

PART ONE:

WHAT'S WRONG WITH THIS PICTURE?

Economic cycles of bubble and bust have become normal. Political intransigence is normal. And the Great Recession of 2007-9 was indicative of the declining prosperity of America. Instead of finance as a means to enable production, finance has replaced production as the engine of our economy. Cannibal capitalism has become our modus operandi.

CHAPTER ONE

The Face of Self-Destruction

He must be nuts! There is an obviously troubled man standing with a gun to his head. He profanely screams at some enemy, accusing him of ruining his life. But, curiously, no one else is there. The gun is pressed to his own temple. Then, as if shifting gears, he abruptly changes tone and speaks as if responding to his earlier rant. As he utters the most odiously vitriolic speech, you notice that he is facing a mirror. This man must suffer from some mental illness. Perhaps a multiple personality disorder? His enemy is another part of himself. Will he pull the trigger? Will he actually kill himself in order to dispatch his enemy?

This scene is illustrative of what is going on in America right now. *We* are that disturbed man. Political preferences have hardened into factions. The indivisible nation is the most divided it has been since the Civil War. The leaders of our cannibal country use the time-tested war tactic of “divide and conquer” against their own people to attain and maintain power. As a result, the extreme wings of the political spectrum don’t merely disagree, they distrust and seemingly despise their counterparts. Because ideological activists carry so much sway in their respective parties, they restrain their leaders from fully seeking cooperation with political opponents. For that matter, the term

“opponent” has become a euphemism for far more severe sentiments; it implies that someone with a different political point of view is a villainous enemy, unworthy of existence. The language of political commentators and activists has become so overheated and hyperbolic that leaders of the opposition must be compared to Hitler, Stalin, Pol Pot, or Mao in order to show dissent.

Liberal commentator Al Franken wrote a book entitled *Lies and the Lying Liars Who Tell Them: A Fair and Balanced Look at the Right*, directed at George W. Bush’s administration and political allies. Franken was later elected to the U.S. Senate. Republican insiders Ken Blackwell and Ken Klukowski wrote *The Blueprint: Obama’s Plan to Subvert the Constitution and Build an Imperial Presidency*. In 2009, Blackwell was a candidate for chairmanship of the Republican National Committee, who withdrew after the fifth round of voting. These are not exactly fringe characters spewing vitriol.

Fringe elements take matters quite a bit further. They use vulgarity to describe their political opponents, burn effigies, and in the extreme, commit violence. The Southern Poverty Law Center (SPLC) claimed in a 2010 report that the number of antigovernment militias, which it referred to as “extremist,” grew from 149 to 512 between 2008 and 2009.⁴ Then, as if scripted to validate the SPLC warnings, at the end of March 2010, the nine members of the antigovernment Hutaree militia group were arrested for their plot to kill police officers. Minimizing and dismissing the extremists as harmless would be naive. Let us forget, Timothy McVeigh, domestic terrorist and murderer of 168 victims in his attack on the Murrah building in Oklahoma City, was a militia-movement sympathizer acting on political motivations.

With sociopolitical chaos as the backdrop, economically we see scheme after scheme by the nation’s business leaders to extract more and more wealth from the middle class and from the real economy, further spreading the gap between the haves and the have-nots. The resulting economic malaise feeds people’s anger and frustration as they

4. Mark Potok, “Rage on the Right,” *Intelligence Report*, no. 137 (Spring 2010), <http://www.splcenter.org/get-informed/intelligence-report/browse-all-issues/2010/spring/rage-on-the-right>.

look for someone to blame. The blame game causes a deepening of ideological rifts, undermining efforts for political accommodation. Then, the apparent incompetence of the political structure undermines confidence in the economy, further hastening the extraction of wealth as investors flee to “safe haven” financial instruments. This in turn increases the sociopolitical chaos, as the downward spiral of cannibalization continues.

Where will this go? Will we actually kill ourselves?

We already are. Slowly but surely, this country is eating away at all of the things that built it up. This slow destruction comes not from without, but from within. It is as if we were a nation of cannibals feeding on one another, with no regard for the self-defeating nature of such conduct.

