

SPECIAL ISSUE

MONOPOLY'S NEW RULES

How corporate giants rigged the game and took over our economy.

THE Nation.

AMAZON'S Empire

STACY MITCHELL



WARREN'S Big Fight

INTERVIEW



BUFFETT: Monopoly Man

DAVID DAYEN



How Monopolies Screw Workers

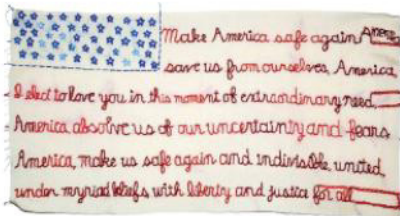
BRYCE COVERT



*Artistic
Dispatches From
the Front Lines
of Resistance*



^ Trigger / Edel Rodriguez



^ Incantation for America / Iviva Olenick

BULLY



CULPRIT

^ Bully Culprit / Robbie Conal

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The Art of Nonviolence

I am appalled by the drawing on the cover of the Feb. 12/19 issue of Donald Trump being physically assaulted. I was equally appalled when he tweeted the picture of himself assaulting a figure labeled "CNN." I don't understand the rationale of stooping to his level, and I feel like this kind of portrayal condones physical violence.

JUDITH COHEN
DENVER

California Dreaming

At a tough time for all who care about humanity, the article "California Shows How to Beat Trump" [Feb. 12/19] gives hope. All the other "blue" states need to copy California's lead.

Two steps that California has taken that were not mentioned but should have been were its efforts to protect voting rights by passing automatic voter registration and Vote by Mail; it has begun pilot versions of the latter in five counties with the aim of eventually expanding Vote by Mail throughout the state, as in Colorado, Oregon, and Washington.

Those two reforms, combined with Election Day registration, allowing preregistration for 16- and 17-year-olds, passing the National Popular Vote Interstate Compact, replacing electronic voting machines, instituting ranked-choice voting, and combining all local elections with the midterm elections, must become the goal of all progressives and Democrats. Most of these reforms boost voter turnout. Several also save tax dollars, for which I am sure governing bodies could find much better uses.

MIKE BOLAND
FISHERS, IND.

In Defense of Male Feminists

Re the latest Katha Pollitt column, "Overkill?" [Feb. 12/19], let me get

this straight: Somebody I've never heard of does something distasteful, and because of that Pollitt declares that I, as a self-proclaimed male feminist, can never be trusted. How is that fair? It reeks of prejudice.

Pollitt is my favorite *Nation* columnist. However, that statement had me rolling my eyes.

DONALD S. HANDY
MOUNT CLEMENS, MICH.

I have always put the term "feminist man" in the category of fighting words, just as being a white person and declaring that you are not a racist means you are probably just that. Regarding men who harass in the workplace, I want to say to them that they can stay out of trouble simply by not being jerks.

RANDY CUNNINGHAM

The President Cuts a Rug

I enjoyed the Comix Nation panel by Sally Gardner ["The Alpha-Male's Guide to Power-Hair-Styling," Jan. 15/22]. It finally explained the mystery behind the creation of that unattractive haystack atop Trump's head. But I believe Gardner may have left out one of his very crucial construction aids—the bobby pins I hear he has to use to anchor that eyesore!

WENDY WEIDMAN
GIG HARBOR, WASH.

What This Country Needs

With a national debt eclipsing \$18 trillion and Social Security hurtling toward an abyss, it seems to me that we should be regarding immigrants of any kind as highly valuable, highly desirable additions to this country ["Deportation Nation," Jan. 15/22]. Rather than deporting people, we should be aggressively recruiting them.

Comments drawn from our website

letters@thenation.com

(continued on page 34)

The Nation.

since 1865

The Monopoly Menace

More than a century ago, Elizabeth Magie developed two sets of rules for a board game that would become known as Monopoly. There's the one we know today: You play an aspiring real-estate tycoon, buying up properties to extract ever-larger sums from your opponents; you win

when everyone else is destitute. But in Magie's version, players could agree to switch midgame to a second rule book. Instead of paying rent to a landowner, they'd send funds to a common pot. The game would be over when the poorest player doubled their capital. Magie's goal was to show the cruelty of monopoly power and the moral superiority of progressive taxation. Her board game was a rebuke to the slumlords and corporate giants of the Gilded Age.

Today, a few corporations once again dominate sectors of our economy. In an interview with *The Nation's* George Zornick, Senator Elizabeth Warren points out that two companies sell 70 percent of the beer in the country; four companies produce 85 percent of American beef; and four airlines account for 80 percent of domestic seats. With monopolies squeezing out the competition and underpaying workers, profits are funneled to a tiny elite. It's no coincidence that the three richest Americans—Amazon's Jeff Bezos, Microsoft's Bill Gates, and Berkshire Hathaway's Warren Buffett—are together worth slightly more than the bottom half of the entire US population.

Just as railroad monopolies once controlled the crucial infrastructure of 19th-century commerce, tech companies are trying to own the infrastructure of the 21st. As Stacy Mitchell explains in "The Empire of Everything," Amazon is not only the leading retail platform, but it has developed a vast distribution network to handle package delivery. Amazon announced in February that it would begin testing its own delivery service, which could soon rival UPS and FedEx. It also runs more than a third of the world's cloud-computing capacity, handling data for the likes of Netflix, Nordstrom, and *The Nation*. Unlike past monopolies, however, Amazon doesn't want to dictate to the market; it seeks to replace the market entirely.

Under these conditions, small businesses and start-ups are struggling to compete. In 2017, there were approximately 7,000 store closings—more than triple the number in the prior year. And the percentage of companies in the United States that are new businesses has dropped by nearly half since 1978. In many industries, starting a new business is like playing Monopoly when all the squares have already been purchased: Everywhere you land, there's a monopolist making demands, everything from fees to sell items on its website to the release of data with which to undercut you later.

But it's not just small-business owners who are forced to play a rigged game. When big companies control concentrated industries, as Bryce Covert makes clear in "Monopolies Harm Workers Too," they can pay their employees less, because there aren't other businesses around to make better offers.

Companies and their shareholders are hoarding these savings, which in the past may have gone to workers. Profits are now at near-record highs, while wages have stagnated for a generation. One of the shareholders who has reaped billions from this system is Warren Buffett. In "America's Favorite Monopolist," David Dayen describes how the avuncular "Oracle of Omaha" scours the investment landscape to exploit monopolies in fields as diverse as Internet security and airplane parts.

In 1906, Magie told a reporter: "In a short time, I hope a very short time, men and women will discover that they are poor because Carnegie and Rockefeller...have more than they know what to do with."

Replace Carnegie and Rockefeller with Bezos and Buffett, and Magie's quote is as true today as it was then. Instead of continuing to play the current economic game, it's about time we switched to a different set of rules.



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BY THE
NUMBERS**\$1.14T**

Total amount (adjusted for inflation) of the 10 largest corporate-merger deals in US history, all of which occurred in the past 20 years

2/3

Fraction of all US corporate sectors that have become more concentrated since the 1990s

50%

Drop in the share of companies that are new businesses since 1978

<5%

Proportion of merger requests in the past 10 years that were blocked or modified by US antitrust authorities over concerns about anticompetitive consumer-price hikes

3

Number of people in the United States who collectively own more wealth than half the US population combined (Microsoft co-founder Bill Gates, Amazon CEO Jeff Bezos, and Berkshire Hathaway CEO Warren Buffett)

—Emmalina Glinskis

Gaming the Olympics

Japan plays a crucial role in Korea's nuclear crisis.

As the 2018 Winter Olympics opened in Pyeongchang, South Korea, on February 9, US Vice President Mike Pence and Japanese Prime Minister Shinzo Abe were in the reviewing stands, at the tail end of a tour designed to counter North Korea's unprecedented diplomatic presence at the Games.

But as they tried to contain North Korea's so-called "charm offensive," Yukio Hatoyama, one of Japan's few progressive leaders in the past 70 years, was in Washington to plead for a reduced US military presence in Okinawa and a more conciliatory approach to the tensions over Kim Jong-un's nuclear-weapons program.

"Japan's role should be to create the conditions for North Korea to come to the negotiating table," not to heighten those tensions, the former prime minister told *The Nation* in an exclusive interview. In Hatoyama's view, Japan should work with South Korea and China to convince the United States and North Korea to begin talks toward a peace treaty. This perspective is in stark contrast to Abe's; the current Japanese leader has avidly endorsed Trump's "maximum pressure" campaign of heavy sanctions backed by threats of US military strikes. But Hatoyama's view is closely aligned with that of South Korean President Moon Jae-in, whose insistence on engagement paid off big-time when Kim dispatched his sister Kim Yo-jong, along with his grandfather's foreign minister, Kim Yong-nam, to South Korea.

In a surprise move, the pair extended an invitation to Moon to visit Kim Jong-un in Pyongyang for a summit meeting. (No decision regarding such a meeting had been made by press time.)

This inter-Korean diplomacy is viewed by both Trump and Abe as a challenge to their confrontational strategy toward Pyongyang. The differences between the two approaches were starkly highlighted on February 9, when Abe asked Moon to quickly resume the US–South Korean military exercises that North Korea sees as deeply provocative.

Moon, who is considering a temporary halt to those exercises after the Olympics, coldly dismissed the suggestion, saying, "The issue is about our sovereignty and [Japan's] intervention in our domestic affairs."

Meanwhile, the US media depicted the inter-Korean diplomacy as a strategy designed in Pyongyang to divide Washington and Seoul, and ran extensive interviews with hard-line "experts" and former US officials warning Moon not to drift too far from the Trump–Abe policies.

To Hatoyama, the forces arrayed against Moon are a sharp reminder of the US pressure that he came under when, from 2009 to 2012, his Democratic Party of Japan (DPJ) controlled the government during a brief respite from Abe's Liberal Democratic Party (LDP).

Hatoyama came to office vowing to alter the terms of

the US–Japan military alliance. Specifically, he wanted to make public the secret agreements that the LDP had entered into with the US government—including allowing the US military to bring nuclear weapons in and out of Japan—and to reduce the burden of the enormous complex of US military bases on Okinawa.

In *The WikiLeaks Files: The World According to US Empire*, a 2016 book based on leaked US diplomatic cables, I wrote a chapter chronicling how the Obama administration successfully pushed Hatoyama to drop those policies. The campaign was led by Kurt Campbell, the assistant secretary of state for East Asia and the Pacific, and Michèle Flournoy, the undersecretary of defense for policy. After Hatoyama's election, the two officials made many visits to Tokyo, primarily to persuade Hatoyama's government not to reverse an earlier agreement between the US government and the LDP, which had sought to reduce the US military presence in Futenma, Okinawa, the site of the primary Marine Corps base, by allowing Washington to build a new facility at Henoko, farther north on the island.

So far, those opposing confrontation seem to be winning.

In an extraordinary admission, Hatoyama blamed Japan's powerful bureaucrats for spiking his proposals to reform the alliance and reduce the size of the US military's footprint on Okinawa in the face of the US pressure. "In reality, LDP administrations were really moved by bureaucrats, who were the real operators," Hatoyama said. "They were always trying to please the US, trying to guess what they wanted and acting proactively on that."

The tactics worked. In 2010, Hatoyama was forced from office after his government acceded to the US demand for the new base at Henoko, which is currently being expanded to include new runways that jut into a once-protected natural waterway. But that base, too, has become the focus of daily protests and remains a key unresolved issue between Washington and Tokyo.

Once the Olympics end, the interplay between Trump and Abe, on the one hand, and Moon Jae-in, on the other, will largely determine the course of events on the Korean Peninsula. Thus far, the engagement side seems to be winning: In a wrap-up of the first days of the Olympics, *The New York Times* concluded that Kim Yo-jong had clearly "outflanked" Vice President Pence "in the game of diplomatic image-making."

Possibly in response, Pence suggested to *The Washington Post* that the Trump administration would be willing to talk to the North even as its pressure campaign was "ongoing." But he added that US policy would not change "until North Korea takes clear steps toward denuclearization"—an obvious nonstarter for many analysts, including one former Japanese prime minister.

"As long as the United States insists on North Korea abandoning nuclear missiles altogether," Hatoyama told me, "it will be difficult to get North Korea to the negotiating table."

TIM SHORROCK

Tim Shorrock is a Washington, DC-based journalist and the author of Spies for Hire: The Secret World of Intelligence Outsourcing.

Q&A MARGRETHE VESTAGER

Regulators in the United States have mostly stayed mum as large corporations amass market share and economic power. In contrast, the European Union has tried

to tame the tech giants, going after the likes of Amazon, Apple, and Google. I spoke with EU Commissioner for Competition Margrethe Vestager, the world's most feared antitrust enforcer, about her recent actions.

—Mike Konczal

MK: Tell me about the EU's philosophy on competition and antitrust. What are the goals you hope to achieve?

MV: First and foremost, European antitrust, back when it was defined in the 1950s, was very much inspired by the United States. We have antitrust in terms of merger control, abuse of dominant position, and cartels. We only added one thing: It's our competition legislation to prevent what we consider harmful state aid. In order to have a level playing field, we take issue if a government sides with a company and makes it difficult for another company to compete. The reason we do this is to make sure that the market serves the consumer.

MK: You levied a historic \$2.7 billion fine against Google last year. Can you walk us through what you did, and why you thought Google harmed competition and consumers?

MV: In Europe, Google absolutely dominates general search; it is 95 to 98 percent in many European countries. We find that Google misused this

dominant position to promote its own shopping-comparison product. You would always be presented with a Google shopping product; on average, you would find competing services on page four. No one goes to page four. Jokingly, you would say that this is where you bury your secrets, because they'd be absolutely safe.

MK: When it comes to large digital platforms, do you find you're applying old principles to new markets or having to start from the ground up?

MV: On our fundamentals, we are fine. Competition law is about things that have been around since Adam and Eve; it's about greed and fear and power. The very basics—that you cannot form a cartel, that you cannot decide on prices with your competitors, that you cannot cheat your customers, that you cannot misuse your dominant position—are still as relevant as when these principles were formed.

MK: There's a stereotype that the United States is the land of small business and competition and Europe is old, sclerotic corporatism. Yet small-business formation has plummeted in the United States while concentration skyrockets, and Europe is leading the charge on antitrust.

Why are you out ahead of US regulators?

MV: I'm not privy to the internal discussions of the [Federal Trade Commission] or other regulators. But in the last decade in the United States, a number of different markets have become much more concentrated. You find that we have more competition in Europe. The European markets are becoming more concentrated, but not at all to the same degree as in the United States. So there are differences—but why the United States decided not to have a Google case, I don't know in any detail.

MK: People in the United States are looking at monopoly and competition with fresh eyes. Yet understanding the problem can be exhausting and create cynicism, as if it's too difficult to ever challenge. What is some advice for citizens for tackling

these problems?

MV: What I can say is that what we find to be important is that we are willing to take on difficult cases. We make it a priority to do it fast so that citizens can see that we actually do take action. I think it's important for citizens in Europe to see not only passing legislation, but also active enforcement. Because for decades, legislators have been framing the marketplace with environmental laws, laws on working conditions, human-rights issues, consumer protection—but within that frame, people expect competition. Businesses should present their products and services on the merits. The important thing for us is that we put our efforts into enforcement, so that actions are taken when things are not right. ■

Competition law is about things that have been around since Adam and Eve; it's about greed and fear and power.





LOCAL MEDIA

The Spread of Trump TV

Television viewers across the country have become accustomed to watching their local news channels pivot from high-school football games to national-news packages produced out of a studio in Washington, DC. The Sinclair Broadcast Group has grown from a single Baltimore station, founded in 1971, to 193 outlets in 89 US markets. The company's low-budget model relies on forcing its outposts across the nation to air the same segments, which include daily updates from the "Terrorism Alert Desk" and analysis from conservative pundits like Boris Epshteyn, a former Trump White House staffer. Sinclair's pro-Trump agenda runs deep: In 2016, Trump son-in-law Jared Kushner admitted that the campaign had struck a deal with the media conglomerate guaranteeing favorable coverage in return for access to the candidate.

Currently, Sinclair's channels reach two out of every five American homes. And the company's reach is about to get a whole lot bigger: The Federal Communications Commission and the Department of Justice are slated to approve Sinclair's \$3.9 billion purchase of Tribune Media's 42 local news stations. The deal comes after the (Trump-appointed) FCC voted in November to relax several media-ownership rules. The deal will give Sinclair access to 72 percent of American households, making it the largest broadcast company in US history.

With polls consistently showing that Americans trust local news more than any other source, the political implications of such a takeover are enormous.

—Sophie Kasakove

Eric Alterman



The End of the World Desk

The media's focus on Trump has left little room for foreign reporting.

The International Reporting Project, which supported the work of 651 writers in more than 115 countries for over two decades, announced in January that it would shut its doors. At virtually the same moment, *Foreign Policy* laid off its foreign editors. John Maxwell Hamilton observed in his 2009 history of American foreign reporting, *Journalism's Roving Eye*, that "all the problems of journalism are magnified in foreign news-gathering." It is expensive, time-consuming, and challenging to edit, since the expertise usually flows in one direction. What's more—and Hamilton resorts to considerable understatement here—journalists "must put this news in context for an audience with a limited appetite for foreign affairs, which makes the high cost of foreign correspondence particularly vulnerable to cost cutting."

Same as it ever was, you might say. But the profession's metastasizing economic crisis has exacerbated the problem. In 2014, a Pew study estimated that between 2003 and 2010 foreign reporting was cut by 24 percent. Going back a bit further, a Tyndall study of US network television found just one-third as much foreign reporting reaching viewers in 2016 compared with 1998.

Of course, 2017 brought its own combination of crises. The news media's obsession with the ignorant blowhard/con man/pathological liar/racist/sexual predator/serial tweeter occupying the White House has provided a body blow to a patient already on life support. Nathalie Applewhite, managing director of the Pulitzer Center on Crisis Reporting, told Yardena Schwartz of the *Columbia Journalism Review* that these days, even when the costs are covered, the center's grantees often cannot place their pieces. Commitments to publish and produce are scarce, and those reports already agreed to remain "on the shelf," often indefinitely, as Trump dominates the news cycle like a never-ending hurricane.

Keep in mind that foreign reporting can be dangerous, especially for freelancers trying to do work that is no longer in the budgets of the increasingly rare foreign bureaus. Last year ended with 46 journalists killed and 262 behind bars, according to the Committee to Protect Journalists. (This is a smaller number than in 2016, reflecting the fact that there are fewer journalists covering these stories.)

Independent journalists are particularly vulnerable due to their lack of institutional affiliation, and they make up approximately one-third of those imprisoned or killed. Numerous critics have noted that Trump's constant attacks on "fake news" and on the media as the "enemy of the people" have emboldened foreign dictators to take out their own frustrations on journalists reporting on corruption and/or massacres. We saw a textbook case of this when CNN International reported on the slave trade in Libya, only to be met with attacks on Libyan TV quoting none other than the current US president. These came, it must be noted, without any alternative evidence or, apparently, any perceived need for it. There are now countless phony news sources ready to muddy the truth on Twitter, Facebook, and elsewhere in the service of these autocrats, as well as of our own.

The president is right, for once, when he brags about how much he's done for the news business. An NPR report calculated that, in 2016, CNN could expect to take in \$100 million more than it otherwise would have enjoyed during a normal election year, thanks to you-know-who. *The New York Times* recently crowed about having crossed the billion-dollar mark in subscription revenue; this is a historic reversal in the newspaper business, which has typically relied far more on advertising than on reader support. As the *Times*' former executive editor, Jill Abramson, wrote last year, "Every time I hear him tweet about the 'failing @nytimes' or use the shopworn sobriquet 'fake news,' I also hear the *ka-ching* of the so-called 'Trump bump.'"

And as CBS chair Les Moonves famously quipped in February 2016, Trump "may not be good for America, but [he] is damn good for CBS."

Thomas E. Patterson of Harvard University's Shorenstein Center conducted a study of news coverage of the administration's first 100 days and

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Trump's constant attacks on "fake news" have emboldened foreign dictators to take out their own frustrations on journalists.

Fed Stranglehold

The economy is rigged against workers.

Wages have been stagnant through two official “recoveries” in this century, under both Democratic and Republican presidents. This week, beneath the stock-market gyrations, the mechanics that shackle the average worker’s wages were exposed once more—not in Donald Trump’s White House or Paul Ryan’s Congress, but in the supposedly apolitical operations of the Federal Reserve.

In today’s economy, with weak unions and large multinational corporations, wages begin to stir only when the economy nears full employment. When labor is in demand, workers can push for better wages and benefits. Companies find themselves under pressure to raise pay in order to avoid losing good workers to competitors.

Yet the mere hint of rising wages sends up warning flags at the Federal Reserve, America’s central bank. Corporations could pass on the cost of rising wages to consumers by raising prices, and higher prices could feed inflation. The Federal Reserve has the dual mandate of fostering the highest level of employment and stable prices. The Fed’s governors have decided—arbitrarily—that a steady 2 percent inflation is the target they hope to sustain. They insist, despite little evidence, that once inflation starts it can spiral out of control, so they assume that they must act preemptively by raising interest rates. In turn, the economy slows, workers lose jobs, their ability to demand wage hikes is reduced, and inflation is slowed.

