

Book Review Essay

ELECTING FORTY-FIVE

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THE MYTH OF “WIN-WIN”

A key part of the story concerns long term trends in income distribution. About 50 years ago, a variety of forces started to increase the financial rewards to university graduates working in the private sector in professions such as law, medicine and finance, along with top managers of the largest private businesses. These disparities have increased in the US over time, such that today they rival the situation during the “gilded age” of the 1890s. Giridharadas (2017) provides a creative analysis of these trends. The author finds that as disparities increase, elites feel a combination of guilt and worry that the underclass may revolt. The answer is: "If we want things to stay as they are things will have to change". The result is win-win, shared-value initiatives supported by elites and their foundations and social entrepreneurship businesses that do not support deep reforms to underlying structures that allowed them to earn their fortunes, but are rather forms of conservative self-defense. Measures might include funding a few charter schools that are high performing, rather than fixing the overall public school system by greatly increasing available resources through a progressive tax increase; and targeting grants to reduce infant mortality in African American neighborhoods of Cincinnati, rather than addressing the deep racism that underlies so many areas of life where racial groups are oppressed and underperform. The myth is that business practices are the key to solving social problems. It goes back to the neoconservative conceit: "government is not the solution to our problem: government is the problem". The reality is that today's business protocols that produce great fortunes also cause many of the problems that corporate win-win initiatives claim to be trying to solve. The story of the Sackler billions being earned based on aggressive marketing of Opioids as prescription drugs, and then the family "giving back" millions in charitable work is a poignant example.

The book is filled with stories of well-meaning young people that want to work for social justice but get sidetracked into career tracks with business posing to do social good, but where in reality the priority is squarely on improving corporate bottom lines. There's the irony that the Obama foundation hires McKinsey to advise them on how best to work for social justice. There is a great chapter on the decline of public intellectuals, and the rise of thought leaders: the latter paid well by marketworld (the rich) to come up with win-

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win solutions; focus on the victim (poor el Salvadoran immigrant) and not the perpetrator (rich donors that work to defund government, and blame immigrants as scapegoats); focus on the actionable (for women: build up a defensive armor against a sexist world) rather than changing underlying forces (sexism); give hope while challenging nothing; back up with scientific authority, no matter how thin or disputed; give the glow of heroism, change and personalize the political (challenges as personal drama, rather than caused by systemic problems of removing job stability and benefits, leading to addiction, over policing, family abuse, all reinforced by actions of the powerful against the weak). Think of zoom in (get up close and personal) vs zoom out (understand systemic corruption and defensive power centers). Thought leaders don't need rigorous scientific validation or peer reviews from serious scholars; validation comes from their number of followers or the size of their speaking fees.

All this makes for dramatic if disturbing storytelling. But what to make of it? The author talks a bit on the causes of rising inequality: the underlying logic of network technologies that provide decentralized benefits that are highly seductive (free google searches, convenient Uber rides) while relying on highly centralized protocols that create mega zillionaires like Jeff Bezos and Bill Gates. He also gives passing reference to French economist Piketty that points out that new technologies lower the cost of capital investment and thus increase the incentive to replace labor with capital, thus reducing labor bargaining power and leading to fewer stable jobs with decent pay and benefits. But what is the path to a better world? He implies that we need to build up government, tax more and redistribute more. But how? The recent trend in the USA is just the reverse, with a highly regressive tax cut pushed through by Forty-Five. The author quotes the ideas of Dani Rodrik that emphasize the importance of addressing problems through participatory politics, rooted in the idea of people taking on the messy business of negotiating and reconciling incompatible interests and coming up with a plan, designed to be liked but difficult to love, in a context where everyone is invited to the table and has the right to complain about being unseen and unheard. But Rodrik says this type of politics isn't working. Instead, you have elite plutocrats and their foundations talking among themselves and designing token social programs, while the increasingly angry majority votes instead for populist, nationalist redeemers. So what needs to happen to get back to real politics in the USA? Is the only solution that the Bezos and Gates families end up like the Romanovs in Russia?