The Systemic Flaw: Catabolism

Catabolism is defined by *Random House Dictionary* as a “destructive metabolism; the breaking down in living organisms of more complex substances into simpler ones, with the release of energy.” If you think of the nation as an organism, we have seen a destructive breakdown of the means of production and a release of “energy” (wealth) to the rest of the world. At the core of government and economics, there are mortal defects.

The disease *kwashiorkor* is a form of catabolism (the human body eating itself) that occurs when a person is getting what would seem to be adequate caloric intake, but little or no protein. You’re getting calories, but they are empty calories. To get “meat,” your body eats itself. Analogously, the economic system, feeding off itself, has aped the operation of healthy markets while not actually sustaining healthy growth. The system has suffered from the worst kind of malnutrition.

There are eight principal factors that make this a sort of “cannibalism”:

1. Selfishness. This is the fundamental human flaw behind all that is evil in the world. Overcoming it is an individual struggle, a war we must each wage within our own hearts. There is nothing we can do about that, but, to the extent that selfishness is the

core ethic of our institutions and economy, its effects have far-reaching consequences that are ultimately self-defeating.

2. **Suicide-Enabling.** With selfishness as a core ethic, short-term profits are always chosen over long-term benefits. Whether you are considering broad-based issues such as energy, arbitrage finance, and international trade, or personal matters of tobacco use, diet, or consumerism, both macro- and micro-level destructive habits are enabled, whether intentionally or not, for fiscal advantage.
3. **Money Politics.** There is a perverse relationship between politics and economics. Whether or not intended, politics creates opportunity for wealth. Also, our democratic process requires expensive elections, and so it only makes sense that those seeking to benefit from the opportunities afforded by public policy would seek to shape politics, thus forming a corrupt circle of dependencies.
4. **Selective Morality.** There is no honest debate when there is no consistent standard of truth. The practice of ignoring or obfuscating inconvenient facts is all too common in all ideological corners. Oversimplification of the contrast between capitalism and socialism, liberal and conservative, and right and left overheats rhetoric and stunts potential progress. When an ideology becomes a pejorative, those holding to it cease to exist as your fellows and become something foreign, immoral, even evil.
5. **Superpower Coasting.** America has been a significant international power for a century, a superpower since World War II, and the only superpower for a generation. It has been resting on those laurels for quite a while. There has been a lack of internal investments to maintain healthy growth. Some of the apparent growth has come by exploiting this attrition.
6. **Easy Money.** Instead of healthy growth, economic advancement has often been related to the “empty calories” of arbitrage

wealth creation, thus creating bubbles and subsequent busts. The lure of easy money has redirected talent and capital away from the real economy to the world of finance.

7. Monopoly Madness. The solution to difficult market situations is far too often business consolidation, which creates monster companies that can become “too big to fail” enterprises that can threaten the national or even global economy. Also, as such companies grow larger, barriers to competition become so high that new business is undermined.
8. School (out to) Lunch. Society undervalues education, as evidenced by the deterioration of public education. American students are scoring below the youth of many other nations in core educational metrics. Whether it is because these other nations are advancing or this one is falling behind, for all intents and purposes the public school system has become little more than national day care. Anti-intellectualism is viewed as a virtue in far too many circles, and erroneously linked to the attractive personal quality of humility. What was once anti-elitism has become a visceral aversion to well-reasoned, logical dialogue in nearly any form. It is considered better to follow your gut than to think a subject through. Snap judgments are viewed as a sign of strength, while careful deliberation is seen as a sign of weakness. Even children are indoctrinated against intellectual development, dreading the label of “nerd.” This growing anti-intellectual culture breeds an utter disinterest in the matters that matter most. Many would rather follow the minutia in the lives of celebrities than engage in the things that shape their world. Few take the time to examine history, economics, sociology, and anthropology, and yet still vote, charting the path of future history, only doing so in ignorance.