In early February, the country got what appeared to be good economic news: a decent jobs report, top-line unemployment remaining at 4.1 percent, and average hourly wages inching up 2.9 percent over the 12 months ending in January, which was the highest increase in the nine years of the recovery. Yet the stock market tanked. The fear that rising wages could lead the Fed to hike interest rates faster, and slow the economy, helped trigger the stock sell-off.

That panic is testament to how much the game is rigged against workers. Inflation—at 1.5 percent in 2017—remains below the Fed’s target. Prices aren’t rising too quickly, but rather too slowly. The economy has grown sluggishly in each of the past three years. Rising wages are more of a dream than a reality: In real terms, wages rose a nearly invisible 0.6 percent in 2017. In previous expansions, they’ve gone up over 4 percent without America turning into Weimar Germany. Unit labor costs

are up all of 0.2 percent in 2017—one of the lowest gains ever at this point in an expansion.

The 2.9 percent wage hike reported by the Bureau of Labor Statistics in January measures the increase over the year of the annual hourly earnings of all workers. But as Doug Henwood writes in *Jacobin*, workers didn’t pocket most of the increases; managers did. The BLS also reports on the earnings of workers who are not supervisors. Those rose only 2.4 percent in January over the previous year—about the same that they rose in January 2016. Workers’ wages are barely keeping ahead of the cost of living. Supervisors are doing better—especially when the GOP’s regressive tax cuts kick in.

Meanwhile, workers’ bargaining power has been decimated. Unions represent about 6.5 percent of the private workforce. Union contracts no longer have built-in cost-of-living hikes. Workers capture a smaller percentage of corporate earnings than they did between 1950 and 2000. One analyst estimates that if the worker share of earnings had stayed the same in this century, employees would have pocketed a staggering \$10 trillion more in wages over the past 17 years.

That’s the reality. Despite Trump’s boasts, the economy isn’t taking off. The growth of real wages is near zero. The wage share of the economy is near record lows, while profit margins are near record highs. And as Paul Krugman notes, demand has been sustained not by rising business investment, but by consumers’ drawing down their savings. Consumer debt reached record heights in 2017.

Obviously, for workers to recover, wages have to be allowed to grow. With the Fed poised to pump the economic brakes whenever wages begin to stir, stagnant wages will remain a feature—not a bug—of the current economic consensus.

These shackles on workers’ wages have little to do with who is in the White House. President Obama’s Fed chair, Janet Yellen, at times wisely ignored the right-wing Cassandras rending their garments about imaginary inflation while the economy was barely breathing after the worst financial collapse since the Great Depression. But under Yellen, the Fed did begin to preemptively raise interest rates, even though the economy hadn’t come close to the supposed target of 2 percent inflation.

Trump foolishly replaced Yellen, and his new chair, Jerome Powell, is likely to be much more receptive to the arguments of inflation scaremongers. In any case, the wage increases that workers desperately need are virtually ruled out by the doctrine that the Federal Reserve’s governors follow.

What can be done to get workers out of the box they’re in? Progressive movements and politi-

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VITAMIN CONSPIRACY

C Is for Cartel



In the span of a year, prices for vitamin C have spiked, from \$3.50 a kilogram to \$12, as the result of a Chinese ascorbic-acid cartel.

Chinese companies dominate the market for ascorbic acid, better known as vitamin C. The country exports more than 90 percent of the world’s supply, but Chinese production has slumped by a third in the past year thanks to a series of environmental rules that threaten imprisonment and plant closure for those who fail to curb their energy use. The resulting shortage has caused prices to skyrocket. Yet since Chinese manufacturers have pushed out nearly all competitors, American buyers have no choice but to keep importing.

In January, the Supreme Court agreed to hear an antitrust case from a group of US distributors who claim that Chinese vitamin-C producers conspired to fix supplies and prices. Oddly, the Chinese companies don’t deny the claim; they say they were forced to collude by the Chinese government, which holds that such collusion is entirely legal under its national policies. The appeals court sided with Beijing, but the Trump administration believes the decision was too forgiving of foreign interference. Only one company in the West still makes vitamin C, so if the Supreme Court sides with China, cold-and-flu season could get a lot more expensive.

—Emmalina Glinskis

Workers’ wages are barely keeping ahead of the cost of living.

Trump's stupid actions, together with those of his incompetent and malevolent appointees, have made the world a far more dangerous place.

(continued from page 6)
found that Trump was “the topic of 41 percent of all news stories—three times the amount of coverage received by previous presidents. He was also the featured speaker in nearly two-thirds of his coverage.” Moreover, just as so many in the mainstream media allowed Trump’s lies and racist, sexist rants to go unchallenged or uncorrected during the 2016 campaign (even as they obsessed about Hillary Clinton’s e-mails), Republicans, according to Patterson, accounted for 80 percent of what newsmakers have said about the Trump presidency. Democrats, by contrast, had only 6 percent of the sound bites about Trump, and those involved in anti-Trump protests were limited to only 3 percent.

One cannot help but sympathize with those news programs and publications that feel a need to focus almost exclusively on the president. As we know, Trump has the capacity to blow up the entire planet, and it’s far from a sure thing that he won’t actually do it. Trump’s stupid actions,

together with those of his incompetent and malevolent appointees, have made the world a far more dangerous place. They have vastly increased the prospects of nuclear war on the Korean Peninsula and multiple conflagrations between Israel and at least four neighboring nations—to say nothing of the credible evidence that the administration would welcome a war with Iran. They have stood by as genocide unfolds in Myanmar; encouraged mass murder by the Saudis in Yemen; and given the go-ahead for a takeover of Saudi Arabia by an out-of-control young prince engaged in a hostage-taking and shakedown operation against his political adversaries. Plus Trump may yet succeed in starting a trade war with China—and those are just the things we know about. We only found out that our soldiers were fighting in Niger because four of them were ambushed and killed there. We seldom hear about happenings in places where the story has no Trump hook. We don’t know what we don’t know. And that is what’s most worrisome of all. ■

(continued from page 7)
cians in power can lift guaranteed minimum wages, expand guaranteed benefits, and strengthen workers’ ability to organize and bargain collectively. Basic needs—health care, education, child care,

retirement security—can be publicly guaranteed, supported by progressive taxes. Federal and state legislators could levy higher taxes on corporations that maintain a yawning divide between executive and worker pay. The perverse remunera-

tion system that gives CEOs multimillion-dollar incentives to cook their own books could be outlawed. Companies that pay their workers well and respect their rights could be given preference in contracting at every level of government.

The crabbed doctrines of the Federal Reserve must also be challenged: Its inflation target should be higher and its preemptive wars against inflation discarded. Congress could revise the Federal Reserve’s mandate to emphasize running the economy at full employment with rising wages and moderate inflation. Progressives should follow the lead of Fed Up, the project of the Center for Popular Democracy, and challenge appointments to the Federal Reserve and its member banks, demanding greater representation of workers, consumers, and poverty advocates. The Fed’s decisions aren’t technical but rather intensely political, as a statement of values. If the Fed’s much-touted independence can be used to support wealthy bondholders and not workers, why should voters put up with it? Let presidents appoint the Fed’s governors like they appoint cabinet members, and let voters hold the president accountable for the results.

For now, the recent tax cuts and budget deal are likely to produce a \$1 trillion annual deficit beginning in the coming year, while stimulating an economy that is already growing with relatively low unemployment. The question is whether the Federal Reserve will hold its fire, ignore the bankers on Wall Street, and allow wages to rise, even if inflation begins to creep up. Is the system really so rigged that workers can’t get wage hikes even in a full-employment economy? We are about to find out.

ROBERT L. BOROSAGE

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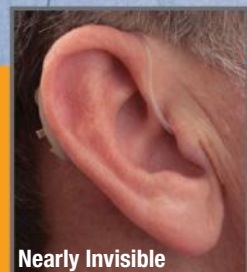
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EDUCATION

Making History

The United States might not have a standardized national curriculum, but the College Board's advanced-placement guidelines for US history come close. In 2014, the collegiate gatekeeper's de facto monopoly over advanced secondary-level courses drew conservative ire when the board launched its revised AP US History Curriculum Framework.

With this first update of its kind in nearly a decade, the College Board gave greater attention to unsavory swaths of the nation's history, from the European settlers' destructive impact on Native communities to the internment of Japanese Americans. Opponents attacked the changes as being politically motivated. In August 2014, the Republican National Committee drafted a resolution accusing the new history courses of being "radically revisionist," while Oklahoma voted overwhelmingly to bar state funds from supporting curricula showing "what is bad about America." To even the critics' surprise, the College Board put up little resistance to the backlash. In 2015, the organization released another update, using language that largely downplayed US imperialism at home and abroad.

The continued growth of the College Board's monopoly, bolstered by millions of federal dollars allocated to the expansion of AP classes, raises fresh questions about what historical narratives that money is being spent to promote—and what gets left out.

—Madeleine Han

Redefining "Immigrant"

How should progressives respond to Trump's assault on family reunification?

Laila Lalami



Last spring, as challenges to the Trump administration's immigration ban were making their way through the federal courts, *Saturday Night Live* produced a spoof ad starring Scarlett Johansson as Ivanka Trump. Wearing a gold lamé dress, Ivanka walks across a softly lit room and waves to her admirers, while the voice-over introduces her new signature perfume, *Complicit*. The sketch was an instant hit and led to so much commentary that the president's daughter was asked about it on *CBS This Morning*.

I was reminded of the sketch when I saw the commercial that Donald Trump released on the first anniversary of his inauguration. This new ad features Luis Bracamontes, an undocumented immigrant recently convicted of killing two Sacramento-area sheriff's deputies, telling the courtroom that "the only thing that I f— regret is that I f— just killed two." An unseen narrator ominously warns that Trump is right about illegal immigration and that a border wall should be built, but Democrats stand in the way. The title of the ad? "Complicit."

The contrast between these two ads couldn't be sharper: One pokes fun at the president's daughter, the other points a finger at the Democrats over a specific policy. This turn of events is perhaps unsurprising—Trump has a talent for subverting any critical narrative directed at him and mobilizing his nativist base around it—but it is significant that the focus of one of his first reelection ads is an undocumented immigrant who committed a violent crime. The Bracamontes commercial uses the same ingredients as the infamous Willie Horton ad of 1988, which is to say fear and racism, and applies them to what has always been this president's core issue: immigration. If you happen to think that spending billions of dollars on a border wall is an ineffective or wasteful policy, this ad paints you as complicit in murder.

The language here is important. From the beginning, Trump has tried to change the terms under which this country debates immigration. Remember that "bad hombres" cross the border from Mexico. Remember that "illegal aliens" come here to "steal" jobs. Remember that Muslim immigration needs a "complete and total shutdown." Re-

member that immigrants from Haiti, El Salvador, and Africa come from "shithole countries." Now the president has begun to complain that "chain migration" should be stopped because it allows a single immigrant to "bring in virtually unlimited numbers of distant relatives."

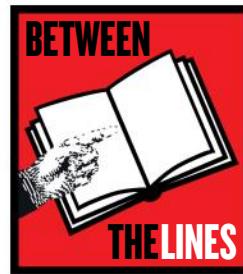
That these labels aren't rooted in actual facts hasn't stopped Trump from using them. "Chain migration," for example, is an academic term that refers to a specific migration pattern in which people from a particular town or area hear of a local's success in another country and decide to follow the same path. This can often mean family members:

Think about the Vietnamese sail sailors in California, which grew out of a few businesses started by refugees in Sacramento, or the Irish and Italian immigrants in Boston and New York. But Trump is using the term "chain migration," with its connotations of shackles and fetters, to refer to family reunification, which is the program that allows immigrants to sponsor their spouses and children and allows

citizens to sponsor their parents and siblings. Annual caps already exist on the number of such visas, and the waiting lists are so long for some relatives, such as parents and siblings, that it takes many years for them to be processed.

Family reunification has been part of US immigration policy for decades. Unless you're an indigenous person, chances are that you or someone in your family came to the United States through this program. It was the principle of family reunification that allowed Mike Pence's grandfather, Richard Cawley, to come here in 1923 to join his brother. It's what also allowed Donald Trump's mother, Mary Anne MacLeod, to join her sisters here in 1930. And it is family reunification that will likely allow Viktor and Amalija Knavs, Melania Trump's Slovenian parents, to live here permanently.

Each time the president introduces new terms



The Bracamontes commercial uses the same ingredients as the infamous Willie Horton ad of 1988: racism and fear.

to the immigration debate, many reporters dutifully repeat his words for their dramatic value but fail to correct their application. To make matters worse, after each new round of angry rhetoric, well-meaning liberals share stories about the extraordinary success of immigrants in this country. They point out, for instance, that a number of technology companies—including Apple, Amazon, Google, and Tesla—were founded by immigrants or their children. They share newspaper profiles of everyday heroes like Jesus Contreras, a paramedic and DACA recipient who was part of the relief efforts after Hurricane Harvey, or Emmanuel Mensah, a soldier and immigrant from Ghana who died trying to rescue people from a burning building in the Bronx.

This is a tempting response, and I admit to having used it, too. But the problem with these competing portrayals is that the overwhelming majority of immigrants are neither

“bad hombres” nor the CEOs of *Fortune* 500 companies. If they are exceptional, it is only because being an immigrant requires them to have the courage to leave home, travel thousands of miles to a new place, and start over, sometimes with little or no support. This is not a journey for the faint of heart. People who are willing to undertake it have already proved their mettle.

The United States is home to more than 40 million immigrants. Of these, nearly half are naturalized citizens, and the other half are either permanent residents, temporary workers, or undocumented immigrants. These people do not live apart from other Americans. On the contrary, they are linked to them by bonds of marriage or family, through school or work. Their success is everyone else’s success, their failure everyone else’s failure. Until this simple fact is understood, the immigration debate is destined to be mired in demagoguery. And we will all be complicit. ■

The overwhelming majority of immigrants are neither “bad hombres” nor the CEOs of Fortune 500 companies.

SNAPSHOT / ALVIN BAEZ

Grave Concerns

Nearly five months after Hurricane Maria hit Puerto Rico, a cemetery in Lares remained in ruins. The Department of Health had closed the site to investigate possible contamination of a nearby creek and weakened dam.

Calvin
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Deadline
Poet

TRUMP ON DOMESTIC VIOLENCE

No empathy? That’s hardly fair to say

About this early-morning tweeter.

Though, true, he feels no beaten woman’s pain,

He sympathizes with the beater.



MONOPOLY'S NEW RULES

THE BIG FIGHT



The Nation.

IN 2015, THE SEVENTH YEAR OF BARACK OBAMA'S PRESIDENCY, the United States saw \$4.7 trillion worth of corporate mergers and acquisitions—an all-time high. Though Obama did pick some high-profile fights with mega-companies that were trying to merge, his administration barely surpassed the number of antitrust cases brought to trial under George W. Bush, who set a record for bringing the fewest of any president.

But when congressional Democrats unveiled their “Better Deal” platform last summer, it contained a whole chapter on “cracking down on corporate monopolies and the abuse of economic and political power.” The document, which Democrats aim to use as a blueprint for the 2018 midterm elections, calls for tougher treatment of corporate mergers and a new government “Trust Buster” position that will look closely at existing concentrations of economic power and demand that regulators take action or explain why they won't. “In recent years,” the platform declares, “antitrust regulators have been unable or un-

willing to pursue complaints about anticompetitive conduct.” It was a rare rebuke to Obama's record, reflecting a shift in Democratic thinking on monopolization.

Senator Elizabeth Warren has been helping lead the party's new approach to antitrust enforcement. She outlined this agenda during a speech to the Open Markets Program back in the summer of 2016 and has been a harsh critic of President Trump's approach to antitrust enforcement as well. In late January, she spoke with *The Nation's* Washington editor, George Zornick, about how large monopolies affect the economy and what Democrats are planning to do to address the problem.

GEORGE ZORNICK: I imagine that, to many people, “monopoly power” sounds like a pretty distant concept. They don't care how Robert Bork once interpreted antitrust law. So how do you explain it to your constituents and convey the effects to them?

ELIZABETH WARREN: This is about whether our markets are fair and open to everyone, or if they're just places for the biggest and wealthiest corporations. I believe in markets. But markets work only when everyone gets a fair opportunity to compete.

ZORNICK: Tell us about what you've seen happening in the Justice Department's antitrust division under President Trump. Are we getting the kind of nominees who might actually take this problem seriously?

WARREN: The Justice Department has not taken this problem seriously for a long time now. Competition has been dying in markets across our economy. Just look at the numbers: Four airlines control over 80 percent of domestic airline seats. Five health-insurance giants control over 80 percent of the health-insurance market. Three drugstore chains have 99 percent of the industry's revenues. Four companies control over 85 percent of America's beef market. Two giants sell over 70 percent of all beer in America. That's a big problem. It's a problem because, when a few big players control an entire industry, it has devastating impacts on both the economy and our political system. Trump appointees are there to protect the big companies, to facilitate those mergers and acquisitions and growth. They're not there to protect consumers and not there to make markets truly work.

ZORNICK: You mentioned that it's been a problem for a number of years, not just with the appointees we've seen from Trump—how does this concentrated power in the markets affect the political system?

WARREN: When giant corporations have that much economic power, they also accumulate massive political power. They can pour insane amounts of money into electing politicians who will do their bidding in government. It's no wonder that the biggest companies in America also spend the most on lobbying government officials. It becomes an ugly, self-perpetuating cycle.



Senator Elizabeth Warren speaks to *The Nation* about monopolies, power, and breaking up corporate giants.

by **GEORGE ZORNICK**

ZORNICK: Companies like Google and Facebook have become just massive. Are there unique dangers when tech companies get so big and control so much?

WARREN: In many ways, tech monopolies are similar to the oil and sugar and railroad trusts of the 19th century. And antitrust enforcers have the tools to stop tech companies from engaging in practices that choke off competition, but only if they use them. But there's one key difference between the 19th-century trusts and today's tech companies, and that's data. Companies today gather more data on everything from where we work to where we shop, to our political views, to what we eat for breakfast. There's this belief, when it comes to tech companies, that when people don't pay up front, there's no antitrust concern. But that's a myth. Data is power. And data allows companies to push tailored advertisements to both shape and drive our preferences, and ultimately to benefit the corporation's bottom line. That's why it's critically important that antitrust enforcers focus on the ways data can be used to undermine competition.

ZORNICK: Data can be used to undermine competition, and certainly data can be used to influence the way people consume their news, and vote, with pretty obvious effects on the political system.

WARREN: That's the risk that we run right now in this country. The antitrust enforcers are supposed to prevent one giant corporation from exercising too much power in a market, whether it's a market for sugar or a market for ideas.

ZORNICK: So what solutions exist here? What would an effective antitrust system look like?

"When giant corporations have that much economic power, they also accumulate massive political power."

WARREN: The big fight now is to make the Justice Department and the [Federal Trade Commission] and other agencies use the tools they already have to protect competition. I'll give you three steps that the federal government can take to revive competition: Block anticompetitive mergers; stop anticompetitive conduct; and prioritize protecting competition. These are steps they could take right now. Competition in antitrust enforcement is something that affects all Americans in some way: the prices of things we buy, the wages we earn, the economic opportunities we have. It's on all of us to make sure that elected officials are holding agencies accountable for protecting competition.

ZORNICK: Is there any space for something more aggressive? Say, for example, just going in and breaking up a company that's too big?

WARREN: Yes, and the government has the tools to do it. What they lack is the will.

ZORNICK: So what's one example where they have the tools and they could do it if they chose?

WARREN: Well, right now, in the communications industry, we've seen giant companies that merge and grow and merge and grow, with powerful anticompetitive effects. And yet the Justice Department sits on its hands. Go back to where I started a minute ago: that five health-insurance giants control over 80 percent of the health-insurance market. Four companies control over 85 percent of America's beef. Two giants control 70 percent of all the beer that's drunk in America. This is a reminder that these giants touch every American in every aspect of their lives—but also a reminder that it doesn't have to be this way. It was this way in the 19th century, when a handful of giants dominated individual industries like steel and sugar. But Teddy Roosevelt stepped in and busted those trusts, and competition began to flourish in this country. One or two giants could no longer hold America and America's consumers hostage.

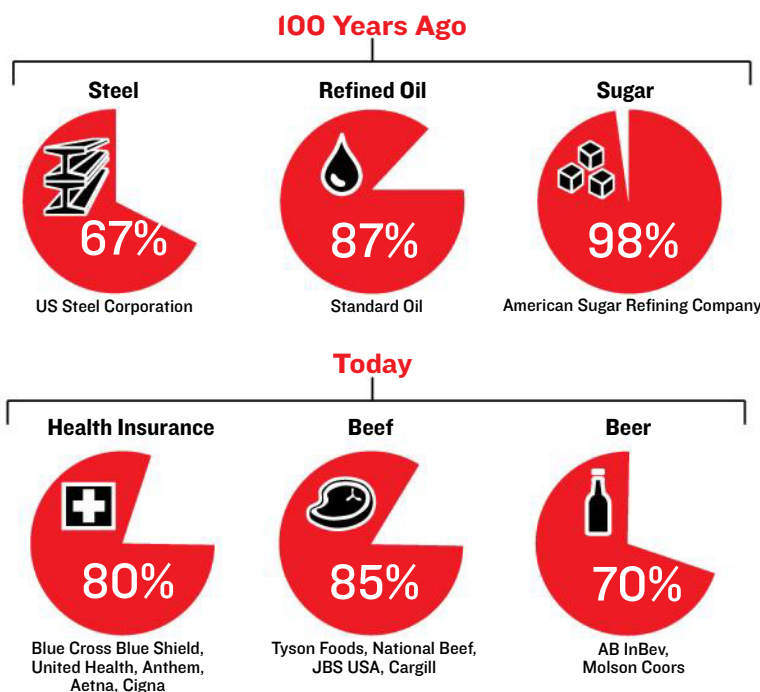
ZORNICK: How would you deal with the political backlash if the government actually came in and forcibly broke up a company—the political fury that would surely follow?