The author is mainly silent on parallel trends in other societies. For example, inequality in China is worse than in the USA. It is caused by the same technology dynamic and protected by a different type of political regime. In some ways, participatory mechanisms are working better there. Although mayors may not be democratically elected, they have to deliver agreed, measurable results or they will not last long, and this means going through the messy political business of negotiating and reconciling. This helps to explain why China does not yet have groups of influential citizens that see their life chances declining, like white males in West Virginia, but they do have the same problem of inequality. How will China's response to inequality over the next years be similar to, or different from, the response in the USA? Is there a common ground where these two countries could learn from each other on the issue? If so, will they be working for a more progressive future, or to reinforce the wealth and power of their respective elites?

OTHER INEQUALITY MYTHS

Mazzucato (2020) examines a different strategy of wealthy elites who craft a narrative that justifies extreme differences in income and wealth by imagining how value is created. Who are the makers? Who are the takers? In high-income countries, particularly the US, there is a dominant narrative praising individual technology and financial entrepreneurs as the source of wealth. Value is measured by price: whatever it sells for must be its market value. GDP measures the goods and services produced by their price. Policies are based on assumptions that government is inefficient, and we need powerful incentives from low taxes and patent protection to stimulate business innovation. These are all myths, supported by sloppy thinking and the self-interest of those that are benefiting. Instead, innovation is a collective effort of public and private parties.

Although the book was published before the COVID19 pandemic, the US vaccine rollout is a good example of an important theme. Vaccines based on mRNA science were based on work over a long time with support from university research, government funding, and business. The surprisingly fast rollout of highly effective vaccines in the US came from ambitious contracts negotiated by the federal government and financed by taxpayers, emergency testing and authorization by FDA, amazing supply chain work by Moderna and Pfizer (pulling together ingredients produced in 18 different countries), fast ramping up of production capacity, planning and execution directed by state and local governments, and delivery by medical workers supported by police and other local government officials, national guard, and other essential workers. The extraordinary value of these vaccines was created by these and other parties playing key roles over time. None of these parties could have done the job alone.

Mazzucato finds that this story is typical. Apple and the technology giants built their work on publicly funded innovations like silicon chips, the Internet, SIRI, and GPS. Private entrepreneurs turned these tech breakthroughs into great products, but only because government agencies and universities took the risk to fund and do the initial research. So why do Apple executives, shareholders, and venture capital firms reap most of the economic reward? Because of the myth of the role of the inventor starting out in his garage. Also, the myth that government is a taker hindering Steve Jobs and other makers; and the myth that value is created in the private sector and redistributed by the public sector. Business uses these myths to lobby for favorable tax treatment, excess patent protection, minimal regulation and other advantages leading to the dystopian situation today of a declining life expectancy of US citizens as a whole (an overall drop of 1.5 years in 2020, nearly 4 years for blacks and Hispanics), the largest drop among rich countries, and the worst in the US since 1942 amidst World War 2. At the same time, a handful of billionaires and their minions are living the life of Riley, capturing most of the financial rewards of publicly-funded innovations since the 1970s. This will not be easy to fix, but the focus needs to be on defining and measuring the actual, collective contribution to wealth creation, so that value extraction is less able to pass for value creation, and all the wealth-builders can get the rewards due to them. We need to estimate how much of Facebook's profit is justly earned, and how much is rent earned from risk-taking by taxpayers and other key players in building the foundation for this successful business. When it comes to public service delivery, to what extent is private business more efficient than government. Public choice

economists argue that when government gets into business, there is misallocation due to lobbying, regulatory capture, trying to pick winners and diversion of funds that would be more efficiently used by private businesses. Market failures arise from positive and negative externalities: public goods where it's hard for businesses to make profits and the cost of pollution to society. The government needs to intervene in these cases but otherwise should intervene as little as possible in the economy. Because government work is so prone to corruption and laziness, the public sector's focus should be to get more efficient, emulating whenever possible the practices of the private sector. On the other hand, the author cites lots of evidence from the UK and US that much of the outsourcing of government work to private business has cost taxpayers a bundle more without delivering any additional value. Who are the risk-takers that deserve to profit when their risky bets are rewarded? The 2008 global financial crisis is one of many examples cited where risks were socialized (covered) by the government, while profit was privatized (bonuses for bankers).