This is certainly not an exhaustive list, but it gets to the catabolic systemic flaws of our republic. Not mentioned here are the destructive divisions and waste of resources within the nation caused by racial and cultural

animosities; a criminal justice system that turns petty delinquents into hardened career criminals; the military-industrial complex; or other societal ills that are far too many to enumerate.

A House Divided

The focus here has to be the catabolic, systemic flaws of the republic that affect the broadest swath of human civilization—economics and the sociopolitical mechanisms that catalyze the hastening of self-destruction. We can neither wish these away nor ignore them. Ignoring them, as we do now, perpetuates catabolism. The selfish nature of human beings may be immutable, but some of these flaws are *possible* to correct. Most of these problems are artificially created by public policy, and could be redesigned if confronted boldly.

Take, for example, the issue of money politics. Financial interests bankroll the campaigns of politicians, thus ostensibly obligating these public officials to vote for their “benefactors’” preferences. Critics view the government as bought and paid for by the corporations. However cynical it may seem, this is a reasonable conclusion. True or not, it seems rare for a politician to ever violate the interests of his or her benefactors, even when those interests are not aligned with those of the broader public. Politicians need contributors’ cash to keep their jobs. It is in their self-interest to play this game, irrespective of the public good. Do wealthy elites thus really control a nation supposedly ruled by the people?

Throughout all human history, mankind has experimented with every conceivable form of government and economics. None has ever worked completely. There are really only three fundamental types of government: rule by one, rule by some, or rule by all. The variances in specific instances are tied up in the who’s, how’s, and why’s. Whether autocratic, oligarchic, or democratic, the attempts to correct one system’s flaws have consistently created systemic flaws in the next.

The root problem of all forms of government is human selfishness. The thought of entrusting a selfish individual with ultimate power is what makes the prospect of an autocracy horrifying to all

others. Oligarchies may dilute and distribute power, but the result of a group pursuing its self-interests has consistently been the creation of disparate classes, inequity, and even oppression. Pure democracy is chaos—anarchy incapable of producing efficient governance. So for all practical purposes, countries that don't want totalitarian rule have to live with some variation of democratic republicanism, which wobbles between classism and ineffectiveness. As bad as this may be, history has proved the alternatives to democracy have been far worse.

Nonetheless, democracies like ours can be “rule by mob.” More often, power is conferred based on quips exchanged in juvenile popularity contests. Whoever can better shape opinion wins. Logic is rarely given a hearing among the puerile syndicates of party power that behave as sophomorically as high school cliques. The media follow suit as if they were kids chanting “*Fight!*” in the schoolyard. While the adults in the general public are disgusted by such useless adolescent behavior, most are too busy to really engage. Life is stressful enough without reacting to this schoolyard behavior; paying attention to it would only result in insufferable anxiety.

“High school” politics can efficiently confer wealth and opportunity upon cronies but is utterly impotent to confront the great crises of the day or match the strategic positioning of international competitors with more unified governments. Even leaders with great rhetorical skill can be immobilized by the fickle whims of a pessimistic public inclined to consider optimism as the most naive credulity. To compound matters even further, there are financial interests backing every possible position on every conceivable issue, many of which hold no fidelity to the truth. The result is indecipherable noise with no meaningful progress coming of it. The public is left only with vague, general impressions that are more cliché than reality—party of this or party of that.

There are also endemic flaws in the concept of career politicians. The very fact that political office is a “job” creates a dependency on those who get politicians elected. For the sake of job security, politicians need financial backers to fund their campaigns year after year, leaving them beholden to their backers—and vulnerable to

corruption. This is mainly because they cannot rely on regular citizens to get elected every time. There may be times of heightened interest every now and then when issues awaken the general masses, but in the end it is the perennial special interests that are the consistent base of support for most politicians.

Who do we mean by “special interests”? We mean influencers—people, groups, or organizations—that levy financial power in attempts to influence leaders in favor of one particular interest or issue. They have money, are always there, and don’t forget. Regular people may or may not have enough money, are only there when passions are aroused, and quickly forget. So, why would a sane politician who wishes to keep his or her job ever really challenge the special interests? They may rail against special interests in the abstract or specifically attack groups that have no influence among their constituencies, but that is about as far as it ever goes.