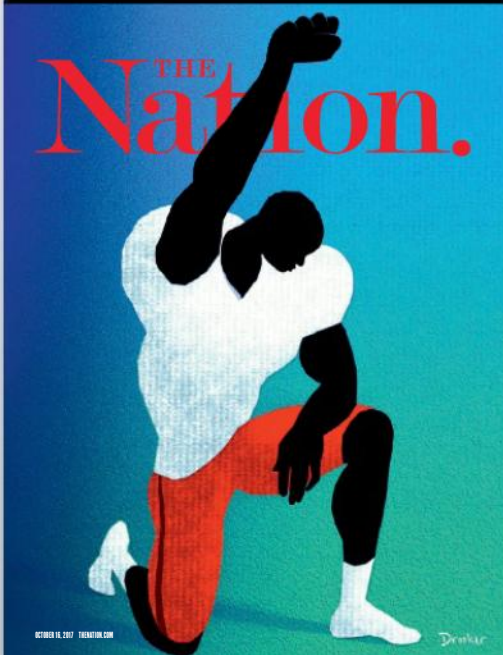
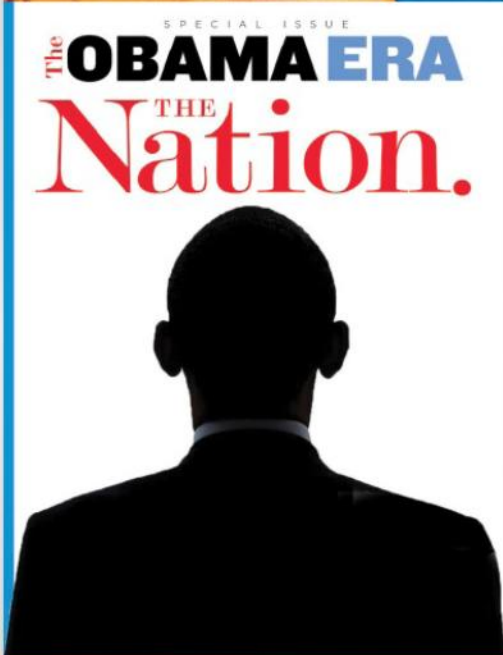
WARREN: No one had done it when Teddy Roosevelt stepped up. And yet the American people supported him. And then antitrust law fell largely by the wayside, until Franklin Roosevelt, during the Great Depression, revived the use of antitrust law. And once again, giant corporations complained loudly. But the people supported the president.

ZORNICK: You've been one of the leading voices on this issue, but do you think the party as a whole is ready to take these kinds of steps and really make it an issue as we head into 2018, 2020, and beyond?

WARREN: I was very pleased that the entire Democratic caucus signed onto a statement of principle that urged stronger enforcement of antitrust laws as one of our promises to the American people.

The Return of Monopoly





THE Nation.

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SPECIAL INVESTIGATION

America's Favorite MONOPOLIST

The shameful truth behind Warren Buffett's billions.

by DAVID DAYEN

AFTER THE WORST FINANCIAL COLLAPSE since the Great Depression, three officials from the Financial Crisis Inquiry Commission visited Warren Buffett at his office in Omaha, Nebraska. They wanted to ask America's most successful investor about his 24 million shares in the credit-rating agency Moody's. The commission would later identify Moody's and other rating agencies as "key enablers of the financial meltdown," for granting super-safe triple-A ratings to securities that were backed by junk mortgages. Trillions of dollars' worth of rotten financial instruments—the fuel of the crisis—"could not have been marketed and sold without [the rating agencies'] seal of approval," the commission concluded.

During that May 26, 2010, meeting, Buffett deflected responsibility for Moody's actions. "I knew nothing about the management of Moody's," he told the federal investigators, explaining candidly why he owned so much stock: Moody's faced practically no market competition.

"The single most important decision in evaluating a business is pricing power," Buffett said. "If you've got the power to raise prices without losing business to a competitor, you've got a very good business." The "big three" rating agencies—Moody's, Standard & Poor's, and Fitch—controlled 95 percent of the rating-agency market, an insurmountable advantage over would-be competitors. "If you've got a good enough business, if you have a monopoly newspaper or if you have a network television station," Buffett concluded, "your idiot nephew could run it."

Warren Buffett is America's favorite tycoon. The business community hangs on his every word. The annual meetings at Berkshire Hathaway, Buffett's conglomerate, have been dubbed "Woodstock for capitalists." Barack Obama and Hillary Clinton hailed his endorsements in their campaigns for president; even Bernie Sanders has

supported Buffett's position on taxes. The press treats him like a Kardashian, publishing quirky features about his bad eating habits, frugal spending, and hobnobbing with celebrities (an actual headline last November: "Katy Perry Wants to Know What Warren Buffett Thinks of Bitcoin"). An old cartoon show called *Warren Buffett's Secret Millionaires Club* featured the so-called "Oracle of Omaha" teaching children how to get rich.

This *Nation* investigation documents how Buffett's massive wealth has actually been built: on monopoly power and the unfair advantages it provides. Companies in Buffett's portfolio have extorted windfall profits, ripped off taxpayers, and abused customers. In the three specific cases discussed below—in the aviation, banking, and high-tech industries—Buffett's investments have prompted federal investigations for anticompetitive or other illegal practices.

Buffett did not respond to repeated interview requests for this article, nor did he reply to questions submitted to his office at Berkshire Hathaway.

Buffett makes no secret of his fondness for monopoly. He repeatedly highlights the key to his personal fortune: finding businesses surrounded by a monopoly moat, keeping competitors at bay. "[W]e think in terms of that moat and the ability to keep its width and its impossibility of being crossed," Buffett told the annual Berkshire Hathaway meeting in 2000. "We tell our managers we want the moat widened every year."

America isn't supposed to allow moats, much less reward them. Our economic system, we claim, is founded on free and fair competition. We have laws over a century old designed to break up concentrated industries, encouraging innovation and risk-taking. In other words, Buffett's investment strategy should not legally be available, to him or anyone else.

Over the past 40 years, however, the United States

David Dayen is the author of *Chain of Title: How Three Ordinary Americans Uncovered Wall Street's Great Foreclosure Fraud, which won the Studs and Ida Terkel Prize.*



has not only failed to build bridges across monopoly moats; it has stocked those moats with alligators. Two-thirds of all US industries were more concentrated in 2012 than in 1997, *The Economist* has documented. Since the Reagan era, the federal government has abandoned antitrust enforcement, with markets for products like eyeglasses, toothpaste, beef, and beer whittled down to a few suppliers. This consolidation has vastly inflated corporate profits, damaged workers and consumers, stunted economic growth, and supercharged economic inequality.

Buffett professes to be an innocent witness to this perversity, a passive investor observing markets from afar. He is feted as the conscience of American capitalism, a multibillionaire who speaks out about taxing the rich (Democrats even named their tax-fairness plan the “Buffett rule”) and donates his fortune to charity. But Buffett's example has helped intensify US monopolization, as other investors mimic his approach of finding companies surrounded by moats. The ownership class has subsequently built up unwarrantedly large holdings, concentrating its investment in companies that further increase market power. In other words, Buffett isn't following America on the road to oligarchy; he's leading it.

Americans falsely look to these oligarchs to solve our problems, allowing them to amass more power. For example, the recent joint effort by Buffett's Berkshire Hathaway, Amazon, and JPMorgan Chase to transform the US health-care system is vague and rather mundane—most large companies try to drive down health-care costs by leveraging their size. But when three of the age's biggest monopolists follow the trend, it's uncritically treated as front-page news, sending health-care stocks plummeting. A stray press release from Buffett can move billions of dollars in his favor.

Bill Gates of Microsoft, Jeff Bezos of Amazon, and Warren Buffett control more wealth than the 160 million poorest Americans combined. And Buffett doesn't mind working the system to keep it that way. His net worth as of January is \$87 billion, but Buffett says he paid only \$1.8 million in taxes in 2015—a mere 0.002 percent of his wealth. According to Barclays, the new Republican tax law is projected to net his business a staggering \$37 billion a year.

Warren Buffett should not be celebrated as an avatar of American capitalism; he should be decried as a prime example of its failure, a false prophet leading the nation toward more monopoly and inequality.

Free markets are for chumps—Warren Buffett insists on monopoly moats.

Democrats adore Buffett, even as he drives unfair markets and inequality.

YOU PROBABLY DIDN'T REALIZE THAT THE SAME avuncular billionaire controls such diverse companies and products as See's Candies, Duracell batteries, Justin Boots, Benjamin Moore Paints, and World Book encyclopedias. But Buffett has transformed Berkshire Hathaway, initially a relatively small textile manufacturer, into the world's largest non-technology company by market value. Berkshire Hathaway owns over 60 different brands outright. And through Berkshire, Buffett also invests in scores of public corporations. The conglomerate closed 2016 with over \$620 billion in assets.

The money mainly comes from Berkshire's massive insurance business, composed of the auto insurer GEICO, the global underwriter General Reinsurance Corporation, and 10 other subsidiaries. Insurance premiums don't get immediately paid out in claims; while the cash sits, Buffett can invest it. This is known as “float,” and Berkshire Hathaway's float has ballooned from \$39 million in 1970 to approximately \$113 billion as of last September. It's a huge advantage over rival investors—effectively the world's largest interest-free loan, helping to finance Buffett's pursuit of monopoly. “[W]e enjoy the use of free money—and, better yet, get paid for holding it,” Buffett said in his most recent investor letter. Indeed, as a 2017 *Fortune* article noted, with almost \$100 billion in cash at the end of that year's second fiscal quarter, Buffett's Berkshire Hathaway literally has more money than it knows what to do with.

The dominant narrative around Buffett is that he invests in big, blue-chip companies whose products he enjoys, like Coca-Cola or Heinz ketchup. But Buffett's taste for junk food cannot match his hunger for monopoly, and he scours the investment landscape to satisfy it. For example, he's a major investor in the most profitable company you've never heard of—one used by hundreds of millions of people worldwide, mostly without their knowledge.

The company is called Verisign, and it operates an essential backbone of the Internet: registries for the domain names .com and .net, among others. If you want to create, for example, MyWebsite.com, you buy the name from a retailer like GoDaddy. But Verisign controls the global registry for .com, so GoDaddy relies on Verisign to connect users to MyWebsite.com. Verisign collects a small fee for this service, usually less than \$10 a year. But drawing that fee from an enormous pool of websites results in a massive revenue stream.

As of September 2017, two of Verisign's domain-name registries, the aforementioned .com and .net, accounted for 145.8 million of the 330.7 million websites in existence, or nearly one in two. Take away the 144.7 million sites tied to a specific country (like .us, or .cn for China), and it's more like four out of five. Any company controlling 80 percent of a given market can safely be termed a monopoly, though a spokesperson for Verisign said in a statement that “we believe competition is thriving in the market.”

The nonprofit Internet Corporation for Assigned Names and Numbers (ICANN), the registry industry's main regulator, granted Verisign exclusive contracts to operate .com and .net. Verisign can automatically renew the contracts as long as it meets certain performance met-



rics. The company was also initially permitted to raise prices gradually, despite the fact that the costs of managing a registry decline over time because the necessary infrastructure is already established.

“If you’re giving a near monopoly in an industry where prices are falling, you would think that you would have terms in the contract to lower the price,” said economist Dean Baker, a critic of government-granted monopolies. Instead, prices for .net domain names can rise 10 percent per year; they’ve more than doubled since 2005, from \$3.50 to \$9.02 (Verisign’s statement called this price “lower than most competing legacy [top-level domains]”). Prices for .com domain names have also risen, though they are now frozen at \$7.85 per year, due to an amended contract executed in 2012. Competitors have offered to run registries at significantly cheaper rates, yet ICANN hasn’t altered Verisign’s contract terms.

Normally, companies with regulated prices aren’t profit-making juggernauts. But in the third quarter of 2017, Verisign’s operating income as a percentage of revenue hit 61.9 percent, putting it near the top of all companies in the S&P 500. This number has climbed steadily since 2006. If the trend continues, sometime in the next decade Verisign will post the highest rate of profitability of any public company on earth.

That may explain why Buffett owns nearly 13 million shares of Verisign stock, worth \$1.47 billion as of mid-January 2018. Buffett is famously averse to Internet stocks, but he does like a sure thing. So does the rest of the market: Verisign stock jumped nearly 44 percent in 2017. Buffett’s seal of approval tends to boost fortunes on Wall Street, so more money flows into monopolies.

In 2016, ICANN arranged a blind auction to sell the rights to the .web domain name, seen as a promising competitor to .com. To the surprise of industry observers, an obscure company named Nu Dot Co outbid six rivals for .web, offering a record-shattering \$135 million. The mystery was clarified four days later, when Verisign issued a brief press release announcing that it had provided all \$135 million for Nu Dot Co’s bid. Already in control of .com and .net, Verisign had wrested control of one of the only plausible alternatives. In its statement, Verisign said that “We intend to launch .web to bring choice and reliability to consumers world-wide.”

Though there were signs of Nu Dot Co operating as a straw purchaser before the auction, ICANN refused to delay the proceedings. Competitors cried foul, arguing that they would have bid higher if they’d known a deep-pocketed foe like Verisign was involved. “ICANN has a history of sweetheart deals with Verisign,” said Jon Nevett, co-founder of Donuts, a competing registry that unsuccessfully sued ICANN to block the .web auction. (The case is now under appeal.)

The Justice Department opened a yearlong investiga-

tion into the potential rigging of the .web auction, but in January, the department closed the case. In a research note, JPMorgan Chase called Verisign’s acquisition of the domain name “a very good defensive strategic move, keeping .web out of the hands of the potential competitor.” Verisign’s monopolies remain well guarded—and a continuing source of profits for Warren Buffett.

ANOTHER UNHERALDED BUFFETT MONOPOLY IS TransDigm, an aerospace company that’s been described as “the Martin Shkreli of defense contracting,” a reference to the convicted fraudster who hiked the price of a lifesaving drug by a factor of nearly 56.

Comparable price gouging hasn’t deterred Buffett from investing in TransDigm, which specializes in buying up smaller companies that manufacture sole-source parts for commercial and military aircraft. There’s no shortage of opportunities, explains Jason Dickstein,

president of Washington Aviation Group, a legal-consulting firm. Dickstein pointed out that the FAA’s database of approved aircraft parts includes over 1.35 million separate items, and that a large portion of those parts have no competition.

Like Buffett, TransDigm practically boasts about its fondness for monopoly. The company’s 2016 annual report stated that “about 80% of our net sales [come] from products for which we are the sole-source provider.” Because planes can’t fly without these parts, TransDigm

can raise prices after acquisition without risking a loss in sales. This particularly affects military orders, which account for approximately 30 percent of TransDigm’s revenues, according to a 2017 Royal Bank of Canada report. Pentagon officials purchasing planes that cost hundreds of millions of dollars apiece typically do not blink at a markup of a couple thousand dollars on bolts or fasteners.

In 2013, TransDigm bought a company that makes motor rotors, an engine part. After renaming the subsidiary Whippany, TransDigm raised the price nearly ninefold, from \$654 to \$5,474. The price of an eye sling, a fastener with hoops at each end, from TransDigm subsidiary Breeze-Eastern rose from \$850 to \$3,135.50. A cable assembly from Harco jumped from \$1,737 to \$7,863. Adding insult to injury, some TransDigm parts have proved unreliable. The Reaper, an advanced drone, keeps crashing, and US Air Force officials blame a faulty starter-generator built by Skurka Aerospace, another TransDigm subsidiary.

“We didn’t have a problem getting price increases from the government,” a former TransDigm sales director told *The Nation*, requesting anonymity because of his relationship with colleagues still at the company. “Let’s be honest, [a government purchaser] is not incentivized

Despite racist price gouging and foreclosures, Clayton Homes remains a Buffett favorite.



Three of Buffett’s most profitable investments have prompted federal investigations for illegal practices.



financially like a TransDigm person is.... They're just filling buckets. It was child's play."

TransDigm executives trained sales representatives to facilitate price gouging, the former sales director added. The tactics included signing contracts that enabled annual price spikes; minimizing order size to avoid audits; and designating equipment as a "commercial item," thus exempting it from cost-information disclosures. TransDigm even sold the same parts to multiple dealers—all of them secretly controlled by TransDigm—to give government procurement officers the illusion of a competitive market.

TransDigm officials did not respond to repeated interview requests or reply to a list of submitted questions.

In June 2017, the Defense Department's inspector general planned an investigation into TransDigm's activities, joined by the Justice Department's antitrust division. Representative Ro Khanna (D-CA), a member of the House Armed Services Committee, demanded the investigation to give Americans "confidence that their money is being spent well." Khanna also amended the 2017 National Defense Authorization Act, mandating a Government Accountability Office study of monopoly practices in spare-parts procurement. And last December, the Justice Department forced TransDigm to sell two companies it had recently acquired that make airplane seat belts, breaking up what would have been an impenetrable monopoly.

None of this has fazed Buffett. Indeed, when reports were raising questions about TransDigm last spring, Buffett doubled down, buying \$25 million in additional shares. Buffett may appreciate TransDigm's largesse toward investors: Shareholders received a "special dividend" of \$22 per share in August 2017, a one-time payout similar to what private-equity investors enjoy. TransDigm issued similarly mouthwatering cash dividends in 2012, 2013, 2014, and 2016.

"Like Buffett figured, you put a moat around your business," said the former TransDigm sales director. TransDigm executives "use the term themselves—they use the actual word 'moat.'" The language of monopolists who gouge customers is indistinguishable from the language of America's folksiest capitalist.

Big banks have ruined the lives of millions of Americans, but Buffett loves them like a "favorite child."

Windfall profits, taxpayer rip-offs, customer abuse—it's all in a day's work for the Oracle of Omaha.

IN 2007, BUFFETT JOKED IN AN INVESTOR LETTER: "If a farsighted capitalist had been present at Kitty Hawk, he would have done his successors a huge favor by shooting Orville [Wright] down.... I have an 800 number that I can call if I get the urge to buy an airline stock," he added. "My name is Warren and I'm an air-aholic," and then they talk me down."

Nine years later, Buffett shook off his aversion to airlines. A 2016 stock-buying binge led to Buffett holding approximately 47 million shares in American Airlines, 53 million in Delta, 48 million in Southwest, and 28 million in United, for a total investment of over \$9 billion. One day in April 2017, Buffett made \$104 million on his airline holdings in a single trading session. The bet is not predicated on any one airline prospering: Buffett holds close to a 10 percent stake in all four major US carriers. (Investments controlling over 10 percent of company stock trigger various paperwork burdens and disclosures, and Buffett has said he likes to stay beneath that threshold.)

What changed between 2007 and 2016? With the blessing of federal regulators, the airline industry became an oligopoly. Four mega-mergers—combining Delta and Northwest, United and Continental, Southwest and AirTran, and American and US Airways—solidified major-carrier dominance in the United States. Today, four airlines control 80 percent of domestic-seat capacity. In 93 of the top 100 airports, either one or two manage a majority of all seats sold.

Market concentration has resulted in higher profits for the airlines and for Buffett, but misery for the passengers: crowded planes, more connections, and a cascade of nickel-and-dime fees. Perversely, by making flying worse, airlines further loosen passengers' wallets, enticing those who can afford it to buy more legroom, or priority boarding to ensure that their bag gets in the overhead bin. Ancillary fees represented a little over 10 percent of the airlines' total revenue in 1995; today, it's more than 25 percent. The public wouldn't stand for such fleecing if they had a choice, but market consolidation forces customer acceptance.

And it's not just Buffett: Large index-fund providers like Vanguard and BlackRock have significant industry-wide airline holdings, a factor that may distort competition. "It's not crazy to think that the CEO of Delta has figured out that Buffett doesn't like it all that much for him to compete with United," says Martin Schmalz, an assistant professor at the University of Michigan's Ross School of Business. Schmalz, José Azar, and Isabel Tecu revised a research paper last year showing that airfares on the average route are 3 to 7 percent higher under common ownership by large investors than they would be under separate ownership. "This is not collusion; it's not a crime," Schmalz adds. "But it's an antitrust problem that increases prices."

David Dao learned the harsh realities of monopoly air travel last April, after refusing to relinquish his seat to solve an overbooking problem on a United flight. Security agents violently dragged Dao, a 69-year-old physician, down the aisle and out of the aircraft, breaking his nose and knocking out two teeth. The incident gave United a public-relations black eye—video of Dao's ordeal was

viewed over 9 million times, and United's CEO was hauled before Congress—but it didn't damage the company's bottom line. The Department of Transportation declined to prosecute, United's stock price recovered after an initial dip, and seats remained filled to near capacity.

Throughout the controversy, Buffett stood by United. Assaulting Dao was a "terrible mistake," he said to CNBC, but "it wouldn't change the investment strategy."