This discourse based on myths is not only degrading our society, but also holding back innovation. The government, for example, is not daring to fulfill its role in risk-taking research and development amidst partisan talk about government being the problem, and the need to facilitate a business-friendly environment.

The focus on turning economics on its head, and going back to the original focus of Adam Smith and others on the political economy of value creation, is an important contribution. However, I think the author underestimates the scope of the battle required. This is not just a contest of ideas that can be won by sharp arguments. Powerful interests will push back fiercely with the massive resources they control to protect the myths that have justified their success. Defenders of the public interest will have to fight even harder to have a chance at meaningful change

THE TYRANNY OF MERIT

Sandall (2020) explains how the rhetoric of opportunity and rising focuses on education as the answer to reducing inequality; in the last 50 years, it has not worked out that way in many rich countries. Ironically, in the USA more people believe that education will lead to rising, while in Europe fewer people believe in this; yet in Europe, rising is more likely to result from education and related policies, but in the USA less so.

While racism and sexism are out of favor, though not eliminated, credentialism is the last acceptable prejudice. A common political refrain is: my policy is not only right, but it is smart. Or as Obama put it: "Don't do stupid shit". This implies hubris, condescension and disdain for the poorly educated: Hillary Clinton's "basket of deplorables". Obama's cabinet was smart because most had degrees from Harvard or Yale. Smart people deserve to make key policy decisions that are smart. Uneducated people have little to contribute, and they are resentful.

It is a myth that smart, credentialed people became so by working harder, and deserve their higher pay and prestige. It is also a myth that less educated people didn't try hard enough, failed, and so deserve their low status.

The truth is that while 2/3 of American's lack a college degree, all senators and 95 percent of congressional reps have college. In 1960, about 1/4 of congress lacked college degree. Government has become more diverse in terms of ethnicity and gender, but less so in terms of education. The same is true in Europe, where government is looking like it did before working class people had the vote. Policies are justified based on evidence, incentives, science and facts, not moral debate and consensus. The results of these policies are not pretty: the endless war on terror in Iraq, Afghanistan, and other places, the COVID pandemic and economic collapse, technology-enabled rising inequality and disinformation.

How to fix this? First reform the universities. Selective colleges should change their admission policies to make it clear that most are admitted based on random luck. Harvard, for example, should take the 40,000 that apply, take out the 10,000 or so that probably couldn't do the work, and then randomly select from the rest. This would start to reduce the incentives for hyper competition in schools leading up to university, that in turn produces depressed kids and helicopter parents. It would also reduce the hubris of graduates that they deserved everything they got as a result of hard work, and recognize that a lot of it is luck.

On the other side of the divide, working class people should be paid a decent wage, and rewarded in other ways to underline the importance of their work to society. The publicity during the COVID pandemic for essential workers is a first step towards this. To pay for this, the financial sector should be taxed like alcohol, particularly that part that is like a gambling casino: many of the derivative trades, default swaps, and the like.

This sweeping set of arguments rings true, but misses some things as well. The divide between the educated and less educated actually began much further back than Sandell suggests: for example, Americans were more likely to oppose the Vietnam war if they were more educated. Nixon famously thanked God that there were still: "uneducated people" around to support him and the war, and they were "all that's left of the character of this nation". The critique of supply chain globalization and immigration goes through familiar ground, but misses the benefits to less developed countries, and how these would be maintained by greater attention to dignity of work rather than maximizing consumption in developed countries. These and other proposals are credible in that they would be steps towards beginning to solve civic problems, but the political economy of getting there with intense resistance from vested interests would be challenging, and is barely discussed.