On the other side, you can’t really blame the corporations and other groups for using their money to protect their interests. It is a systemic flaw that makes their money the indispensable support of the electoral process. As unpalatable as the concept of “career politician” may be, what choice is there, really? The alternative of only electing the independently wealthy who need no financial support could create a neo-aristocracy.

Ideology makes matters even worse, because ideology insists on purity in politics, as oxymoronic as that is. Add together C-SPAN, talk radio, Internet blogs, and cable news, and politicians have no room or reason to negotiate. Whenever a politician negotiates, he looks like a “politician,” and people hate “politicians.” Politicians would rather be known as “public servants” and will only threaten that elevated status with good reason. As ugly as this truth may be, in Congress, compromise has more often than not been based on “pork”—a Washington term for an appropriation of government spending for localized projects secured solely or primarily to bring money to a representative’s district or state. To negotiate a compromise, both parties to the negotiation must want something, and “pork” creates a reason to negotiate and, ultimately, the political will to pass legislation. Those elected may

claim to act in the best interest of the country, and a few may even mean it, but the congressional record belies most claims of eschewing “pork” projects. Take away the pork, and all you may be left with is ideology. Why would any politician accept a compromise to his ideals and those of his constituents in exchange for nothing? The problem is that compromise requires *compromise*, which is dangerous territory in ideological terms. If all one side wants is for the other side to not get what it wants, you can only succeed at reaching an agreement by giving that side something it wants more. But, in an environment where such deal making is abhorrent and pork is poison, even that “functional” dysfunction fails.

This circle of dysfunction is completed not at the top, but at the grassroots level. This is, after all, a democracy. Regular people have to go to the polls and pull the lever. Money does not actually elect anyone. What makes us a cannibal country is not only the greedy exploitation by the powerful of the weak, but also the laziness, selfishness, and stupidity of the public. A person may be smart, but collectively people are stupid. It is the aggregate thinking of the voting public that not only permits or enables one bad decision after another to be made, but which is directly responsible for them.

Aggregate thinking can be leveraged by politicians, who appeal to idealists who are unwilling to see things as they are and insist on approaching the world as it should be. Groups organize around idealistic principles. These groups in turn confer power to those who can personify their ideals. Once elected, their commitment to ideology, irrespective of its applicability to circumstances, adds a level of rigidity to the process of governing. A system that depends on consensus is immobilized when there is ideological gridlock. You can blame the elected person of being a rigid ideologue, but the real problem is that many voters are idealistic, too. Constituents of an ideologue can be fiercely loyal, giving him or her absolutely no incentive to ever compromise.

Even if a given leader’s nature is to be pragmatic in matters of importance, he will find that there is a severe price to be paid for anything that could be construed as a compromise, and that it’s considered best to follow opinion polls about what’s “right” or “wrong.” There are

twenty-four-hour networks and media personalities that hold to particular persuasions and that perceive any dissenters as traitors worthy only of evisceration. When there are greater risks involved in doing something than in opposing everything, progress is immobilized.

It is possible to correct this self-defeating pattern—but the question is, for whom. A democracy is made up of individuals. The “public” is not a voter. No one represents the whole public interest. Each individual pursues his or her self-interest, and individuals with common interests form coalitions. The largest coalitions win. You can only hope that either the broad interest will be served or that it will not be harmed too severely.

Populism may be in vogue, and railing against the “powers that be” may be a resonant political tactic, but it is the populace that bears the blame. Whether people are duped by misleading campaigns, motivated by specific interests or priorities while ignoring others, disengaged from the political process except for the act of voting (which is then done on a last-minute whim), each voter bears the responsibility for the official he or she elects. The leaders reflect their followers.