BUFFETT HAS SIMILARLY DEFENDED WELLS Fargo, his largest single investment, through one damaging scandal after another. In 2016, the bank was caught signing up customers for around 3.5 million fake accounts. Since then, Wells Fargo has also been dinged for issuing clients unwanted insurance and home-warranty products, falsifying records to increase fees on mortgage applicants, overcharging foreign-exchange clients to ring up bonuses, initiating secret changes to mortgage terms for homeowners in bankruptcy, and repossessing the cars of service members while they were on active duty. The federal investigations and fines over this misconduct continue to roll in.

Millions have been harmed by this mix of rank incompetence and outright fraud. But with the five biggest commercial banks—Wells Fargo, Bank of America, Citigroup, JPMorgan Chase, and US Bancorp—controlling nearly half of all assets, as well as robust branch and ATM networks, it can be inconvenient or even impossible not to use their services.

Last August, Buffett called Wells Fargo "a terrific bank.... There were some things that were done very wrong there, but they are being corrected." In October, he got tougher, blaming Wells Fargo's board of directors for failing to "remove the stain" on the business and musing about clawing back five years of compensation. But Buffett had supported the same board members for reelection just months earlier. It resembled his decision in 2014 to criticize the board of Coca-Cola for excessive executive compensation, but to abstain from voting on the pay package. At the time, Buffett's son Howard sat on Coke's board.

In other words, while Buffett's wealth and the media attention he attracts enable him to create change inside the boardroom, he takes virtually no responsibility as a major shareholder for the companies he invests in. "He's following his wallet, not his conscience," says David Nelson, chief strategist at Belpointe Asset Management.

In fact, Buffett is completely enamored with the big banks whose actions sparked the Great Recession, despite a rap sheet as large as Wells Fargo's. Asked to name his favorite bank in a CNBC interview last October, Buffett replied: "What's your favorite child?"

As of last September, Buffett's financial-industry hold-

ings approximate an astonishing \$66.9 billion—more than 37 percent of his portfolio. He is Wells Fargo's largest shareholder, and he recently became the largest shareholder in Bank of America as well, the result of a post-financial-crisis deal allowing Buffett to convert an injection of capital into common stock. That conversion earned him \$12 billion overnight. A similar crisis-era investment in Goldman Sachs spawned a \$3 billion payday.

Buffett also holds major stakes in Bank of New York Mellon, US Bancorp, and M&T Bank. He has a hand in every major credit-card issuer: American Express, Visa, MasterCard, and Synchrony Financial, which provides private-label credit cards to retailers. While Buffett doesn't own stock in JPMorgan Chase, his top deputy Todd Combs sits on the board, obviously aware of the activities of the leading competitor to his boss's banking investments.

You may think you have a choice of financial institutions, but when you pull out a piece of plastic to pay for anything, chances are you're enriching Warren Buffett.

IT WOULD BE ONE THING IF BUFFETT WERE PASSIVE about investments he doesn't totally control but scrupulous regarding the businesses owned within Berkshire Hathaway's portfolio. But only 25 people work at Berkshire's headquarters, overseeing 63 companies and more than half a trillion dollars in assets. It's impossible for Buffett to be anything but an absentee owner, instructing portfolio managers to gain market share but ignorant of how they do it. And anyone who has watched Buffett operate over the past 40 years knows his preferred path to wealth: through monopoly.

Among his first investments were newspapers, including the 1977 purchase of the *Buffalo Evening News*. Buffett immediately targeted the *News's* rival, the *Courier-Express*, by launching a Sunday edition. By 1982, the *Courier-Express* was out of business, and Buffett's local monopoly became his largest single investment. Even today, despite the Internet, Buffett owns 31 daily newspapers, most of them local monopolies.

A more brutal example involves Berkshire Hathaway subsidiaries Clayton Homes, the nation's largest mobile-home builder, and Vanderbilt Mortgage, its companion lender. A series of journalistic investigations in 2015 found that the companies targeted minorities with high-pressure sales tactics, issuing loans swollen with hidden fees. African-American, Native American, and Latino borrowers received higher interest rates, even if their fellow white borrowers earned less. When the loans

failed, Clayton repossessed and resold the homes, earning more fees each time. The Consumer Financial Protection Bureau's complaint databases are littered with hundreds of comments about Clayton and Vanderbilt. "This type of behavior by any lender is despicable and absolutely intolerable," wrote one complainant.

Buffett has publicly defended the businesses, which earned \$744 million in 2016. He even tried to attack the
(continued on page 32)

Buffett says he supports fairer taxes, but owns \$22 billion of tax evader Apple.

United Airlines showed David Dao how a company without competitors can treat customers.



The EMPIRE

of Everything

Amazon is a radically new kind of monopoly that aims to do far more than dominate the market—it aims to become the market.

by STACY MITCHELL



CHRIS LAMPEN-CROWELL STARTED TO FEEL THE UNDERTOW FOUR years ago. Gazelle Sports, the running-shoe and apparel business he founded in downtown Kalamazoo, Michigan, in 1985, had grown steadily for decades, adding locations in Grand Rapids and Detroit and swelling to some 170 employees. But then, in 2014, sales took a downward turn. From the outside, at least, it was hard to see why. Gazelle Sports was as beloved as ever by local runners. People continued to flock to its free clinics and community runs. And scores of enthusiastic reviews on Google and Yelp, along with an industry ranking as one of the best running-shoe retailers in the country, gave Gazelle Sports and its e-commerce website plenty of prominence in online searches.

The problem wasn't so much that customers had made a conscious decision to buy their running gear elsewhere, Lampen-Crowell says. Rather, a number were doing more of their overall shopping on Amazon—and as the online giant became a pervasive, almost unconscious habit in their lives, they had started dropping into their Amazon shopping carts some of the items they used to buy from Gazelle Sports. Lampen-Crowell's initial response was to double down on marketing his company's own website. But while that helped, there were many potential customers who still had little chance of landing on it. That was because, by 2014, nearly 40 percent of people looking to buy something online were skipping search engines like Google altogether and instead starting their product searches directly on Amazon.

By the fall of 2016, the share of online shoppers bypassing search engines and heading straight to Amazon had grown to 55 percent. With sales flagging and staff reductions under way, Lampen-Crowell made what seemed like a necessary decision: Gazelle Sports would join Amazon Marketplace, becoming a third-party seller on the digital giant's platform. "If the customer is on Amazon, as a small business you have to say, 'That is where I have to go,'" Lampen-Crowell explains. "Otherwise, we are going to close our doors."

Gazelle Sports isn't alone. Faced with Amazon's overwhelming gravitational pull on the Internet's shopping traffic, thousands of Amazon's competitors—from small independent retailers to major chains and manufacturing brands—have felt compelled to join its orbit.

Setting up shop on Amazon's platform has helped Gazelle Sports stabilize its sales. But it's also put the company on a treacherous footing. Amazon, which did not respond to an interview request, touts its platform as a place where entrepreneurs can "pursue their dreams." Yet studies indicate that the relationship is often predatory. Harvard Business School researchers found that when third-party sellers post new products, Amazon tracks the transactions and then starts selling many of their most popular items itself. And when it's not using the information that it gleans from sellers to compete against them, Amazon uses it to extract an ever larger cut of their revenue.

To succeed, sellers need to "win the buy-box"—that is, be chosen by Amazon's algorithms as the default seller for a product. But according to ProPublica, "about three-quarters of the time, Amazon placed its own products and those of companies that pay for its [warehousing and shipping] services in that position even when there were substantially cheaper offers available from others." As more third-party sellers have agreed to sign up for these services, Amazon has repeatedly raised its fees, with fulfillment fees rising this year by as much as 14 percent for

standard-size items (and more for oversize goods), on top of similar increases in 2017.

For now, Lampen-Crowell's primary suppliers have chosen not to sell directly to Amazon, giving Gazelle Sports and other independent retailers exclusive access to their products and, with it, a measure of insulation from Amazon's predatory tactics. That could change, however. In 2016, Amazon backed Birkenstock into a corner, threatening to allow a deluge of counterfeit Birkenstocks onto its site—many from overseas sellers—unless the shoe company agreed to sell directly to Amazon the niche products it had previously reserved for specialty retailers. Birkenstock pushed back, but other companies, including Nike, appear to have caved to a similar demand.

Lampen-Crowell tries not to spend time worrying about whether his suppliers will one day be pressured to do the same. An entrepreneur at heart, he keeps his focus on finding ways to succeed and doesn't let his attention stray too far into questions of Amazon's market power. "Whether this is monopolization..." he says, and then pauses. "If you take this to the end, Amazon controls the rules."

Bezos's vision is for Amazon to become the underlying infrastructure that commerce runs on.

IT'S EASY TO MISTAKE AMAZON FOR A RETAILER. After all, the company, which was founded in 1995, sells more books and toys than any other retailer, and is projected soon to become the top seller of clothing and electronics. It now captures nearly \$1 of every \$2 that Americans spend online.

To think of Amazon as a retailer, though, is to profoundly misjudge the scope of what its founder and chief executive, Jeff Bezos, has set out to do. It's not simply that Amazon does so much more than sell stuff—that it also produces hit television shows and movies; publishes books; designs digital devices; underwrites loans; delivers restaurant orders; sells a growing share of the Web's advertising; manages the data of US intelligence agencies; operates the world's largest streaming video-game platform; manufactures a growing array of products, from blouses to batteries; and is even venturing into health care.

Master of the game: Jeff Bezos marking the introduction of new Kindle gadgets in 2012.

Stacy Mitchell is co-director of the Institute for Local Self-Reliance and co-author of the report Amazon's Stranglehold.



amazon

Instead, it's that Bezos has designed his company for a far more radical goal than merely dominating markets; he's built Amazon to replace them. His vision is for Amazon to become the underlying infrastructure that commerce runs on. Already, Amazon's website is the dominant platform for online retail sales, attracting half of all online US shopping traffic and hosting thousands of third-party sellers. Its Amazon Web Services division provides 34 percent of the world's cloud-computing capacity, handling the data of a long list of entities, from Netflix to Nordstrom, Comcast to Condé Nast to the CIA. Now, in a challenge to UPS and FedEx, Amazon is building out a vast shipping and delivery operation with the aim of handling both its own packages and those of other companies.

By controlling these essential pieces of infrastructure, Amazon can privilege its own products and services as they move through these pipelines, siphoning off the most lucrative currents of consumer demand for itself. And it can set the terms by which other companies have access to these pipelines, while also levying, through the fees it charges, a tax on their trade. In other words, it's moving us away from a democratic political economy, in which commerce takes place in open markets governed by public rules, and toward a future in which the exchange of goods occurs in a private arena governed by Amazon. It's a setup that inevitably transfers wealth to the few—and with it, the power over such crucial questions as which books and ideas get published and promoted, who may ply a trade and on what terms, and whether given communities will succeed or fail.

Amazon is “something radically new in the history of American business,” *New Yorker* writer George Packer has observed. But it's not without antecedents. In the 19th century, men like Cornelius Vanderbilt and John D. Rockefeller harnessed a disruptive new technology—the railroad—and used the control that it gave them over market access to weaken their industrial competitors and extort money from farmers and small businesses. Their actions sparked a broad movement against monopolies, which led, over the following decades, to the passage of a robust body of antitrust laws. The central purpose of these laws was to protect liberty and democracy from concentrated economic power, or what Franklin Roosevelt called “industrial dictatorship.”

By the time Bezos set up his bookselling operation on the Internet, however, these laws were no longer being enforced in accordance with their original purpose. In the 1970s, an ideological revolution swept through the fields of

law and economics. Led by the conservative legal scholar and former Nixon solicitor general Robert Bork, among others, this new school of thought dismissed concerns about the impact of monopolies on the rights of citizens and even on competition. Its proponents argued that antitrust law should be reduced to a single, narrow goal: maximizing efficiency. And efficiency, they insisted, was something that big, consolidated corporations could deliver better. These ideas were codified under Ronald Reagan, whose administration left the antitrust laws intact but altered the way that regulators interpreted and enforced them. These changes won support from an ascendant faction of liberals, who made efficiency more appealing by recasting it as the source of lower prices for consumers.

“Antitrust laws have been largely reduced to a technical tool to keep prices low,” notes Lina Khan, director of legal policy at the Open Markets Institute. As a consequence, so long as Amazon has appeared to benefit consumers, it's been allowed to grow using tactics that would once have drawn antitrust scrutiny. Amazon has an extensive history, for example, of selling goods at a loss in order to wrest market share from competitors that lack the financial backing to sustain similar losses. Bezos, a former hedge-fund executive who has an unparalleled gift for selling his vision to Wall Street, has always been candid with investors about this strategy. In a letter to shareholders after the company went public in 1997, he wrote that he would prioritize “long-term market leadership considerations rather than short-term profitability.” Over the next six years, investors barely winced as Amazon lost \$3 billion selling books and other items below cost. The investment paid off: Bookstores shut down in droves, and today nearly half of all books, both print and digital, are sold by Amazon.

Amazon has also used below-cost selling to crush and absorb upstart competitors. In 2009, it acquired the popular shoe retailer Zappos after reportedly losing \$150 million selling shoes below cost in order to force the rival company to the altar. Likewise, when Quidsi, the firm behind Diapers.com, emerged as a vigorous competitor, Amazon offered to buy it; when Quidsi's founders refused, Amazon slashed its diaper prices below cost. Bleeding red ink, Quidsi eventually agreed to Amazon's offer. Over time, this behavior has had a restraining effect: Start-ups intent on challenging Amazon are unlikely to find investors and so never get off the ground. “When you are small, someone else that is bigger can always come along and take away what you have,” Bezos has said.

Amazon's many tentacles provide it with novel ways to strong-arm suppliers. By leveraging the interplay between the different parts of its business—retail, e-commerce, manufacturing—it can amplify its market power over them. For instance, when Amazon began producing its own apparel two years ago, one aim was to erase the only real bargaining chip that fashion brands have: their ability to decline to sell to Amazon. Speaking at a fashion-industry event, Jeff Yurcisin, a vice president of Amazon Fashion, explained that uncooperative designers would now face knockoffs: “When we see gaps, when certain brands have actually decided for their own reasons not to sell with us, our customer still wants a product like that.”

Amazon's dominance has been aided by Bezos's pre-

“Antitrust laws have been largely reduced to a technical tool to keep prices low.”

—Lina Khan,
director of legal policy
at the Open Markets
Institute

Behind the curtain:
A worker hunts for an
item in an Amazon
Prime warehouse in
New York.



scient grasp of how the seemingly wide-open Web could be turned into a winner-take-all environment. In 2005, Amazon launched Prime, a membership program that provides free two-day shipping and other perks for \$99 a year. As a stand-alone service, Prime is a money-loser; Forrester Research estimates that Amazon loses \$1 billion a year on the shipping alone. The point of getting people to fork over \$99 has never been about the money, though—it's about the psychology. When people pay for Prime, they naturally want to maximize the value in free shipping they derive from it by doing more of their shopping on Amazon. Already, some 80 million Americans, accounting for more than half of the country's households, are Prime members. Studies show they are less likely to comparison-shop, and they spend almost twice as much with Amazon as non-Prime customers.

With Alexa, Bezos has found a way to lure people even deeper into Amazon's ecosystem. Alexa is the voice assistant that powers the company's Echo speaker, and it makes buying from Amazon as effortless as a passing thought. "The fact that it's always on, you never have to charge it, and it's there ready in your kitchen or your bedroom or wherever you put it, the fact that you can talk to it in a natural way—removes a lot of barriers, a lot of friction," Bezos has said of the speaker. One such friction is choice: If you ask Alexa for batteries, you won't get to choose Duracell or Energizer; Amazon's brand is the only option. With Alexa, Amazon will "slowly but surely take control of your preferences," predicts Scott Galloway, a professor of marketing at New York University. The digital giant has already sold at least 20 million of these devices.

Although Amazon continues to earn relatively meager profits compared with rivals like Walmart and Apple, its stock price has soared, almost doubling in value over the past 18 months and making Bezos the wealthiest person in the world. Investors see where this is heading. In 2016, Chamath Palihapitiya, a venture capitalist and owner of the Golden State Warriors, put a name to it: Amazon, he told an audience of fellow investors, "is a multitrillion-dollar monopoly hiding in plain sight."

What Amazon's giddy investors already understand, however, regulators have so far failed to grasp. Last June, Amazon announced its intention to buy Whole Foods. The deal gives Amazon a prominent foothold in the pivotal grocery industry and much else besides. With Whole Foods, Amazon gains new ways to cement its dominance online, including by extending its package-delivery infrastructure to 470 stores nestled among millions of urban consumers. And it allows the company to blur the distinction between online and offline retail, accelerating the spread of digitally driven commerce and, with it, Amazon's power. Yet, just two months after the deal was announced, the Federal Trade Commission gave it the green light, concluding that the merger did not warrant an in-depth review.

AS IT GROWS, AMAZON IS EXPOSING THE DEFICIENCIES of the Reagan-era changes in how we think about corporate concentration. By collapsing antitrust enforcement to consider only prices, we have lost sight of what earlier generations knew about monopolies: that they can harm

The God of All Things

Major Amazon acquisitions and investments



us as *producers* of value, not merely as consumers of it. And their control over our livelihoods and the fate of our communities is inherently political: It's a threat to liberty and democracy.

Economists have recently begun to document a link between corporate concentration and rising inequality. Dominant companies, they're finding, are funneling the spoils to a small number of people at the top. And by reducing the number of their competitors, these companies are also making it harder for workers to get a fair wage and for producers to get a fair price. A particularly troubling data point in this research is the loss of a long-standing pathway to a middle-class life: starting a business. The number of new firms launched each year has fallen by nearly two-thirds since 1980, and many economists believe that corporate power is to blame. This lack of start-ups is fueling a broader decline in the ranks of small business: Between 2005 and 2015, the number of small retailers fell by 85,000, a drop of 21 percent relative to population.

In this story of concentrated power and wealth, Amazon is a central character. In a 2016 survey, independent retailers ranked competition from Internet retailers like Amazon as the biggest threat to their businesses, more worrisome than big-box stores or rising health-insurance costs. And their decline is having ripple effects up the supply chain. As more of the market shifts to a single gatekeeper, manufacturers say they are having a harder time introducing new products. Local businesses "are in a much better position as small retailers to do that boot-strapping," says Michael Levins, the founder of Innovative Kids, a book and puzzle producer that's been in business for 29 years.

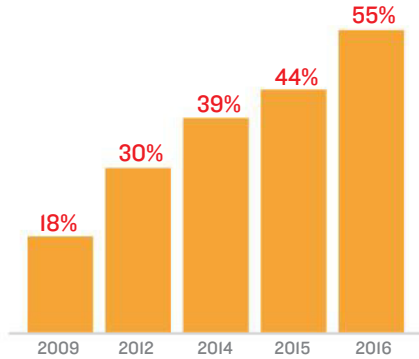
At the same time that many communities are seeing lo-

Amazon "is a multitrillion-dollar monopoly hiding in plain sight."

—Chamath Palihapitiya

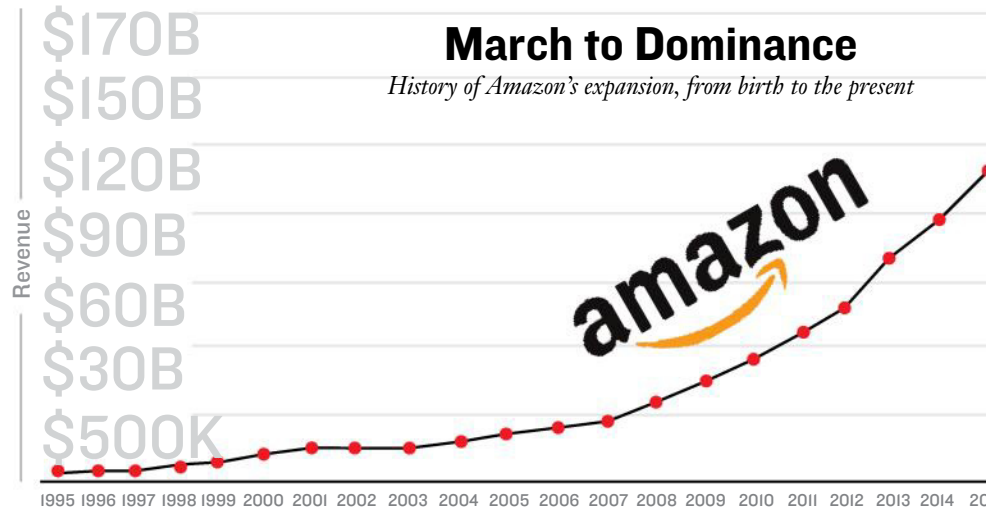
The Everything Store

The growing share of online shoppers who start their search on Amazon



March to Dominance

History of Amazon's expansion, from birth to the present



cal businesses disappear, they're also losing retail jobs. This past year, more people lost jobs in general-merchandise stores than the total number of workers in the coal industry. Even as Amazon expands its network of warehouses, it isn't creating enough jobs to make up for the losses it's causing. The basic math of what's under way is startling: Retail accounts for about one in 10 American jobs, and Amazon needs only half as many workers to distribute the same volume of goods as traditional stores require. Plus it's likely to need even fewer workers in the future: Since 2015, Amazon has invited elite engineering teams to compete in an annual robotics challenge. Their mission is to design a robot that can select and grasp assorted items, a task that, for now, only humans can do.

