DEMOCRACY, AMERICA, AND THE AGE OF GLOBALIZATION

Because political campaigns in the United States are privately funded, America’s political system is heavily biased toward the interests of wealthy campaign contributors. As a result, government policies have largely ignored the growth in income inequality caused by technological change and economic globalization. This omission has been tolerated because most Americans do not actively support interventionist government policies. They believe that the government serves the interests of campaign donors rather than the public. This skepticism concerning the public sector’s fairness must be overcome before effective programs to offset mounting inequality can be implemented. Though in recent years legislation to reform the financing of political campaigns has been adopted, private wealth continues to dominate the political process. Political cynicism therefore persists. A voluntary system of public funding of candidates for office is required to generate the trust in the public sector necessary to reverse the trend toward inequality.

Jay R. Mandle, currently W. Bradford Wiley Professor of Economics at Colgate University, has also taught at Temple University and the University of the West Indies. Mandle has been a Visiting Scholar at the Institute for Social Change at the University of California, Berkeley, and twice been a Fulbright Lecturer, once at the University of Guyana and once at Nankai University, China. Among his many publications, Professor Mandle recently published Globalization and the Poor (2003).
Democracy, America, and the Age of Globalization

Jay R. Mandle
Colgate University
To the student activists

who know Democracy Matters
Contents

Preface ........................................ ix
Introduction ...................................... 1
1 The Economics of Income Inequality ............ 7
2 The Politics of Inequality ....................... 27
3 The Funding and Bias of American Politics ...... 43
4 History and Reform Efforts ..................... 61
5 Distrust of Government ........................ 87
6 The Need for Public Financing .................. 109
7 Organizing for Democracy ..................... 131

Index .............................................. 151
As an author, I have the good fortune to possess friends who are willing to tell me that my thoughts have not yet adequately cohered or that my manuscript is not yet a book. Indeed, for better or worse, I have four such friends: Paul Lyons, Mike Burke, Louis Ferleger, and Jon Mandle. All discussed the ideas in this study with me and read earlier versions of this book. All, at one time or another, made it clear to me that I had not yet accomplished what I had set out to do. For that I thank them.

My idea was to bring together two sets of issues: the problems caused by economic globalization and technological change, on the one hand, and those associated with the way we fund political campaigns, on the other hand. I wished to argue that there was a need to change the latter in order to solve the former. I wanted to reject neither the economic growth associated with market economies nor the goal of distributing the benefits of economic modernization fairly.

The dislocations caused by economic progress are real and substantial. But I believe that alleviating these problems does
not require rejecting global market integration and technological change, much less a market-based economy. Rather, my hypothesis is that achieving a more egalitarian political process is the key to greater economic justice. To make this case, it was necessary for me to synthesize strands from a variety of disciplines: economics, of course, but also democratic theory, survey research, and even philosophic discourse. My problem was to blend all of these threads into a seamless whole. I have been fortunate that my editor at Cambridge, Lew Bateman, has encouraged this interdisciplinary effort.

In preparing this study, I benefited immensely from the fact that Colgate University granted me a one-year research leave of absence during the 2005–6 academic year. I particularly want to thank Patrick Kendall, an economist at the Caribbean Development Bank, for taking my classes during the time I was on that sabbatical. I also benefited from the opportunity to present the ideas in this study at seminars at Colgate University, Union College, the Richard A. Easterlin Conference at the University of Southern California, and in Australia at the University of New South Wales and the University of Sydney.

What I lost in terms of classroom stimulation, however, I was able in part to offset as a result of my interaction with the students who are members of the campus-based organization Democracy Matters, which I discuss in Chapter 7. These young political activists were always more than ready to challenge my arguments when I presented them. Their unshaken belief
Preface

in the value of political equality – and therefore democratic processes – is inspiring and provided me with an important impetus to complete this study. In this, my adopted son, Adonal Foyle, played a critical role. There would be no Democracy Matters without him. Adonal demonstrates how it is possible to excel in a profession and, at the same time, be an active and effective participant in the process of democratic self-governance.

Finally, it is important for me to identify the role played by my wife, Joan Mandle, in the development of this project. She is a deep and true life partner. There is literally nothing in this book that is not at least in part hers. Over the years we have grown together, and this work is the result of that process.

I hope this study will contribute to what is already an intensifying discussion of how the United States can adjust to a world of rapid economic change. I would like it to be seen as weighing in on the side of the argument affirming that economic growth and economic equity are reconcilable objectives.