The danger of aggregate thinking is that it consistently results in bad decisions. This is the real invisible hand: the stupidity of the masses. It is the pursuit of instant gratification at the cost of ultimate success. It is the unwillingness to confront long-term issues. It is the inability or refusal to comprehend complex situations and logical solutions. It is the loathsome attitude that right and wrong must be subjective, unknowable, or relative, except for what I, the individual, believe. While groups may understand certain matters clearly and hold certain sentiments deeply, their inability to effectively convey their thoughts and feelings to reach consensus with other groups leaves a net effect of electoral stupidity. Aggregate thinking is confused, conflicted, distracted, and given to errant reductionism.

Yet that is our system. That is yet another reason why this is a cannibal country. We eat each other because, among other reasons, we are too stupid to realize it's not chicken.

Opinion polls are considered indicative of the correct position, even when the majority opinion is ludicrous when viewed objectively. Is it

intelligent to say that we should not have prevented the collapse of the largest banks in the world, thereby staving off another Great Depression? Following the onset of the financial crisis of 2007-8, opinion polls consistently indicated just that; that the bailouts should not have been done. This was the will of the people? It is stupid to vehemently suggest that the “too big to fail” institutions should have been allowed to fail just because they caused the crisis. It is stupid to complain as these now-largely-government-owned institutions begin to turn profits. If you own it, you should want it to make a lot of money. The government paid \$3.25 per share for its stake in Citigroup during the notorious bank bailout of 2008. The taxpayers should want the stock to double, or even better, return to its precrisis price of \$20 per share. Imagine that! What if the taxpayers got back six times their money?

That would be smart, but that is not what we get. By the way, starting in 2010, the Treasury did sell Citigroup shares for a profit, but little attention was given to that. Positive outcomes of politically unpopular actions by the government were not, and rarely ever are, part of the media narrative. By late 2009, a majority of the public was irate about the quick rebound of financial giants and the subsequent bonuses paid to the employees responsible for the business decisions that led the recovery. What do they want? That the financial sector remain in a disabled state, teetering on the brink of collapse?

It can be argued that this sort of anger represents transference of the troubles in the broader economy, but anger in politics is dangerous. Anger of any kind takes over the political dialogue and stifles any continuity of purpose or direction. Politicians are far too fearful to oppose public anger, irrespective of how incoherent or self-defeating it may be.

Instead of focusing on the fundamental flaws in our economic system, it is politically expedient to pick a boogeyman and appear to be in line with the people. Instead of being true to reality, the ideology of what the system “should be” takes the floor. Break up the banks, audit the Federal Reserve, return to the gold standard, throw the bums out, cut spending, cut taxes, create jobs-jobs-jobs, tax the rich, fix health care, stop all greenhouse gas emissions, fight terrorism

but get someone else to pay for it, and get it all done right now. The truth is that some of that intentionally won't be done, some of that can't be done, some of that shouldn't be done, and none of that can be done immediately in a free market democratic system.

“Indeed,” as Winston Churchill said, in part to the House of Commons in 1947, “democracy is the worst form of government except all those other forms that have been tried from time to time.” It is a sad truth that what is popular is not necessarily right or good, but in democracy you are stuck with it all the same. Worse still, because public opinion can be shaped by money, lies, distortions, and appeals to prejudice, there is no guarantee what public opinion will ever be, even in matters where one would expect the right thing to be obvious. Ads, slogans, sound bites, and imagery win elections and public debate.

The system is not only broken, it is destroying itself. As people suffer, they focus their ire on the “villains” they are convinced are to blame, instead of on the devil who is truly behind their pain. They train their sights on their fellow citizens, particularly those who can easily be labeled as the “other,” and as a result get nothing except more pain. It is as insane as putting a gun to your head to kill your alter ego.

“Every kingdom divided against itself is brought to desolation; and every city or house divided against itself shall not stand.”

—Jesus, Matthew 12:25, King James Version

There are very serious issues facing the country. Empires rise and fall, and this one isn't exactly rising right now. It is involved in international wars without conceivable ends, the economy has been increasingly showing signs of systemic flaws, deficits have been rising, the dollar has been falling, there is a looming energy crisis, an entitlement crisis, various moral crises, and our standing in the world is falling on a variety of scales, including business, education, and health—and the list goes on.