This kind of wholesale upending of an industry happens periodically, and, as a rule, we don't run out of jobs. But today, in the absence of a flush of new businesses creating new opportunities, work for many people has become increasingly precarious—and, in the case of Amazon workers, punishing. People who work inside the company's warehouses describe the pace as grueling, with "unit-per-hour" rates set so high that failure and exhaustion are routine. Amazon's approach to work is at once futuristic and a throwback to labor's distant past. Robots zip around, laden with products, while many of the people they interface with are temporary employees. Amazon calls these work-

This past year, more people lost jobs in general-merchandise stores than the total number of workers in the coal industry.

Where have all the shoppers gone? The Westland Mall in Columbus, Ohio.

ers "seasonal," but, in fact, it relies on them year-round.

As it moves into package delivery, Amazon is bringing its labor model along, relying in part on Amazon Flex drivers, who use their own vehicles, take directions from an app, and are paid a piece rate for each batch of boxes they deliver. The impacts are already being felt at the US Postal Service and UPS, whose hundreds of thousands of unionized employees constitute one of the last surviving corners of the working middle class. A few months ago, over the objections of the Teamsters union, UPS began placing ads for drivers who will use their own vehicles.

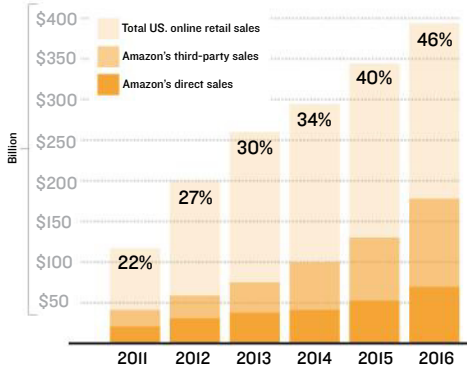
As a result of the economic shifts that Amazon is helping to propel, the country is being divided into a starkly unequal geography. Only a handful of metro areas are gaining significant numbers of good jobs from Big Tech. And as the formation of new businesses declines, they're also being consolidated into fewer places: In contrast with previous recoveries, when new firms were widely dispersed, half of all businesses started between 2010 and 2014 were located in just five metro areas. Even winning cities are marked by disparity: In Seattle, where Amazon is headquartered, the median home value now exceeds \$700,000, while the unsheltered homeless population doubled over 10 years. It's not hard to imagine a future in which Amazon's cashierless supermarkets and nondescript bookstores populate better-off neighborhoods, while other communities become increasingly barren of commercial activity.

In the left-behind towns and neighborhoods, the despair that has set in stems from more than just economic hardship. There is a pervasive sense of powerlessness that is toxic to democracy. In 1946, the sociologist C. Wright Mills and the economist Melville J. Ulmer published a detailed study of several matched pairs of cities. The cities in each pair were similar in all respects except for one main difference: One city's economy was composed of many locally owned firms, while the other's was largely controlled by absentee corporations. The cities that possessed a degree of local economic power had a bigger middle class and a greater variety of jobs, Mills and Ulmer found. But their most important findings had to do with civic health. The cities with a robust local economy invested more in public infrastructure and services, and their residents were involved in community affairs in greater numbers.



Onward, Upward

Amazon's share of online retail sales in the United States



How might we use the tools of antitrust law to check Amazon's power?

Today, using large-scale statistical techniques, sociologists have confirmed Mills and Ulmer's broad conclusions, finding, for example, that communities that possess more local economic power are better able to solve problems. But these ideas are no longer reflected in policy. Now, instead of actively seeking to disperse economic power, policy-makers encourage its concentration. Many elected officials are as enthralled with Bezos as his investors are, and they've been equally willing to fund Amazon's growth. Congress has repeatedly declined to pass legislation that would allow states to require out-of-state retailers to collect sales taxes. This allowed Amazon to largely avoid collecting sales taxes for nearly two decades, giving it a price advantage that research shows helped drive shoppers to its site. Then, as Amazon's warehouse expansion began to compel its compliance with sales taxes, the company started angling for local development incentives. It's raked in more than \$1.1 billion through these deals, according to Good Jobs First, and more than half of the warehouses that Amazon built between 2005 and 2015 received public subsidies.

Then, last fall, Amazon set off a frenzied bidding war to land its second headquarters. In the ensuing months, as the leaders of more than 200 cities groveled to attract the company's eye, they sent a clear message to their constituents: Amazon's widening reach is something to be wished for fervently. For Amazon, this public-relations windfall—coming at the very moment when some are beginning to question its power, and propelled, in many cases, by leading progressive mayors—may prove even more valuable than the subsidies that elected officials are offering. And those offers have been astonishingly large: Maryland is dangling \$5 billion, along with close proximity to Congress. In New Jersey, meanwhile, Senator Cory Booker, former governor Chris Christie, and Newark Mayor Ras Baraka put together an offer worth \$7 billion. That's \$2 billion more than Amazon says its new headquarters will cost.

IN JUNE OF 2016, SENATOR ELIZABETH WARREN GAVE a headline-grabbing speech calling for action to check monopoly power. She singled out several dominant companies, including Amazon, noting that "the platform can become a tool to snuff out competition." And she argued that we should use

antitrust policy to break up concentrations of power and broaden opportunity, presenting a progressive economic vision that has more to offer people than simply an enhanced social safety net.

In recent months, a growing number of political leaders have started to make the case for restoring antitrust policy to its former strength and purpose. The US House of Representatives now hosts the newly formed Antitrust Caucus. Its founders include Congressman Ro Khanna (D-CA), who, interestingly, hails from Silicon Valley, and who urged antitrust enforcers last summer to undertake a much more thorough review of the Amazon-Whole Foods merger than they did. Another member is Congressman David Cicilline (D-RI), who's been outspoken about the destructive power of dominant tech platforms to manipulate consumers and impede start-ups. The caucus's first piece of legislation, which would require the antitrust agencies to retrospectively review the effects of mergers they have approved, has been introduced by Congressman Keith Ellison (D-MN), who believes that "massive monopolies are threatening our democracy."

Democrats aren't the only ones pushing for a more muscular approach to monopolies. Missouri Attorney General Josh Hawley, a Republican and candidate for the US Senate, has launched an antitrust investigation of Google.

How might we use the tools of antitrust law
(continued on page 33)

Cornering the Market

A comparative look at Amazon's market value

COMPANY	MARKET CAP. 12/2007	MARKET CAP. 12/2017	% CHANGE
sears	\$12.7B	\$0.44B	↓ -96%
JCPenney	\$10.62B	\$1.04B	↓ -90%
KOHL'S	\$15.5B	\$8B	↓ -47%
★ macy's	\$13.2B	\$7.6B	↓ -42%
🎯 TARGET	\$44B	\$33B	↓ -25%
🏪 BEST BUY	\$21.6B	\$17.6B	↓ -16%
NORDSTROM	\$8.9B	\$7.5B	↓ -15%
Walmart	\$196.3B	\$288.1B	↑ 46%
amazon.com	\$39.6B	\$555.29B	↑ 1,318 %

Source: ycharts.com (values for 2007 and 2017)

Monopolies Harm WORKERS Too

by **BRYCE COVERT**

As industries become more concentrated, workers have less leverage to change jobs and raise their wages.

IN 2009, LEINANI DESLANDES GOT AN ENTRY-LEVEL JOB AT A McDonald's franchise in Apopka, Florida, making \$7 an hour. She advanced quickly and was promoted to department manager of guest services in 2011, a position that paid her \$12 an hour. Not wanting to stop there, Deslandes began the coursework that would make her eligible to become a general manager. The final step was attending a weeklong training at the company's "Hamburger University" in Illinois. But when her supervisors found out she was pregnant, they canceled her trip, making it impossible for Deslandes to fulfill that last requirement.

Frustrated, Deslandes decided to look for another management job. Although she had gained a lot of experience and training, it was mainly applicable to working at McDonald's, so she kept her search within the company. She soon found a manager opening at another location, run by a different franchisee, that started at \$13.75 an hour and would jump to \$14.75 after a 90-day probationary period. That kind of pay meant a 23 percent raise over her current job.

The other franchise was interested in hiring her, but there was a catch. McDonald's franchisees are required to sign a contract with corporate headquarters that includes a "no hire" and "no solicitation" clause stipulating that they can't "employ or seek to employ any person" who is either currently employed by another McDonald's franchise or has been in the past six months.

In order to hire Deslandes, the other franchise had to get her current manager to release her from this clause. But the supervisors at her current job refused the request, telling her that she was "too valuable." So she had to stay where she was, at her lower pay.

Deslandes is now suing McDonald's headquarters over its policy, claiming that she suffered reduced wages and the "loss of professional growth opportunities" due to the nonpoaching agreement. "As part of McDonald's system to maintain its significant competitive advantage...McDonald's has colluded to suppress the wages of the restaurant-based employees who work not only at McDonald's in Orange County, Florida, but also throughout the United States," her lawsuit alleges. "The collusion of employers to refrain from hiring each other's employees restricts employee mobility. This raises em-

ployers' power in the market at the expense of employees and diminishes employee bargaining power." This practice, the suit argues, hurts employees by "lowering salaries and benefits they otherwise would have commanded in an open marketplace." McDonald's did not respond to a request for comment.

Noncompete and nonpoaching agreements like the ones used by McDonald's are meant, in theory, to protect company information—so an engineer who has access to intellectual property developed by, say, Microsoft, may be obligated to wait six months, during which that information will become irrelevant, before taking a job at Apple. But such agreements are now becoming rampant throughout the economy and are frequently applied to workers holding low-wage jobs—jobs without any access to company secrets in the first place.

Last year, researchers found that nearly one in five US workers, or almost 30 million people, are subject to noncompete agreements, including 14 percent of those who make \$40,000 a year or less. Yet less than half of those who have signed them are actually privy to their companies' trade secrets, and that's even less likely for low-wage workers. Other researchers recently combed through franchise agreements at 156 of the largest chains in the country and found that nearly 60 percent included nonpoaching clauses among franchisees similar to what Deslandes faced at McDonald's, including low-wage employers like Burger King and Baskin-Robbins. It's hard to imagine what secrets of ice-cream scooping need to be protected by such agreements; instead, it's likely that they're meant to keep workers stuck in place.

These kinds of agreements, imposed only in order to reduce job-search competition that would otherwise increase workers' wages—whether they block people from moving between companies or from franchise to franchise—are illegal under the Sherman Antitrust Act. A 2016 joint report by the Justice Department's antitrust division and the Federal Trade Commission said as much, stating: "Agreements among employers not to

Nearly one in five American workers are subject to noncompete agreements, including 14 percent of those who make \$40,000 or less.



recruit certain employees or not to compete on terms of compensation are illegal.” And yet they crop up nearly everywhere you turn.

As much of a scourge as non-compete agreements are, they are in many ways just a symptom of a much larger disease sickening the economy: *monopsony* power. That’s not a typo, though “monopsony” is closely related to “monopoly.” Monopoly power allows a company that has eaten up an entire industry to fix prices for consumers, driving them higher than they would be if other companies were able to compete in the same market and offer lower prices. If just one company controls the market for, say, chairs, then consumers have no choice but to pay whatever it charges.

Monopsony power allows that same powerful, concentrated company to fix wages for employees, driving them lower than they would be if workers could bargain more effectively or leave for higher pay at other employers. It means that big companies in highly concentrated industries can act like cartels, compensating employees less because those employees have nowhere else to turn. The skilled employees of that single chairmaker have nowhere else to work in their field, making it riskier to demand higher pay from their bosses and impossible to leave for a better-paying job elsewhere.

So companies get away with forcing employees to sign noncompete agreements, which help keep their wages down, because they are so dominant in their own industries. Indeed, nearly two-thirds of job applicants who signed a noncompete agreement when they were hired had no other job opportunities, leaving them little choice but to accept.

“In terms of suppressing competition, companies agreeing not to compete for each other’s employees is the same as companies agreeing not to compete for each other’s customers,” explained Wharton professor of business economics and public policy Joseph Harrington in 2014. “In the latter case, it results in customers paying higher prices because of the lack of competition, and in the former case, it results in workers receiving lower wages because of the lack of competition.” An issue brief on monopsony power written by the Council of Economic Advisers under President Obama concurred, stating: “[T]hese agreements are often used to create or exercise market power.”

THE QUESTION OF WHY AMERICAN WORKERS’ wages have stagnated for decades even as their productivity—how many goods or services they can produce or deliver—climbed higher has befuddled many an economist and policy-maker. According to the Economic Policy Institute, from 1973 to 2014 most workers barely saw any increase in pay, adjusted for inflation—about a 9 percent raise overall, or just 0.2 percent a year. Yet in



Staying put: Almost 60 percent of the largest chains in the country impose nonpoaching agreements on their franchisees, limiting workers’ mobility.

Big companies in highly concentrated industries can act like cartels, compensating employees less because those employees have no other option.

that same period, productivity rose 72 percent, or 1.33 percent a year.

Now a new answer is coming into view: monopsony power, or the fact that our economy has become so intensely concentrated in so few hands.

In a recent paper, London Business School assistant professor Simcha Barkai attempted to identify plausible reasons for why productivity has become so unmoored from worker pay. Some economists have posited that it’s because companies are investing more of their profits in robotics and automation: This makes them more efficient, which helps increase productivity, but it also replaces human workers.

But Barkai found that even as companies are spending less on wages for their employees, they’re also spending less on capital investment, including robots, machinery, plants, and even research and development. “As workers become more productive, we’re spending less on machines,” he noted.

That led Barkai to a crucial question: “What’s happening with [the money] that’s left over?” he asks. “Is this really covering the cost of the equipment around you, or is this being kept by the firm in the form of profits?” Many workers may already intuit the answer.

This indicates, in turn, that American firms are enjoying strong monopoly power. Any other explanation wouldn’t account for how they can get away with spending less on labor and capital at the same time. “This is the only explanation that allows firms to produce more markups and keep more profits,” Barkai said.

Such concentration “plays a significant role in the decline of the labor share”—that is, the share of money made that workers receive—of companies’ profits, Barkai’s paper states. “Increases in industry concentration are associated with declines in the labor share.”

Barkai examined American industries across the economy between 1997 and 2012 and found that they have virtually all been concentrating. “About 70 percent of industries [saw] an increase in concentration,” he said. “It’s not limited to any sector of the economy,” but holds true from service-sector retail stores to goods-producing manufacturing plants.

Barkai also found that in the same percentage of industries, the share of profits going toward compensation for workers declined over that period. To establish causation, he compared the industries that had concentrated to those that had grown more diverse; labor’s share of profits dropped in the concentrated ones.

Another recent working paper reinforces this conclusion. Economists José Azar, Ioana Marinescu, and Marshall Steinbaum looked at job vacancies posted on CareerBuilder, the largest online jobs board in the United States, between 2010 and 2013. “We did the most straightforward thing you could do from an antitrust perspective: calculate concentration and see if concentration has anything to do with wages,” Steinbaum told *The Nation*. “And lo and behold, it does.”

What they found was not only that most labor markets in this country are highly concentrated, with very few potential employers in most areas for workers to choose from, but that this holds down the level of worker pay. Areas that were more concentrated were associated with a decline in posted starting wages. Since companies “have few competitors among would-be employers, their workers receive few outside job offers and hence can be forced to accept a lower wage,” Steinbaum wrote in an explanation of his work.

The probability that we live in a monopsonized economy illuminates the limits of our current approach to antitrust policy. At present, if one company tries to merge with another, government regulators generally approve the deal if the companies can guarantee that consumers won’t face higher prices or fewer choices. But that doesn’t address what might happen to workers if a competing employer disappears. Virtually no deals have been stopped on this basis in recent decades.

“We have confined antitrust policy, and at least the policy apparatus that deals with monopoly, to a small subset of the issue: ‘What’s the price of detergent and how many options do consumers have?’” Steinbaum said. “But as this new research shows, the harm Americans face goes well beyond what they pay at the checkout line. It also influences what they see on their pay stubs.

“Monopsony power in the labor market does pose a very substantial threat to the consumer-welfare standard,” he added—in other words, the basis of the current approach to regulating consolidation.

Barkai warns there is much we still don’t know about why industries are concentrating and competition is diminishing. And the answer to those questions should inform policy solutions. If large players are colluding and purposely keeping competitors out, the answer could be simply to break them up. But it could also be that, in our globalized, highly technological world, smaller players really can’t compete—which means that breaking up a large corporation might not fix the underlying problem.

However, there are policy solutions to monopsony power, and to monopolized firms’ control over the labor market, that don’t require a complete overhaul of the country’s antitrust regime. Steinbaum has four in mind: increasing the minimum wage; facilitating unionization; implementing a jobs guarantee that would get the economy to full employment; and instituting some sort of unconditional income, perhaps a universal basic income. “The whole issue with monopsony power is that [workers’] power is reduced,” he said. “Any form of unconditional income for workers increases their bargaining power.” If someone knows that she can rely on at least a modicum of money, she has more power to refuse a job that doesn’t pay her what she’s worth. A universal basic income might have allowed Deslandes to quit—or threaten to quit—and focus on finding something better if the McDonald’s franchise refused to increase her pay. A union could have helped her fight for higher wages. Both could help other low-wage workers, like those who have claimed that the fast-food chain Carl’s Jr. held down their wages by barring them from being hired by other franchisees.

In fact, if the economy suffers from monopsony power, that makes an even stronger case for measures like a higher minimum wage and greater union density. In a perfectly competitive market, raising wages for some workers through those outside mechanisms can end up reducing employment or pay elsewhere. “If a market is

monopolized,” on the other hand, Steinbaum said, “wages are already below where they should be.” So a higher wage floor and stronger unions simply bring them back to where they otherwise would be.

Another quick fix has started to spread: ending companies’ ability to require employees to sign noncompete agreements. Massachusetts lawmakers are hoping to pass legislation soon that would ban their use among low-paid hourly workers and limit how long they could be imposed on others. They’re already basically unenforceable in California, Oklahoma, and North Dakota, and other states, including Illinois, Utah, and Washington, have recently considered similar reforms.

Meanwhile, the Justice Department’s antitrust division recently indicated that it will police these kinds of agreements. Assistant Attorney General Makan Delrahim told a conference audience on January 19 that the department has a number of criminal cases in the works over nonpoaching agreements. “In the coming couple of months, you will see some announcements—and to be honest with you, I’ve been shocked about how many of these there are, but they’re real,” he said.

More research will need to be done to determine how monopolized companies are harming the country’s workforce and what we can do to address it. But these ideas have already gained significant traction. “This is definitely an issue that has galvanized a lot of public attention,” Steinbaum said, “and I don’t think that’s going to go away anytime soon. It’s pretty obviously not just a fad, but how the economy works.”

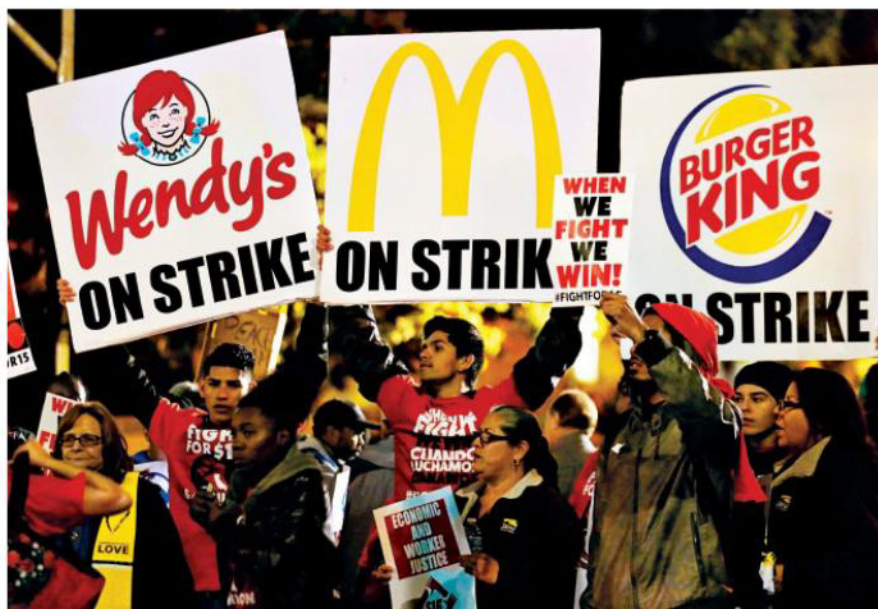
For her part, after being completely stymied in her attempt to secure promotions and raises, Leinani Deslandes finally quit her job at McDonald’s in early 2016. But because her training and experience were only translatable within the company, she had to start all over. She got an entry-level position at Hobby Lobby, the craft-supply chain, making \$10.25 an hour. It represented a fresh start, but also a nearly 15 percent cut in pay—a far cry from what she would have earned at the McDonald’s job she wanted. ■

Bryce Covert is a contributor at The Nation and a contributing op-ed writer at The New York Times.

“Any form of unconditional income for workers increases their bargaining power.”

—Marshall Steinbaum, research director and fellow at the Roosevelt Institute

Losing out: Fast-food workers have found themselves bound by noncompete agreements, which were designed to protect intellectual property.





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credibility of a critical reporter, because the reporter's sister worked at a law firm that sued Clayton. In 2017, Buffett vowed that Clayton Homes would grow, despite admitting that it foreclosed on one out of every 40 properties the previous year—over three times the national average.