LET THEM EAT TWEETS

So how did inequality lead to the 2016 election of Forty-five? Hacker and Pierson (2020) show how Republicans focused on the three R's: resentment, racialization and rigging, combined with policies friendly to the super rich plutocracy. Resentment is the key: deep perceptions of unfairness and indignation at fellow citizens who they think others are eating their share of the pie. Partners such as the Christian Right and Fox News encourage and foment this dislike, steering it towards immigrants, people of color, gays and lesbians. They do this without mentioning that the real pigs at the trough are the plutocrats getting their tax cuts, and slashing social programs to pay for them. Indeed, the extreme pro-

plutocrat slant worsens the social conditions for most voters, making them even more resentful.

Racialization is related to this, drawing on the deep US history of slavery, reconstruction, apartheid, and pseudoscience on racial inferiority. Since these are increasingly minority views, the third plank of vote rigging is needed. This weaponizes elements of the constitution (overrepresentation of rural white voters in electoral college and senate elections, separation of powers) by aggressive gerrymandering in Republican controlled states, and appointments of extreme, right wing judges.

This “successful” ruling strategy has been crafted over a long period, starting in the 1980s. Forty-five is just the latest manifestation.

One aspect that needs further thought is the authors' labeling of this approach as “pro-business”. While there are elements of this, there is also another side. For example, support to fossil fuel business (the Koch family is a major supporter) is arguably preventing the realignment to renewable energy, and could be turning US companies into zombie, uncompetitive businesses by undermining the forces of creative destruction at the heart of strong capitalist economies.

Also, there is little mention of international elements, and how they intersect with the overall ruling strategy. Key enablers for the global super rich are the interlocking, global networks of company registrars, banks, offshore accounts, courts, real estate businesses, hedge funds, accountants, auditors, passport brokers and facilitators that enable beneficial owners to amass, protect and enjoy their fortunes. In addition, there are the endless wars in the Islamic world that produce profits for military contractors, but isn't the lack of success risking the USA brand? And wasn't Forty-five's go-it-alone strategy of undermining long standing alliances doing the same it? Or is all of this part of a more far-reaching effort to justify a larger military, militarized police, surveillance state and other elements of authoritarianism to subdue the popular majority?

Another element that could be given more emphasis is the divide-and-rule aspect of this strategy. Poor whites, blacks and Latinos all have common economic interests. The RRR strategy works to keep them apart, and thus weakens their political voice.

Another aspect that could be developed in a future edition is how the framework helps explain the unique US response to COVID-19. A divide-and-rule strategy pits poor whites against people of color, distracting them from their common economic interests in comprehensive health and other social programs, and regulations to protect the environment. This allows tax cuts and weak regulations benefiting the rich. Indeed, the assets of plutocrats and other wealthy investors are close to all-time highs following massive pump priming from the Fed and Treasury, despite the pandemic and deep economic recession. Weak social programs and the lack of a coherent response to the pandemic, combined with willful ignoring of health guidance, fuels massive spikes in infections, and a drop in life expectancy. Communities of blacks and people of color are hit particularly hard by disease and job losses. They protest, along with sympathizers, and some protests become violent. This violence is exacerbated as federal forces are sent in, and the "riots" are weaponized by Fox news and other outlets to feed into the rage and racism of the Repub-

lican base of rural white men. Ironically, a key challenge in 2021 is the anti-vaxers: drawing on underprivileged groups across the color spectrum who distrust expert advice, some thinking that COVID is a hoax.

CAN THE USA (AND THE PLANET) BE SAVED?

