and is growing so fast, that it might eventually threaten the stability of democratic capitalism itself.¹⁶

And I'd say that's *quite a statement* coming from Alan Greenspan!

Indeed, increasingly, I would suggest, we are coming to live in a plutocracy, that is, we are coming to live in a nation with a government *of* the wealthy, *by* the wealthy, and *for* the wealthy. As is widely acknowledged, elections in this country are largely bought and paid for by the wealthy and for the wealthy. And guess who their legislation benefits the most?

Moreover, this new equation of the market with democracy, in my judgment, is largely plutocratic, self-serving nonsense. It totally ignores the huge role of Madison Avenue, Hollywood, the media conglomerates, and all of the other marketing forces that help to create and manipulate our choices in everything from political candidates to soap.

In short, market capitalism is doing very well these days – for those who have the capital. Our economy, however, despite the glowing press releases and some of the news reports, is *not* doing very well – not for most people, anyway, and especially not for the poor. Moreover, if Greenspan, Krugman, Greider, and some others are right, sooner or later, we may need to face some very serious structural economic problems in this country.

IV

¹⁴ Ibid.

¹⁵ Hightower, Jim, "The Hightower Lowdown," June 2003, p. 2. Admittedly, it may be a little unfair to compare US figures for 2004 with Brazilian and European countries for sometime prior to June 2003, but the differences are not likely to be terribly significant.

¹⁶ Greenspan, Alan, cited by Hightower, Jim, *The Hightower Lowdown*, November 2005, p. 2.

From a different perspective, however, as my colleague Davidson Loehr has suggested, I do not think our problems are primarily economic. I think they are spiritual. Increasingly, these days, we are worshipping false gods, in effect. In the Bible it says that the love of money is the root of all evil. This may be an over-simplification, but it goes a long way, I think, towards explaining why people with 400 foot yachts, and homes on every continent, can oftentimes just never get enough. It also may tell us something about how people can sell Mexican and Pakistani and Chinese girls and boys, old people and poor people, for a pair of tennis shoes or a cheap shirt. As Loehr suggests, "Once money is turned into a god, it is — like all deities — a jealous god and will not permit any other consideration to come before it."¹⁷

Fortunately, however, there are a growing number of people in this country who are blowing the whistle on our nation's rank mendacity and greed. Fortunately, there are a growing number of people in this country who recognize that the cavernous gap between the rich and the poor is inherently unjust and is spiritually unwise. Fortunately, there are a growing number of people in this country who recognize that a society should not be judged just by how much freedom it gives to the strong, but by how much support and care and respect it gives to the most vulnerable among us.¹⁸ Fortunately, there are a growing number of people in this country who recognize, lift up, and celebrate the values of generosity, humility, relinquishment, community and love. And, fortunately, there are a growing number of people in this country who are primed and ready to agitate and organize, and to help fund others for change. Because *change*, friends, is what we so *dearly* need.

¹⁷ Loehr, Davidson, *American Fascism and God* (White River Junction, Vt: Chelsea Green Publishing Co., 2005), p. 54.

¹⁸ Sewell, Marilyn, op. cit., p. 5.