Last December, the House of Representatives passed a bill to further deregulate the manufactured-home industry, eliminating consumer protections and disclosure requirements under statutes like the Truth in Lending Act. If the bill becomes law, Clayton Homes salespeople could legally steer borrowers to high-cost loans, which traditional mortgage brokers are barred from doing. As Maxine Waters, ranking Democrat on the House Financial Services Committee, said on the House floor, "This bill makes it easier for financial titans like billionaire Warren Buffett to earn even more profits, at the expense of some of the most vulnerable consumers in this country."

The disparity between Buffett's words and actions is an enduring feature. His main entry into the political arena involves a plea for tax fairness, to "stop coddling the super-rich." But Buffett's third most valuable stock holding (after Wells Fargo and Kraft Heinz) is a \$22.8 billion investment in Apple, perhaps America's most notorious corporate-tax evader, famous for stashing profits in offshore tax havens.

Buffett takes full advantage of tax loopholes. He uses Berkshire Hathaway, a valuable tax shelter, for his investments. The Republican tax bill will save Berkshire an estimated \$37 billion, because the firm habitually defers its tax liabilities, which will now be paid off at a much lower rate. Even the infamous "private-jet tax break" in the bill is really an extrajudicial attempt to settle a dispute between the IRS and NetJets, a private-plane company wholly owned by Berkshire Hathaway.

"I THINK IDOLIZING BUFFETT IS UNHEALTHY," SAYS Robin Harding, Tokyo bureau chief for the *Financial Times*, who offered a rare note of criticism of the billionaire investor in the business press last September. "We should lionize entrepreneurs...who take bold risks by investing to make our lives better," Harding adds. "Buffett's whole method...is to minimize risk by building moats while investing to buy a greater share of what already exists."

Former Supreme Court Justice Louis Brandeis called businesses like Buffett's, which use other people's money to create personal fortunes, the "Money Trust." These financier middlemen "bestride as masters of America's business world, so that practically no large enterprise can be undertaken successfully without their participation or approval," Brandeis wrote. Buffett routinely takes advantage of opportunities unavailable to ordinary investors: The mega-bank Goldman Sachs created an internal "brain trust" solely to pitch deals to people like Buffett. "The kind of trades he does today no one else can do—you gotta be that big," explains David Nelson of Belpointe Asset Management.

Buffett's fortune reflects a change in whom modern capitalism serves. Former labor secretary Robert Reich, whose latest book, *Saving Capitalism*, was recently adapted into a Netflix documentary, explained that the wealth generated through corporations used to be shared somewhat more with workers, communities, and the broader economy in what he termed "stakeholder capitalism." "That changed in the 1980s, when the corporate raiders insisted that CEOs only focus on maximizing shareholder returns," Reich says. "Even if companies wanted to be sustainable,

they're not able to under the current system."

Amazingly, Buffett has spearheaded an effort to promote "commonsense corporate governance principles," joining the CEOs of America's largest corporations, from General Motors to JPMorgan Chase. The group's manifesto states that "[o]ur financial markets have become too obsessed with quarterly earnings forecasts," recommending that institutional investors make informed decisions about the direction of the companies they hold. But this is precisely what Buffett never does; he openly ignores management performance in favor of finding businesses with moats. This has become his perfect excuse: Buffett evades responsibility for abuses of market power, preserving his pristine reputation by passing the buck.

Nor does Buffett acknowledge his role in driving further monopolization. The investment-research firm Morningstar has created the "economic moat" index to track the 20 companies with the highest walls around their businesses. The money-management firm VanEck sells an exchange-traded fund based on that index called "MOAT." Companies like Valeant Pharmaceuticals scoop up lifesaving drugs that nobody else makes and jack up the prices; it's the moat strategy taken to its logical extreme. "We're seeing this almost spontaneous decision across whole industries that they're going to milk existing market positions rather than compete aggressively," Harding says.

What's the answer? First off, aggressive antitrust enforcement. "What the framers of the antitrust laws...were concerned about is unreasonable market power that gives companies the chance to engage in predatory behavior of consumers and political power," Reich says. Companies like TransDigm and Verisign, which exploit their monopolies, should face greater scrutiny. Dominant players in industries like airlines and banks should be downsized. Sprawling investors like Buffett also present concerns. "If we didn't allow Buffett to own substantial stakes in all air carriers, the problem would be significantly reduced," says the University of Michigan's Martin Schmalz.

We must also consider disproportionate capital concentration. The top 1 percent owns a significant portion of all wealth, and it increasingly makes money just from having money. Globally, 82 percent of the wealth generated in 2017 flowed to that top 1 percent, according to Oxfam. Through dividends, interest payments, and rising investments—Buffett-style passive ownership—the holders of capital capture about 30 percent of national income, according to research by Thomas Piketty, Emmanuel Saez, and Gabriel Zucman. "If you're well diversified and you just chill out, you will make a lot of money without doing much for it," says Matt Bruenig, founder of the People's Policy Project.

Bruenig has proposed a wealth tax, with the revenue directed into a stock-accumulating sovereign-wealth fund. Citizens could receive a direct dividend from the gains, the way Alaskans receive a check from the state's Permanent Fund. Instead of someone like Buffett hoarding wealth to extract income, we would all benefit in service to a fairer society. And as with Norway's wealth fund, the government could involve itself more directly in corporate governance, as a countervailing force to shareholder tyranny.

Getting serious about taming monopolies also means ceasing the endless praise of Warren Buffett. Leading Democrats and the press have given him a pass for decades. But the path to solving America's inequality crisis goes through Omaha and the cuddly billionaire whose love of monopoly is contributing to national desperation. "He's a really good investor," David Nelson says of Buffett. "I'm not sure he's much of an example on anything else." ■

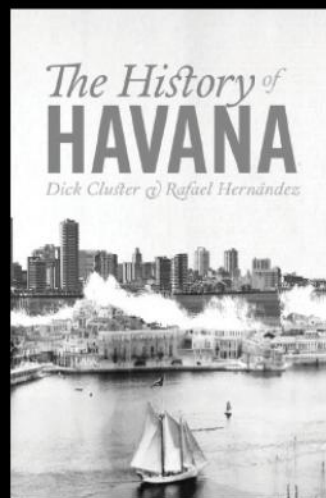
(continued from page 27)

to check Amazon's power? One approach would break the company into two pieces by spinning off its e-commerce platform from its retail operation, thereby eliminating the conflict inherent in controlling market access for one's competitors. We could then designate the resulting platform company as a common carrier, obligating it to offer all sellers access on equal terms, just as we did with the railroads. Alongside this, we need to once again police predatory pricing, the practice of selling goods below cost to drive out competition. Antitrust enforcers and the courts dismissed predatory pricing as a concern in the 1980s on the grounds that the tactic rarely succeeds. Amazon has shown otherwise.

Amazon will undoubtedly respond to any effort to rein it in by making its dominance seem like the inevitable outcome of technological progress. When Bezos was asked several years ago about his company's effect on publishers and booksellers, he responded: "Amazon is not happening to bookselling; the future is happening to bookselling." Bezos would like us to believe that we shouldn't expect to enjoy the benefits of the digital revolution without surrendering our markets to Amazon's control. But history tells a different story: Federal antitrust cases against AT&T, IBM, and Microsoft all produced a surge of innovation and start-up activity in their wake.

Back in Michigan, Lampen-Crowell is eager to compete. He's added a series of injury-prevention workshops to the calendar, along with a schedule of weekly runs with various goals, from improving speed to helping residents stay active during the state's long winters. The question now is whether we as citizens will insist that this business, and many others like it, have a fair chance to succeed. ■

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To start with, how about a huge, sweeping amnesty program whereby all people who are undocumented can become documented by paying, say, \$100 to \$150 for the administrative cost of a Social Security number, all border transgressions forgiven? On the heels of that, let's replace the walls and wires with a bunch more border-crossing points. Hey, Salvadorans, please join us up here! We need you... badly!

BOB POWERS
SPOKANE, WASH.

Charles Murray, Creationist

In response to a detail within the article "Racism by the Numbers" [Jan. 29/Feb. 5]: Charles Murray's belief in the bell-shaped curve of human intelligence is similar to the belief in creationism. From a psycholinguistic perspective, grounded in natural science, the idea that there can be a test for intelligence is no less an abstraction than the notion that there can be a test for the existence of hobgoblins. From this perspective, the word "intelligence" works a bit more logically as an adjective than as a noun. For example, it makes sense to say "He gave an intelligent answer to the question of the reality of global warming." But used as a noun, the idea of a measurable "intelligence" is as ridiculous as the search to find the place where the superego resides in an organism.

The issue is not a matter of free speech, as Murray's defenders frame it. The issue is that an abstraction cannot be measured.

Murray is a social scientist. Until our colleges and universities recognize that social science and cognitive science are both oxymorons, they will continue to invite people like Murray to their campuses to discuss their beliefs.

CHUCK BAXTER
ITHACA, N.Y.

We're With Kap

Thanks once again to Colin Kaepernick for being an inspiration to us all, but especially to young people, by being true to himself ["Leading the Resistance: Colin Kaepernick," Jan. 29/Feb. 5]. Here's another Shakespearean quotation, this one from *Hamlet*. Polonius reminds Laertes, his son, "This above all: to thine own self be true, / And it must follow, as the night the day, / Thou canst not then be false to any man." Kaepernick walks the walk...

BETSY SMITH

About Time

I am glad to see *The Nation* writing about disability more frequently ["Leading the Resistance: ADAPT," Jan. 29/ Feb. 5]. As a disability activist, I've long felt that progressive magazines give disability rights short shrift. Disability health is everyone's health.

STEPHEN KUUSISTO

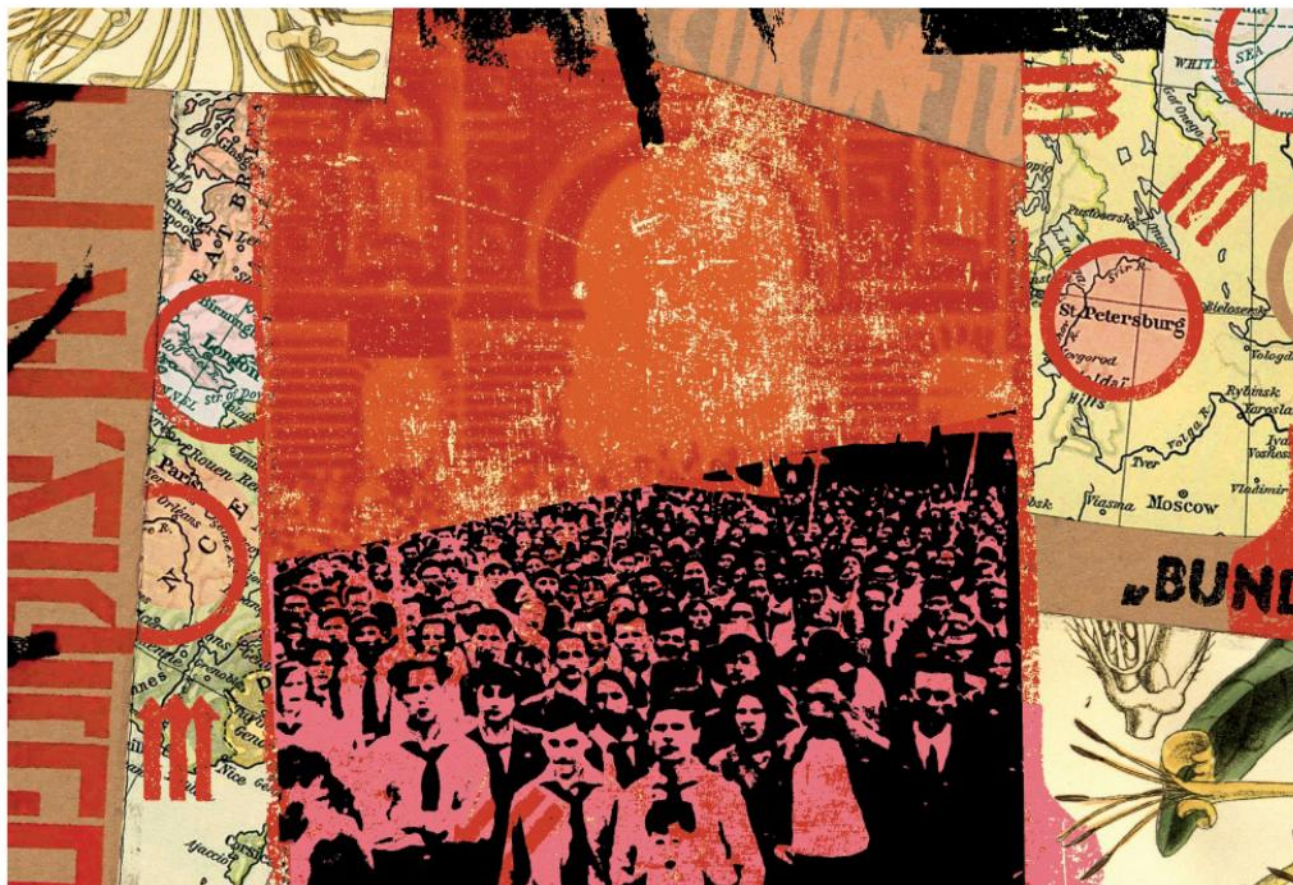
Missed Opportunity

I am a longtime subscriber, a retired lawyer, age 76. I am surprised and disappointed that, as far as I can tell, *The Nation* has not written about Daniel Ellsberg's recent book, *The Doomsday Machine*, based on nuclear-war planning documents he sneaked out of the RAND Corporation at the same time he smuggled out the Pentagon Papers.

One of Ellsberg's duties at RAND was to help Pentagon officials create plans for nuclear war. Ellsberg's book details the scary scenarios plotted out by the rational madmen who plan this country's nuclear strategies and whose actions put all life on Earth at risk. Your omission is puzzling to me.

JOHN F. KLINKERT
LYNNWOOD, WASH.

Books & the Arts.



LIFE AMONG THE BUNDISTS

Through his family history, Mark Mazower maps the upheavals and dislocations of 20th-century Europe and Russia

by SHEILA FITZPATRICK

Mark Mazower, a noted British-born historian of the darker sides of 20th-century Europe, has now turned to the history of his own family, bringing his formidable research skills to subjects that often prove as elusive and ambiguous. The “you” in his book’s title is Mazower’s father, Bill, an enigmatic and recessive figure who, but for his fluent Russian and colorful relatives, might pass for an ordinary Oxford-educated middle-class Englishman. But it is Mazower’s grandfather Max, with his

adventurous, cosmopolitan past and unresolved mysteries, who steals the show.

Part of this is because of the latter’s radical past. Living in Vilna in the early years of the 20th century, Max (born Mordkhel Mazower) was a member of the Bund, a Jewish socialist organization based in the Pale of Settlement in the old Russian Empire whose success in its time was remarkable. By 1905, the Bund’s registered membership was 35,000—almost three and a half times as large as its socialist competitor, the Russian Social-Democratic Labor Party. But its memory has been eclipsed by the achievements of its rivals: The Bolsheviks, a wing of the RSDLP, seized the historical limelight with the October

What You Did Not Tell

A Russian Past and the Journey Home

By Mark Mazower

Other Press. 400 pp. \$25.95

Revolution of 1917, and the Zionists, the Bund’s competition on its Jewish side, similarly cemented their place in history with the creation of the state of Israel.

But another reason for Max’s fascinating appeal is the set of more personal mysteries buried just beneath the surface of his life. Max’s past as a Russian-speaking Jewish revolutionary, almost never discussed with his family, accorded oddly with his bourgeois English present. There was also the child that Max brought back with him from Europe be-

*Sheila Fitzpatrick is a professor of history at the University of Sydney. Her latest book, *Mischka’s War*, was published in the fall.*

fore World War I, who may or may not have been his son, and whose mother's identity was long unknown to the rest of the family.

Mazower tells a story that is both a family saga and something larger. Through Max, he reacquaints us with a forgotten strain of radicalism that once dominated life in the Pale. Through the stories of the Toumarkines, the family of Max's wife, Frouma, Mazower gives us a glimpse of the other realities that Max and his descendants might have experienced had they either remained in the Soviet Union or become part of the Russian emigration throughout Europe. Mazower's painstaking detective work solves some of the mysteries around Max's life; others remain unsolved but will resonate in the reader's memory.

Mordkhel Mazower was born in Grodno around 1874. After his father's death, when Mordkhel was about 14, he moved with his mother and younger siblings to Vilna (now Vilnius), a city outside the Pale but with a large Jewish population. Max, as he styled himself from this period on, seems to have had little formal education, yet he somehow quickly acquired good Russian (the family's language in Grodno was Yiddish) and the manners and bearing of a Russian intellectual. Smartly dressed in a tie and high-buttoned waistcoat, with a neatly trimmed mustache and goatee, Max was almost a dandy—an appearance well suited to a young man with prospects who had secured a responsible job with a solid Jewish shipping company.

But this up-and-coming young man, like many of his Jewish contemporaries, was also a socialist. Not only did Max join the Bund, but he was active in its illegal revolutionary organization. His underground career included two terms of administrative exile to Siberia and involvement as a Bundist organizer in the Lodz uprising in 1905. After escaping from Siberia for a second time, Max, like many others in the dispiriting years after the failure of the 1905 Revolution, moved out of the realm of clandestine revolutionary politics and back into the business and professional world aboveground.

For Max, this meant a London-based job working for the Yost Typewriter Company, which was keen to expand into the Russian market and valued his Russian-language skills. This was the beginning of Max's residence in England, which lasted until his death in 1952, but it was not the end of his trips to revolutionary Europe and Russia. Shortly before the First World War,

the Yost company sent Max as a typewriter salesman to the Russian capital of Petrograd (formerly and subsequently St. Petersburg), where he witnessed the Bolshevik takeover in October 1917. He returned to Russia a few years later, this time on a trip to Petrograd and Moscow as the representative of a steel manufacturer in Sheffield.

It was on one of these sojourns that Max met Frouma Toumarkine, the well-educated daughter of a Russian Jewish merchant family with socialist sympathies, who was then a young widow with an 8-year-old daughter. They married in 1924, when Max was 50, and he brought his (non-English-speaking) bride and her daughter to London, installing the family first in rented accommodations around Hampstead Heath and later in a home of their own on Oakeshott Avenue, one of a row of mock-Tudor houses with generous private gardens hidden in the back.

Max and Frouma's marriage was evidently a happy one, and it brought him a more settled, if less exciting, life. In 1925, the couple had their only child, William Joseph, Bill for short. (His middle name was that of his grandfather, and his first was taken from Shakespeare, one of the few English names that his mother knew at this point.) Frouma soon learned English but never lost her heavy Russian accent, while Max apparently spoke English like a native (albeit an educated and middle-class one) and dressed to the end of his life neatly and formally in three-piece suits, his jackets buttoned high.

Despite the bourgeois appearance of the Mazower family, 20 Oakeshott Avenue became (thanks

to Frouma) a warm and welcoming place for Bundists and, increasingly throughout the 1930s, for Jewish refugees from the continent. The Mazowers' circle included Vera Broido, a Russian writer and Menshevik married to the historian Norman Cohn, and Emma Goldman, whose work for the anarchists in the Spanish Civil War brought her periodically to London. But much of the rest of their milieu was Jewish Highgate and Golders Green; their friends had leftist sympathies but were rarely political activists. Instead, as Mazower reports, they included "businessmen, more or less successful, import-export traders in timber or coal...a tailor

and a pioneering Yiddish art critic."

Eventually, the Great Depression would hit Max hard and he would suffer from increasing ill health, though he remained a businessman to the end. Max died in 1952, six years before the birth of his first grandson, Mark.

Adistant, elderly father, Max was uncommunicative about his past, and his son Bill was perhaps too incurious to ask. So it was left to Mark to chase down material for the family history from archival sources, as well as from the memories of more distant relatives. His narrative, as befits current biographical fashion, includes much detail on his unsuccessful efforts as well as his successes. The reader becomes used to leads that end up going nowhere and to documents, unearthed with difficulty, that infuriatingly fail to resolve the author's problems—"a useful reminder," Mazower notes, "that archival sources raise as many questions as they answer."

With his father, Mazower had more immediate access. But there were still plenty of things left unsaid. Bill grew up fluent in Russian and French (on Frouma's side, there were family connections to the Russian émigrés in France) but was otherwise "indistinguishable from any English boy of his age," with a liking for cricket, gardening, and tinkering. There were also, however, Bill's two half-siblings—Frouma's daughter Ira and André, whose relation to the family was somewhat unclear—who were decidedly more exotic, and

Mazower has done extensive research on these two. Ira, who was nine years older than Bill, was apparently quite close to her half-sibling when he was growing up, but as an adult she came to espouse values—elegance, fashion, dramatic self-presentation, social status, and money—that were alien to many in the family, so much so that Mazower remembers that, in her periodic visits to Oakeshott Avenue, Ira was "disdained" by Bill and his family. André, the other older half-sibling, had a troubled relationship with Max and not much of a relationship at all with Bill, who was 16 years younger. Away at school and university for most of the time that Bill was growing up, André hovered "like a sort of specter in the background." In later life,



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—Marilyn S., Ohio

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he changed his name, settled in Spain, converted to Catholicism, and became a right-wing anti-Semite.