Inequality in the US and the world is a key driver of climate change, with rich countries and rich people leaders in sending carbon to the atmosphere, and resisting inconvenient and costly changes in their behavior. Hotter days, worse flooding, species extinction, buildings collapsing: that is the news today, what will it be 20-30 years from now? Robinson (2020) has some ideas brought together in an innovative SciFi/nonfiction format. He envisages a Ministry of the Future based in Zurich, set up by the UN to help countries implement the Paris Accords. It's led by Mary Murphy, based on the actual Mary Robinson, former president of Ireland and UN High commissioner for human rights. Various measures like the Green New Deal help on the margins, but not enough: 20 million are lost in a heatwave in India. KSR imagines other measures including pumping water out from underneath Antarctic and Greenland glaciers so they scrape against bedrock and slow down their movement towards the sea. Refilling depleted sea basins like the Caspian, Aral and Dead seas takes off a few meters of sea rise temporarily as the basins are being refilled. Both proposals would rely on the ability and experience of the oil industry to pump liquids through large pipes. Countries also begin to see that inequalities feed practices leading to climate change. The 2000 watt club is formed on the understanding that if all the energy in the world was used equally, each person would use 2000 watts each day. The half Earth movement aims to reduce human settlement to half the land area, with the remainder as corridors for plants and nonhuman creatures. New open-source social media platforms protect users with a blockchained record of their histories from the beginning. Central Banks will have an important role, to KSR's regret. Building on one of Mary's ideas, they create a new currency of carbon coins (Carboni), to pay off businesses, landowners, and nations that move to carbon neutrality in a process termed: carbon quantitative easing. Tax evasion, money laundering, and related stuff are sharply reduced by shifting all currencies to digital, and recording them in blockchains so that its location and transaction history can be traced and seen by all. There is an expansion of ideas on worker's cooperatives building on a model from Spain's Basque region. Refugees are given global passports after 2 years in a refugee camp. All citizens and global citizens are guaranteed food, health, education, and a job with governments the employer of last resort.

The die out of 10 million Indians and other disasters spurs actions from unknown actors to weaponize drones to cause private jets to crash, leading to the substitution of conventional planes by bio-fueled ones and airships. Similar attacks on diesel-fueled container ships promote a shift to solar and sail-powered ships. Mass injection of cattle herds with mad cow disease spurs the shift to meat substitutes.

In the end, as Mary retires, there are cheers for turning around carbon in the air with a 5ppm reduction for the first time in recorded history. Equality in many countries is mov-

ing towards a 10 to 1 limit on incomes from top to bottom. But there are still tough challenges. Nuclear weapons, bioterrorism and unrestrained artificial intelligence still could lead to extinction. The USA is still the leading global power and hypocritical emperor of a deceptively colonized world. Women and people of color still struggle. Failed states continue to fail.

A shortcoming of the fiction/nonfiction format is the lack of citations. To what extent are some of the intriguing proposals like slowing down glaciers based on science? He lists a couple of pages of names of people consulted in the acknowledgments but doesn't indicate the sourcing of specific ideas. This is always the case in SciFi, but in this hybrid form it would help to say more on the scientific sourcing. A quick Google search is inconclusive. For example, there have been proposals to connect the Black and Caspian seas and thus refill the latter going back 150 years. Scenarios for filling the Aral sea are based on water use reform and better dams, not piping in ocean water. How much actual science is behind these and related ideas?

IN SUMMARY

The rich have gotten much richer and most of the rest have seen little change in their wealth in the last few decades in the USA. This disparity is justified with the myth that our wealth is produced mainly by private business innovation, leaving out the essential role of government. Generous wealthy donors help on the margins, but do not touch the structural flaws. A system masquerading as based on merit is really perpetuating an inherited aristocracy. Money politics supports the interests of the rich such as low taxes and little regulation, while starving public goods such as education and health. The Republican party attracts white males and others who think they are not getting their fair share, and blames immigrants, sexual and racial deviants, and other hot button targets rather than the real problem of plutocrats at the government trough. All of this produces political upsets like the 2016 election of a billionaire populist, and contributes to the existential planetary crisis of climate change. A string of unprecedented climate disasters could motivate changes towards a more equal and just country and planet. Without them, we are doomed.

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