The great mystery of André, which preoccupies the author as much as it did André himself, concerned who his parents were. Since Max had brought him to England as a baby just before the First World War, the presumption was that Max was his father, though André himself later questioned this. But finding out who André's mother was proved to be one of Mazower's historical-research tours de force. Her name was Sofia Krylenko, and—satisfyingly, from a biographer's point of view—she turns out to have been the sister of Nikolai Krylenko (a Bolshevik leader who won fame—or infamy—as a public prosecutor in political cases), Elena Krylenko (who married Max Eastman), and Olga Krylenko (the secretary of Lev Kamenev, a member of Lenin's Politburo and a sometime political opponent of Stalin). In one of those “small world” coincidences that occur in histories of the international left, Sofia was also at one time a close friend of Asja Lacinis, the Latvian femme fatale with whom, in the 1920s, Walter Benjamin fell in love, and she was herself a deeply committed revolutionary prone to extremism and with an aversion to domestic life.

The circumstances of Sofia's relationship with Max, and how Max ended up with her baby, remain murky, and Mazower never quite tracks down any answers in this regard. Always considered somewhat crazy by her family, Sofia spent her later years in the Soviet Union, where she was eventually committed to a mental hospital, probably for a combination of medical and political reasons, not long before her Bolshevik brother Nikolai was executed as an enemy of the people.

Frouma's extensive family—five siblings in Russia, as well as two in Paris—is equally thoroughly researched, and through it we get an even fuller portrait of the Russian left's history. One of Frouma's siblings married an ex-Menshevik economist who, but for his refusal to testify, would have been a star witness in the so-called “Menshevik trial” in 1931, prosecuted by none other than Nikolai Krylenko. Still, when family communication between Britain and the Soviet Union—interrupted in the late 1930s—was resumed at the end of the 1950s, it turned out that “the Terror had struck the family, but the Toumarkines had risen in Soviet society nonetheless.” Among the success stories were an eminent pediatrician

and Frouma's remarkable younger sister, Natalia, who became a doctor in the NKVD service, working in the postwar years in a Krasnogorsk camp where her patients included Field Marshal Friedrich Paulus and other German POWs, who remembered her as “the angel of Krasnogorsk.”

According to Mazower family lore, Natalia had met her third (and last) husband, an engineer named Magnitov, when they were both working on the NKVD's Volga-Don Canal construction project, she as a doctor and he as a prisoner. This information startled me. In my capacity as a Soviet historian, I had also encountered Magnitov:

He was one of the rehabilitated “bourgeois wreckers” whose story was featured in a famous work of Soviet propaganda of the early 1930s, *Belomor*, co-edited by Maxim Gorky. According to the *Belomor* account, the construction site in question was the White Sea-Baltic Canal, not the one connecting the Volga and the Don farther east, and Magnitov makes his cameo appearance as a former bourgeois so completely rehabilitated by labor that he has become a new man: “Engineer Magnitov thinks of the old engineer Magnitov, and for him that person is already alien. Magnitov calls that person ‘him.’” That this beneficiary of Soviet reeducation ended up marrying into the NKVD adds another dimension to the concept of rehabilitation.

Altogether, the Mazower-Toumarkine family networks are fascinating, all the more so because of their members' habit of tangentially encountering celebrities. Bill was not like this. Even when, as at Oxford, he involuntarily brushed shoulders with the famous, or those soon to be so, he took care not to cultivate them. (“In general, those men Dad was drawn to tended not to be intellectuals nor to achieve fame afterwards,” Mazower notes.)

This likable trait can nevertheless be frustrating for the biographer son. Bill clearly did not want a life of celebrity, drama, and adventure. When asked in his university-admissions interview which century he would have liked to have been born into (in England, it went without saying), he answered the late 18th century, because

of its calm and civility. Still, Oxford was a “liberation” for him, as Bill told his son in a rare personal statement, partly because it was the first time in his life that he had come across girls. Overall, his years at Oxford

were gregarious and happy ones, despite the fact that he and

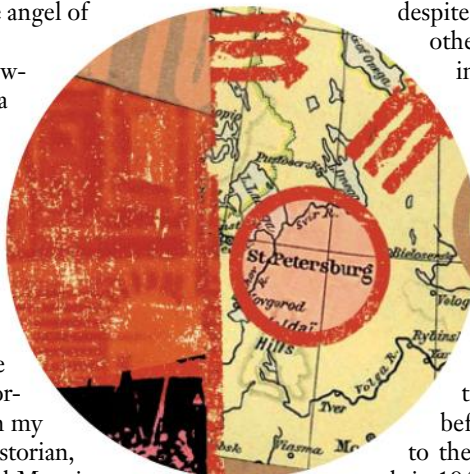
other young men were living under the shadow of the Second World War, then ongoing, and imminent call-up into the armed forces.

Bill served in the Home Guard in the last year of the war and was then sent for officer training at Sandhurst before his appointment to the Royal Corps of Signals in 1946 (he had added some

engineering training to his Oxford studies of history and Russian). Service in occupied Germany with the British Army of the Rhine followed, an experience that he found depressing. Demobilized in 1948, Bill returned to Oxford for a year and then went out into the world as a trainee manager with Lever Brothers, where he worked for 30 years, mainly in a London office supervising the construction of breweries in West Africa.

At wartime Oxford, Bill made friends with a number of middle-class non-Jewish Englishwomen, internationally minded, energetic, and nonfrivolous (unlike his half-sister Ira)—women who “valued the arts and self-improvement, and took the politics of the public good seriously.” But he seems to have had no thought of marrying any of them, telling his mother “in all seriousness” (she obviously found his earnestness rather funny) that “he would not marry until the end of the war, having no desire to leave a widow.”

After demobilization, however, Bill's time had come. The Mazowers moved largely in Jewish circles, even if his parents shared what the author calls “the whole Bundist suspicion of more or less any form of organized religion.” (When Mazower asked his father what Jewishness meant for him and his parents, “given their Christmas trees and Easter feasts, an unease with Jewish festivals and total horror of synagogues,” Bill replied that it was “chiefly that sense of solidarity that he and his parents had felt with the refugees trying to escape Germany and Austria after the Nazis came to power.”)



And so, when it came time to choose a wife, Bill selected a young Jewish woman—the daughter of a small textile manufacturer in Manchester and the granddaughter of the Yiddish writer Sholem Asch—whom he had met through friends of his mother: “old-fashioned matchmaking in the Eastern European style.” The pair got married and went to live in Golders Green, only a few miles from 20 Oakeshott Avenue, in a very similar house with a big garden at the back.

Telling the story of his father, Mazower faces several quandaries: How do you write of a life characterized not by high drama and violent upheaval, but by “resilience and tenacity and the virtues of silence and pragmatism and taking pleasure in small things”? And how do you penetrate the defenses of someone who, when pushed to talk about himself, tended to “shift from the personal to the sociological with the speed of light”?

Mazower recognizes these problems at the outset but never fully overcomes them. With a “surface diffidence and modesty and courtesy that masked, in the right circumstances, a real underlying warmth and slight

melancholy and the desire to help and be useful,” Bill remains largely a closed book to us, for all his son’s efforts.

At least in part, this may be because of Mazower’s implicit policy not to introduce the living members of his family as important figures in the story. As a result, we never see Bill’s interactions with anyone in his immediate family except his wife (from her letters to her own mother and siblings) and the author, on a one-to-one basis rather than as part of a broader family dynamic. The father-son relationship that the author describes has the very English quality of reticence, marked by a respect for the other’s privacy and a lack of easy physical intimacy and overt expressions of love.

These same qualities no doubt explain Mazower’s unwillingness to probe further in his interviews with his father, but he has at least, in writing this book, found a way to express his great affection for the man. This comes across especially in the last chapter, “The Shed,” though here, too, Mazower treads lightly: The portrait is less of his father than of his father’s workplace in the back garden of their home, and it is not so much the words that are moving as the author’s

unexpectedly beautiful photographs of tools neatly arranged, carefully labeled containers on shelves, and honeysuckle growing around the shed door.

These were the small things that his father took pleasure in, the place where he made himself useful to the family by repairing what was broken, just as he had done as a helpful child in his mother’s house down the road. To be sure, it was a far cry from the grand passions and conspiracies of revolution that had once animated his own father, Max, or even the upheavals and privations experienced by his mother’s siblings in the Soviet Union and as émigrés in France. But that distance was Bill’s choice, a way of handling a family history that he didn’t disown but also internally resisted.

Mazower, one suspects, had his own internal conflicts about writing on such personal topics. His book places his family history firmly within the dark history of 20th-century Europe of which he has written so compellingly. Yet he ends *What You Did Not Tell* not with a gloss on history but with a tribute to the reticent English father who did his best to turn away from the dark. ■

What Axes Are Good For

is murdering unguarded presidents
of countries you were not born in.
This is a reminder that I was not born
here or at all I stumbled into this limp
living like a glue trap & since then
I’ve dragged what remains of my torso
behind me like a soiled bridal train.

When my parents got married
the crowd flung axes instead of rice.
After the divorce they spent their last
night together unsheathing the rusty
blades that had since scabbed over
from each other’s backs. Once upon
a time I was small & would fold
my single stolen skirt into the soft
shape of an axe, then hide it under
my bed. All known futures & models
of physics agree that loving anything
forever is difficult: your husband
whines about dinner, the winters last

too long to care about the miracle
of snow, & by the time you spot
your senator in the grocery store
you’ve already started stripping
off your clothes. Axes it’s said last
longest when kept under your pillow
they guard your brain the president
of your body & I was not born I was
numbed into boyhood by some dumb
government of no mothers

like the woodsman whose dark-haired
god stuck thumbs in his belt loops
& forged a new commandment
about reading & the sea next winter
so the woodsman took from the bed
his prizewinning axe & hacked
the ice from his skull.

BRAD TRUMPFHELLER



SOMEWHERE IN BETWEEN

The rise and fall of Clintonism

by RYAN COOPER

In 1993, Vice President Al Gore took part in an unusual debate about trade: He went on Larry King's CNN show to spar with Ross Perot—the third-party candidate President Bill Clinton had beaten in the previous year's election—over the impending North American Free Trade Agreement. During the campaign, Perot had warned that NAFTA would create a “giant sucking sound” as high-paying manufacturing jobs drained out of the country. About a year later, Clinton was trying to push it through, and so Gore was dispatched to debate NAFTA's most high-profile opponent.

Most observers concluded that Gore won handily. But he didn't convincingly put away Perot's arguments; instead, he took his

opponent down with a lot of cheap rhetorical tricks—most especially, baiting Perot's notorious temper by constantly interrupting him. Perot's peevish “Could I finish?” was turned into a punch line by comedian Dana Carvey, and that was that. It was a tactical success for Clinton, who wanted to build a new base for his party among the executive and financier class and high-income voters. NAFTA was eventually approved by the Senate and signed into law by Clinton on December 8, 1993.

In the end, however, Perot turned out to be more right than wrong about NAFTA—and not only on economic but on political terms. While NAFTA's overall effects weren't that large, there were far bigger losses after Clinton signed another trade deal, this time with China, in 2000, and the wreckage left by the outsourcing and deindustrialization that followed would come

Bill Clinton

By Michael Tomasky
Times Books. 208 pp. \$25

Shattered

Inside Hillary Clinton's Doomed Campaign
By Amie Parnes and Jonathan Allen
Crown. 480 pp. \$28

back to haunt his wife in the 2016 election. The Democrats' embrace of free-market policies, which reached its apex under Clinton, may have helped rejuvenate the party in the 1990s and early 2000s, but that embrace has now crippled it. Hillary Clinton's shocking loss to Donald Trump—whose signature economic pledge was to reverse the “bad deals” of the past few decades—simply highlights a generation of Democratic Party politics that has now come crashing to an end.

Ryan Cooper is a national correspondent for The Week.

Two new books help fill in the details of the rise and fall of Clintonian economics and politics: *Bill Clinton*, a short biography by Michael Tomasky, and *Shattered*, a narrative account of Hillary's 2016 election loss by Jonathan Allen and Amie Parnes. These demonstrate neatly how Clintonism—a politics of triangulation in a neoliberal age—eventually undermined itself.

As its title suggests, Tomasky's volume—an entry in the Times Books series on American presidents—is a brief, crisp, and overly sympathetic telling of Bill Clinton's story. It covers, with aplomb, his early career as Arkansas governor, his long-shot campaign for president, and his later career as a globe-trotting philanthropist. At the center of the book, however, is not only the tale of a president from a town called Hope but also the outlines of how Clintonism, as an expression of post-welfarist liberalism, came into being.

Early in his presidency, Clinton developed what would become the key feature of his politics: Recognizing that the New Deal coalition between Southern Democrats and the Northern working class had fallen apart, he set out to win over those people who voted for the GOP. This required triangulation, especially in a context in which the free-market right had won a near consensus over the perceived failures of the welfare state. As Tomasky argues, Clinton was genuinely concerned with improving the lot of working-class Americans. Yet all of his policies to that end were hemmed in by a neoliberal framework that had been embraced by both sides of the aisle by the 1990s. Sometimes this was against his wishes—when discussing his first budget, Clinton famously complained, “You mean to tell me that the success of my economic program and my reelection hinges on the Federal Reserve and a bunch of fucking bond traders?” But it also became a central feature of Clintonism.

This economic straitjacket was the result of a fight that had started decades before. After the Great Depression and the Second World War, classical laissez-faire economics had been profoundly discredited, and the Democratic Party had come to accept that strict controls on the markets and protections for workers—in the form of pro-union legislation, the regulatory state, antitrust policy, and so on—were needed to moderate the ruthless swings of capitalism.

But many still hated the New Deal—and that included a faction within the Demo-

cratic Party. When, in the mid-1970s, the United States suffered the twin problems of high inflation and high unemployment—or “stagflation”—these anti-New Dealers pounced. Blaming the problem on New Deal structures, they insisted that only deregulation, union-busting, and tight money would restore growth and stabilize prices. Under the direction of Al From and his Democratic Leadership Council (DLC), of which Clinton was a charter member, this group of “New Democrats” consolidated in the 1980s and gradually rooted most of the old New Dealers out of leadership roles in the Democratic Party, and eventually out of the party altogether.

Democratic presidential candidates from 1976 on were, on the whole, increasingly neoliberal. Clinton's victory proved that they could win, and his reelection—the first Democrat reelected after a full term since FDR—cemented the idea that the New Deal was dead and buried. By the late 1990s, only a handful of stubborn populists—for example, Paul Wellstone and Howard Metzenbaum—clung to the New Deal tradition.

From his election in 1992 until his wife's defeat in 2016, Bill Clinton's New Democrats would have a stranglehold on what was considered politically serious among Democratic elites. His “Third Way”—also embraced by Tony Blair in the UK and Gerhard Schröder in Germany—was seen as a compromise between old welfare-state politics and the more brutal right-wing neoliberalism of Ronald Reagan and Margaret Thatcher. But the old New Dealers would not have allowed bond traders to have a veto over economic policy, whereas Clinton's Democratic Party had come to accept, or even champion, the idea that one could not meddle with the financial system without causing disaster.

The ideological clout of neoliberalism became even clearer in other places. Clinton pushed through NAFTA against the wishes of both a majority of Americans and his own party's caucus. He campaigned on, and eventually signed, a welfare-reform bill against the wishes of many of his advisers—even including the financial titan Robert Rubin. Policies like free trade, financial deregulation, and forcing the poor into the labor market so that they could earn “a paycheck, not a welfare check,” as Clinton put it in his press conference announcing welfare reform, were thought to be matters of simple economic necessity, no matter how unpopular they might be. Poor people must take their tough medicine, the think-

ing went, so that we could have growth and jobs.

Tomasky is much too charitable about the effects of welfare reform, which changed Aid to Families With Dependent Children from a federal entitlement program to a state block grant, built in several new eligibility requirements, and capped spending. He writes that while benefits “were slashed dramatically” in some states, in others “the results were tolerable and sometimes even good.” In reality, the overall result was an increase in extreme poverty of roughly 150 percent—and even if states tried to preserve the generosity of the original program, the spending cap made it impossible to respond when economic disaster struck. Today, the replacement welfare program helps few poor families.

But assessed on the DLC's terms, welfare reform was a classic success. Bob Dole, the Republican senator from Kansas who would become Clinton's opponent in the 1996 election, “had nothing, really, to run on,” Tomasky writes. All the president had to do was betray a few million of the poorest people in the country. Clinton did support a few policies that sought to assist the “deserving” poor and working class, but only if they could fit within the New Democrats' market assumptions. For example, he championed and passed a significant boost to the Earned Income Tax Credit (EITC), so that poorer people with at least some work would keep more of their wages at tax time, but he necessarily left out the very poorest families that traditional welfare had benefited.

All of this seemed fairly reasonable at the time, since it appeared that the New Democrats' policies were delivering the goods. The basic bargain that the New Democrats proposed during the Clinton presidency was that, if the nation sacrificed the old New Deal structures, growth and jobs would follow—and the people left behind could be rescued with narrowly means-tested handouts like the EITC. Clinton also had the good fortune to preside over a tremendous boom in the high-tech industries, and even better luck when Alan Greenspan, the former Ayn Rand acolyte in charge of the Federal Reserve, decided to keep interest rates low in 1996 to see how hot the economy could run without rapid inflation. The result was the fastest sustained economic growth in 20 years—but this time with rock-stable prices and low unemployment.

As a result, Clinton became tremendously popular, which went no small distance to-

ward buoying him up through the Lewinsky scandal, which consumed the final years of his presidency. Many Republicans—including House Speaker Newt Gingrich, who was cheating on his own wife at the time, and chief deputy whip Dennis Hastert, who was later revealed to be a child molester—were quite obviously unconcerned with the actual moral lapse at hand. But some liberals also sacrificed principles on the altar of political expediency. Gloria Steinem, for instance, leveraged her feminist credentials in a now-infamous *New York Times* op-ed to excuse a president conducting a wildly inappropriate affair with a 21-year-old subordinate.

But despite his caveats, Tomasky also comes down on Clinton's side. While he knocks the 42nd president for being "unfathomably irresponsible," he also faults the Washington press for pursuing Clinton with an unhinged hysteria, as well as the conspiracy of Republican hacks who searched relentlessly for some pretext to drive him from office. Those are fair qualifications, but, like Steinem, Tomasky doesn't really grapple with the fact that the Lewinsky affair wasn't just a private sexual indiscretion; it was an abuse of power. Worse, he doesn't even mention Juanita Broaddrick, who plausibly alleges that Clinton violently raped her in 1978. Like too many liberals, Tomasky has allowed the unfairness of the Republican campaign of dirty tricks to lead him to underplay the extent of Clinton's abuses.

Tomasky is right to conclude that such tactics did win the political argument for the Democrats: "The American public had clearly decided that Clinton was a good president who had rescued the economy and, even if he did diddle around with this intern, they didn't exactly approve of course but it simply wasn't a high crime or misdemeanor warranting his removal from office." Not for the last time, Republicans badly overreached and paid a political price, at least in the short term. In retrospect, however, it was a Pyrrhic victory: There were serious structural problems festering below the surface of the Democrats' economic and political achievements.

The engine of neoliberalism, in both its left- and right-inflected versions, is money. Deregulating finance and busting unions, for example, leads to rapid increases in the share of income going to corporate executives and shareholders, who can then put that money behind more neoliberal policy. The result is

a self-perpetuating cycle of inequality.

There was genuine ideological zealotry behind the neoliberal turn in the 1970s, but the fuel behind it was (and remains) the money of the ultra-rich, especially on Wall Street, which goes to campaign contributions as well as funding various think tanks, political nonprofit groups, and economics departments.

Clinton was no exception—in some cases, his policy amounted to top-down class war. In particular, he cemented the idea that antitrust law should mostly be abandoned as a bipartisan consensus. Only upper-class power can explain the wide acceptance of Robert Bork's absolutely preposterous attack on antitrust law as somehow harming the consumer.

Worse still was Clinton's approach to finance. He signed broad financial deregulation in 1994 and again in 1999, both times resulting in a wave of consolidation across the industry. Wall Street got huge—and hugely profitable, soaring to a peak of around 40 percent of corporate profits after the second round of deregulation. One resulting irony was the increasing fragility of the financial sector, leading to failures requiring more government intervention. This was clear during Clinton's presidency with the huge failure of Long-Term Capital Management in 1998—with contagion averted only by a bailout coordinated by Greenspan's Federal Reserve. But that, of course, was only a tiny preview of the literally trillions in cash and credit that was jammed into the failing financial system during the 2008 crisis.

That process was started by George W. Bush, but it was Barack Obama who would oversee the full response to the crisis. In doing so, he followed the Clinton playbook almost to the letter—and in the process he became the fullest incarnation of Clintonism. In terms of raw political talent, Obama was head and shoulders above either Clinton or, indeed, every president since Franklin Roosevelt: An oratorical grandmaster, an inspirational organizer, and personally squeaky-clean, he sought to create a bipartisan politics that might transcend (one could also say "triangulate") differences on the right and left. Partly as a result,

Obama managed to deliver on health-care reform—long the liberal lodestar.

But unlike the Clinton presidency, Obama's strain of New Democrat politics, implemented in the wake of the 2008 crash, did not deliver the economic goods as advertised. Both output and job growth were pathetically weak after the immediate crisis and remained so throughout Obama's two terms. Not only was there no catch-up growth to heal the damage of the Great Recession; it has actually been far below the postwar average. As a result, today American output is further below the pre-2007 trend than it was in 2010. How-

ever, corporate profits, which had dipped badly during the crisis, quickly soared to the greatest fraction of total output in postwar history, and have stayed nearly that high.

Despite the absence of tawdry Clinton-style personal drama, Obama turned a blind eye to far more fundamental ethical violations. The upper class now had a veto over the rule of law itself, as the Justice Department demonstrated that criminal law essentially no longer applied to the economic elite, particularly in finance. In contrast to the savings-and-loan crisis in the 1980s and the Enron debacle in the early 2000s, virtually no one went to jail as a result of the 2008 crisis. The Justice Department leveled wrist-slap fines for things like market rigging and even money laundering for the drug cartels. Worst of all, it did almost nothing to halt the systematic mortgage fraud that swept the nation after the financial crisis, as banks foreclosed on millions of people with blatantly forged documents. This added terrific economic damage to what had already been done to the rule of law.

The reason for this was simple: Obama's top priority was to protect the gigantic, top-heavy financial system at all costs. Banks weren't compelled to absorb the losses from the burst housing bubble, which were pushed onto homeowners instead. As Treasury Secretary Tim Geithner told Elizabeth Warren, then chair of the Congressional Oversight Panel, in 2009, foreclosure policy should merely "foam the runway" and provide the banks with a safe landing. Meanwhile, the sheer size of the system led to a widespread



fear of financial instability if crimes were punished, as Attorney General Eric Holder testified to Congress in 2013.

The president's signature health-care reform shared a similar defect. In order to make it attractive to the economic elite, Obama negotiated by preemptively buying off well-heeled interest groups, from medical providers to insurance companies. The result, while undoubtedly a sharp improvement over the status quo, was a plan that didn't cover even half of the uninsured population. Its jerry-built individual markets proved complicated and difficult to implement (not to mention obnoxious), and their resulting unpopularity sandbagged the law's political strength. Notably, the expansion of the more social-democratic Medicaid program proved far more successful and popular than the Obamacare exchanges.

The economic and political costs of the New Democrats' neoliberal policies provide a good interpretive context for understanding Hillary Clinton's defeat last year, which is compellingly narrated in *Shattered*. Naturally enough for a book so closely concerned with the campaign's minute-by-minute details, Allen and Parnes suggest that Hillary's poor tactical decisions and chaotic staffing played a large part in her defeat. And they're not entirely wrong.

The Clintons, for instance, were obsessed with personal loyalty. Two of Hillary's aides created "loyalty scores" for members of Congress after her failed 2008 run, and, according to *Shattered*, Bill even helped knock some of the lower-ranked officials out of office by campaigning against them in primary elections. This made the Clintons' entourage extremely reluctant to give Hillary bad news, or to dish to the press about incompetent management, for fear of retribution—all of which led to a variety of blind spots in the campaign. "It was a self-signed death warrant to raise a question about Hillary's competence—to her or anyone else—in loyalty-obsessed Clinton-world," Allen and Parnes write.

But the deeper problem with Hillary—unlike FDR or Lincoln—was that she was an unpopular candidate *because* of her politics. The most shocking evidence of this is the decision by Clinton's team to limit her campaigning in Michigan. "Our strategy was from all the data we saw," one unnamed source from the Clinton world explained to Allen and Parnes. "Every time there was a mention of the election there, we did worse. To make the election a bigger deal

was not good for our prospects in Michigan." Perhaps their source wasn't wrong: Despite having campaigned very heavily in Pennsylvania, she lost there, too—and it seems unlikely that any number of personal appearances would have helped her in those Rust Belt states.

Still, a politician who avoids campaigning in a particular location because she fears that doing so will cause people to vote for her opponent is about the most fundamental political failure possible.

What happened? The answer is that the basic premise of Clintonism had collapsed. Instead of being politically advantageous to triangulate between the interests of upper-class-friendly neoliberalism and the Democrats' traditional working- and middle-class base, it became a huge liability.

Even though the primary campaign against Bernie Sanders resulted in a pretty good Democratic Party platform for Hillary in the general election, much of her advertising focused on personal attacks instead, and she was a singularly noncredible messenger for it in any case. After her long career of buck-raking speeches, top-level political jobs, and hobnobbing with the world's cosmopolitan elite, Hillary was perceived—unalterably, and only somewhat unfairly—as the candidate of the despised status quo. She wanted to be president for the same reason every major politician does: personal ambition. But she couldn't grasp the depth of the New Democrats' failure, much less articulate a convincing way to fix it. Occasionally, this seemed to break through even to Hillary's staff. The first step in launching a campaign is to advocate a political vision, but Allen and Parnes report a top aide saying critically of Clinton: "I would have had a reason for running, or I wouldn't have run."

This allowed Donald Trump to get to Clinton's left on economics, especially trade, and to win the three critical Rust Belt states through a combination of peeling off a small minority of disgruntled Obama voters; capitalizing on depressed turnout and defection to third-party candidates among the Democratic base; and banking on the fact that most Republicans are perfectly fine voting for an incompetent game-show host, with a mile-

long history of sexual-assault allegations, who is constantly spewing gutter racism.

Through a sustained campaign of political battering, an updated flavor of laissez-faire has become the hegemonic ideology in both parties. It was generally agreed that you could not run afoul of its basic postulates and still win—indeed, the New Democrats thought it would be affirmatively bad to do so.

But neoliberalism has now led to economic disaster in almost exactly the same fashion as its 1920s ancestor: skyrocketing inequality, a bloated and crisis-prone financial sector, and a gigantic economic collapse. In the 1930s, New Deal Democrats realized that the correct approach was not to accommodate the economic elite but rather to bring it to heel. Wall Street was

chained, monopolies were either broken up or sharply regulated, and upper-class power was constrained with sharp increases in taxation. Meanwhile, working-class and middle-class power was bolstered through new legal protections for unions, new social-insurance programs, and benefits like the GI Bill.

In similar circumstances, the Obama Democrats—following the basic formula of Clintonism—rescued the banks with gobs of public money. They did not return to vigorous antitrust enforcement. They largely stood aside while financial criminals plowed a ragged hole through the rule of law. The Dodd-Frank financial-reform bill, though it did many laudable things, did not meaningfully restrain Wall Street's power. (And many of its key regulations were effectively slow-walked by Obama's regulatory czar.)

This disastrous record proved to be Hillary's main problem in 2016. Unlike Obama, she had all the Clinton baggage, yet without her husband's personal touch or charisma. Suddenly bereft of anyone to sell it, the economic record of the Democratic Party stood on its own—and the party lost to the most unqualified buffoon in the history of presidential politics (helped by FBI director James Comey and Russian hackers, it should be noted). At this point, it should also be clear that the route to long-term electoral success lies not in dou-



bling down on Clintonism, but in returning to New Deal-style policy and politics, updated for a modern age (especially by removing the racist elements intended to appeal to Southern Democrats in the 1930s and '40s).

But it's worth considering one final point: that the basic premise of Clintonism was never true. It was never necessary to bow before neoliberalism to achieve growth and employment. Indeed, the phrase "stagflation" is somewhat misleading, since growth as such was never the problem. While the 1970s did have high inflation and unemployment, it was a high-growth decade—average real GDP growth per year was higher than in the 1980s and much higher than in the 2000s or '10s. The decade's real problems were the oil shocks, the continued wasteful spending on the Vietnam War, and a huge surge into the labor force as women got jobs en masse and the baby boomers came of age at the same time. Super-high demand led to rising prices and fast growth, but there still weren't enough new jobs to completely absorb a huge increase in the working-age population. All this caused a reversal of the US balance of trade, which helped break the Bretton Woods currency system and led to more problems.

Make no mistake: These were all serious issues. But none of them were caused by the basic New Deal framework (with the partial exception of mass unionization, which did help fuel inflation through cost-of-living contract stipulations). And while the New Democrats did occasionally make some good points about sclerotic or captured regulatory agencies, rolling them back didn't unleash a massive surge of growth. On the contrary, growth since the 1970s has largely been middling to poor, with the brief exception of the late-'90s tech boom—and even that didn't hold a candle to the explosive boom of the 1960s. Then too, regulation by state agencies was merely replaced by even worse and less accountable regulation by monopolist corporations.

In the context of postwar politics, the upper class accommodated itself to a truce in the class war, for about three decades. But when the system came under strain, the elites launched a renewed class war, leveraging stagflation to destroy and devour the welfare state. Clintonism could work in the early stages of that process, buoyed by the economic bubble of the 1990s. But when the inevitable disaster struck, it would become an anchor around the neck of the Democratic Party—and it remains one to this day. ■



THE FUTURE AIN'T WHAT IT USED TO BE

TV's dystopia boom

by EVAN KINDLEY

Recently, we've been seeing a boom in TV dystopias. Two of the most successful premieres in the past few years have been HBO's *Westworld* and Hulu's *The Handmaid's Tale*: the former a solemn, plodding update of Michael Crichton's 1973 film, in which subjugated androids revolt and take over a theme park; the latter a stylish and compelling adaptation of Margaret Atwood's 1985 novel, in which the United States becomes a patriarchal theocracy. Other recent examples include Amazon's *The Man in the High Castle* (based on Philip K. Dick's 1962 novel about an alternate reality in which the Axis powers have won World War II), HBO's *The Leftovers* (about a world in which 2 percent of the population has mysteriously disappeared), and Netflix's new *Altered Carbon* (a cyberpunk gofest based on a 2002 novel by

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Richard K. Morgan). Stretching the criteria a bit, one could perhaps include the long-running zombie odyssey *The Walking Dead* and its spin-off, *Fear the Walking Dead*, and sitcoms that play with dystopian elements, like *The Good Place* and *The Last Man on Earth*.

It's taken a surprisingly long time for dystopia to become a viable TV genre. Science-fiction stories, of course, have long been a staple of the medium, though the preferred genre has been the space opera, an essentially hopeful series of adventures, modeled on the western and epitomized by *Star Trek* and its various offshoots and imitators. Meanwhile, dystopia has colonized virtually every other popular narrative medium, from feature films to young-adult novels. But rare, until recently, was the dystopian TV series.

In part, this is because dystopia, as a genre, poses specific problems for television. Dystopian narratives tend to be tonally flat: Their first priority is to assert how intolerable things are, and this precludes too much scenic vari-

ety or comic relief. Then, too, they're rarely character-oriented and don't lend themselves to the kind of lively ensemble casts that TV shows usually feature. The typical dystopian protagonist (think Winston Smith in *1984*) is a kind of witness, a recorder of suffering, but not particularly complex or interesting.

Trickiest of all is finding a way to tell an ongoing serialized story set in a dystopian world that's not unremittingly depressing or, worse, didactic. Dystopias rarely have happy endings, but they do have endings: They're a species of morality play, which means that sooner or later they need to deliver a moral. The idea of spending weeks or years exploring a dystopian world is unappealing on its face, not only because these worlds are bleak but because, after a while, you get the point already.

Thus far, the most hospitable TV format for the dystopian impulse has been not the serial drama but the anthology series. A show like *The Twilight Zone* could squeeze all the juice out of a pulpy dystopian premise without worrying about having to find an infinite series of stories to build around it. The modern inheritor of this strategy is *Black Mirror*, originally produced for Britain's Channel 4 and now available on Netflix. The show was created and is mostly written by the English satirist, journalist, and author Charlie Brooker, and each episode typically zeroes in on a single technological conceit: What if you could store a replica of a dead loved one's consciousness on your smartphone? What if a computer-generated cartoon bear ran for public office? What if your likability on social media determined your credit rating and ability to travel?

Six new episodes of *Black Mirror* were released in late December, a fresh crop of nightmares to mark the end of a decidedly dystopian year. In "Arkangel," a nervous mother implants a chip in her daughter's brain to prevent her from being exposed to disturbing ideas or images. In "Hang the DJ," a dating algorithm not only matches couples but gives each relationship an expiration date, in order to harvest data about each partner's emotions and sexual behavior that will lead to a more perfect match. In "U.S.S. Callister," a socially awkward start-up executive constructs his own private digital fiefdom, modeled on a *Star Trek*-esque TV show—described by one of its inhabitants as "a bubble universe ruled by an asshole god."

The classic dystopia describes a totalitarian society of some kind, but Brooker's pocket dystopias are rarely concerned with the macropolitical. They're usually about an

invention that backfires or a product with unintended consequences, not a repressive state or political system. Again and again, systems and gadgets designed to make everyday life incrementally better wind up making it immeasurably worse. Here, Brooker's worldview is close to that of someone like Kurt Vonnegut: Science will produce wonder after wonder, but humans will then use them to hurt each other and make themselves miserable.

Black Mirror is consistently provocative and clever, but it's marred by a certain sadism. Brooker delights in torturing his characters, and sometimes his audience: Each episode is, in itself, a bubble universe ruled by an asshole god. The worst offenders in the new season are "Metalhead," an interminable, episode-long chase sequence featuring a killer robot dog, and the grotesquely over-the-top "Black Museum," which is less *Twilight Zone* than *Tales From the Crypt* as directed by Quentin Tarantino. The latter episode—a trio of shorter stories set within a frame narrative—actually has one very good bit: The middle section, about a comatose woman whose consciousness gets implanted in her husband's brain, is one of the season's most elegantly elaborated ideas. But the first and third stories capture in microcosm the series' failure as a whole: They pretend to be some kind of critique of humanity's urge to experience or inflict pain while really being little more than expressions of it. We watch a black death-row inmate, digitally reincarnated only to be electrocuted over and over again by racist voyeurs, and we're meant to be horrified—but Brooker can't think of anywhere to go with the idea except to turn the tables and torture the torturer, at which point we're meant to applaud. Brooker has all the imaginative chutzpah of the great dystopia creators—Orwell, Atwood, Ray Bradbury, Ursula K. Le Guin, Octavia Butler—but none of their empathy.

The success of *Black Mirror* is the proximate cause for the existence of Philip K. Dick's *Electric Dreams*, also produced by Channel 4 and available stateside on Amazon. Dick, of course, is one of the past masters of the dystopia genre: His 1968 novel *Do Androids Dream of Electric Sheep?* was the basis for the seminal Ridley Scott film *Blade Runner*, and his work has been mined by Hollywood countless times ever since. *Electric Dreams* adapts 10 of Dick's short stories, including "The Hood Maker" (which imagines a class war between telepaths and normal citizens, who resent their minds' being invaded) and "The Father Thing" (in which a child's father is

replaced by a sinister alien doppelgänger).

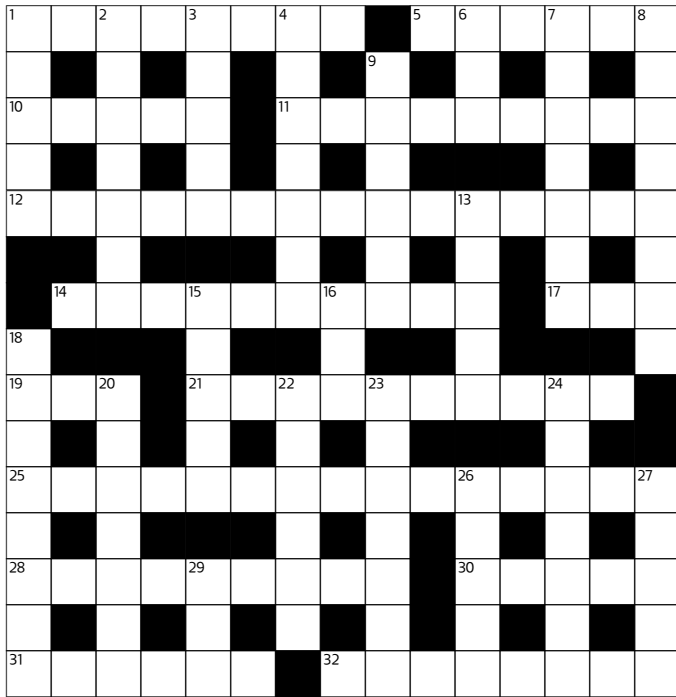
Electric Dreams is slickly made and intermittently effective, but despite some half-hearted attempts to reimagine or update the material (the boy in "The Father Thing," upon uncovering the alien conspiracy, posts a video on the Internet with the hashtag "#RESIST"), it doesn't really feel of our moment. Part of the problem is that Dick's work has been adapted for film so many times already that it's hard to watch a given episode of *Electric Dreams*, however well executed, and not compare it unfavorably, if unfairly, with *Blade Runner*, or Paul Verhoeven's *Total Recall*, or Steven Spielberg's *Minority Report*. Dick's sensibility is idiosyncratic and sui generis, but at this point it feels more like a piece of intellectual property than the amphetamine-fueled gnostic vision it once was. Is anybody's mind really blown by the is-our-world-real-or-just-a-simulation conundrum posed by "Real Life," for example, after we've seen not only *Total Recall* but *The Matrix* and *Westworld* and a hundred other iterations of it?

The problem, however, isn't just overfamiliarity. Dystopias draw their power from an analysis of the present, and Dick's once-radical vision of the future is now as far in the past as H.G. Wells's was for Dick when he began writing. This is what *Black Mirror*, for all its flaws, has over *Electric Dreams*: The series feels like it's about things that Brooker is genuinely worried about, not a dutiful tribute to what someone was worried about in the 1960s; it's the future as seen from the 21st century, not the 20th. This problem is endemic to many of the recent dystopian shows. The fact that *Westworld* is based on a movie from 1973, and *The Handmaid's Tale* on a novel from 1985, doesn't invalidate their value as entertainment or as cultural commentary. But it does introduce concerns alien to the dystopia's imperative to take the worst of the present day and amplify it.

Of course, all of these shows were conceived before the advent of the Trump era, which is certainly furnishing plenty of material for dystopian storytellers. Understanding the problems of the present well enough to project an even more terrible future takes time; it's always easier to fall back on familiar horror stories than to do the work of comprehension that would produce a new one. (Think of how quick pundits and intellectuals were, after Trump's election, to reach for their copies of *1984*.) It may be that the next wave of dystopian television, assuming there is one, will produce a masterpiece that says as much about our moment as Dick and others have said about theirs. But for now, the future ain't what it used to be. ■

Puzzle No. 3457

JOSHUA KOSMAN AND HENRI PICCIOTTO



ACROSS

- 1 Catches sight of sandwich back where some commuters sit (3,5)
- 5 Greedy person captivated by lush source of drink (6)
- 10 It is dangerously about! (1-4)
- 11 It's a cable, tangled in a body of water (6,3)
- 12 Movie actress's sponsor keeping unusually brawny Jamaican believer inside (7,8)
- 14 Editor breaks cleaning implements and French furniture collection (7,3)
- 17 See 19
- 19 and 17 Storage for each one-piece garment (6)
- 21 Chomp on outside of unsatisfactory coins in Tehran or the Taj Mahal, for example (6,4)
- 25 Bishop to say "Darn it" and suppress vegetable (9,6)
- 28 Rocks around most of the aromatic compound (4,5)
- 30 "Goodbye!" (I rejected pop on both sides) (5)
- 31 Often dingy setting for finale (6)
- 32 After one minor objection, I additionally cut short BS in seven Across entries (8)

DOWN

- 1 Bring up tulip, perhaps, to claim third of garden promotion (5)
- 2 Cleanse George's exterior affliction (7)
- 3 Holiday connected to god of sun and fish (5)
- 4 Two pieces of pork with largely flavorless orange pepper (7)
- 6 and 29 Toxic substance in Hawaiian food? Boy! (6)
- 7 Enhance bursts of wind once temperature drops? You betcha! (5,2)
- 8 Radar systems, for instance, in *Scar Trek* (misspelled) (8)
- 9 Melania Trump, in brief, is a feminine flower (6)
- 13 *Rolling Stone* memos (5)
- 15 Jewish teacher runs backward and forward to live (5)
- 16 Leading medical-research invention! (3)
- 18 Lowly worker has an infant (endlessly likely) (8)
- 20 Altered and overturned experimental fact involving space alien (7)
- 22 Arnold: deranged former governor of California (6)
- 23 Craftsperson overthrowing 24 (7)
- 24 Sinatra partying with empress (7)
- 26 Measure most of crystal (5)
- 27 Things used for fastening end of leash on snakes (5)
- 29 See 6

SOLUTION TO PUZZLE NO. 3456

ACROSS 1 anag. 10 AP + P + RISING

- 11 CL + OWN 12 2 defs.
- 13 S(CRIP + T)URE 14 2 defs.
- 15 F(R)IENDS + HIP
- 19 CA + R(GOP)ANTS 21 2 defs.
- 24 ENV(ELOP)ES (*Pole rev., seven anag.*)
- 26 [t]URBAN 27 GRE[-at/TA]
- 28 ANN(OUNCE)S
- 29 SAT + IS + FACTION

DOWN 2 NEP (rev.) + TUNE 3 rev. hidden

- 4 SW + IS + S 5 SU(GARB + E)ET
- 6 ESCA (anag.) + P(AD)E 7 TO(OM)UCH
- 8 NARCO (anag.) + TIC 9 final letters
- 16 REAP + PEARS 17 anag. 18 anag.
- 20 REV(I + EW)S (*rev + I rev.*) 22 TOBAC (rev.) + CO 23 A + U + GUST 24 alternate letters 25 initial letters (&lit.)



The editor offers his profuse apologies for the erroneous enumeration of clue 28 (which is one word, not two) in Puzzle No. 3455.



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