



# Book Rebooting the American Dream

## 11 Ways to Rebuild Our Country

Thom Hartmann  
Berrett-Koehler, 2010  
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### Recommendation

Controversial and politically progressive radio host Thom Hartmann has nothing nice to say about Ronald Reagan. Hartmann believes Reagan sponsored a catastrophic conservative restructuring of US governmental norms. According to Hartmann, Reagan and his cronies handed the nation’s wealth to their friends via free-trade laws, nonenforcement of antitrust rules, union busting and runaway deficit spending that benefited the military-industrial complex. This sometimes-repetitive tome is sharply, refreshingly at odds with conventional wisdom, though if you admire Reagan you may want to read another book instead. *BooksInShort* suggests these essays to legal thinkers, politicians, academics, health care advocates and progressive entrepreneurs.

### Take-Aways

- The United States built its economy on manufacturing and sound protectionist principles.
- “Free trade Reaganomics destroyed the US economy by gutting the middle class.”
- The US must reverse the tax cuts engineered by Ronald Reagan and George W. Bush.
- Free education through college should be available to all Americans.
- Every American deserves health care as a fundamental right.
- The US should reimpose regulations to take banks out of the investment business.
- The country must implement green-energy solutions and reduce its dependence on foreign oil.
- America should restore the draft and cut the defense budget in half.
- Reviving labor unions would restore the balance of power between capital and labor.
- The Supreme Court’s *Citizens United* decision giving free-speech rights to corporations is a menace to democracy.

### Summary

#### The Ghost of Alexander Hamilton

The United States was once without a substantial industrial base. At its founding, the US exported all its raw materials and bought them back in manufactured form from abroad. Right after the Revolutionary War, George Washington asked treasury chief Alexander Hamilton to rebuild the new nation’s economy. Hamilton’s 11-step plan, introduced in 1791, laid out a protectionist system of tariffs and domestic business stimulus that were central to creating the industrial powerhouse the US became. Ronald Reagan dismantled the economy by promoting free-trade policies that ruined its manufacturing base and gutted its middle class. Now is the time to reverse the legacy of Reaganomics and rebuild the US with another 11-point plan:

## 1. No More Free Trade

The American Recovery and Reinvestment Act of 2009, better known as President Barack Obama's stimulus bill, saved close to three million jobs and kept the economy out of deeper recession. Because of the US's diminished industrial base, however, the stimulus created millions of new jobs in China. The nation must restore its manufacturing plants and institute protectionism to retain the jobs those plants will generate.

"In 1979 the United States was one of the most socially mobile nations in the world, but Reaganomics changed all that."

Protectionism works, as Hamilton knew. He drew on King Henry VII's Tudor Plan, which built England into a major manufacturing nation. More recently, South Korea transformed itself in 50 years from a human-hair exporter to a leading maker of autos and electronics. The chief source of federal revenue throughout US history has been tariffs, but under Reagan and his ilk the US embraced free trade with destructive results.

"[We must] lose our fascination...with 'free trade,' get back to protectionism and impose tariffs (import taxes) on imported consumer goods as we used to do."

Putting the United States first is the only way to bring back jobs. That requires reinstituting high import taxes on foreign goods and on countries whose products are made under lax environmental laws, pulling out of free-trade pacts, requiring that US tax dollars go to firms based in the US that employ American workers, and providing subsidies to start-up industries. These ideas infuriate the big corporate conglomerates, which received new powers to influence elections in the Supreme Court's *Citizens United* decision of 2010.

## 2. Restore Tax Fairness

Successful efforts by super-wealthy conservatives to hoodwink the American people into favoring tax cuts have convinced most Americans that lower taxes mean they'll have more money. But, "when the government enacts a tax cut, working class people's taxes go down; but...over time, their wages also go down so their inflation-adjusted take-home pay remains the same." Higher tax rates for the rich have proved beneficial throughout US history. Upper-level tax cuts in the 1920s destabilized the economy, sparking speculation and the Great Depression. Restoring sensible rates in the 1930s led to 50 years of solid, steady growth. Reaganomics led to a market crash and ultimately to the current "Second Great Depression."

"America needs a new Teddy Roosevelt to break up the modern-day monopolists and return opportunity and wealth to local communities and small businesses."

Reagan's administration ignored antitrust rules, leading to mergers that squeezed out small businesses. The administration also supported stock options as executive compensation, leading managers to think first of their portfolios rather than their companies. The results: enormous paydays for CEOs, brutal cost cutting, widespread layoffs and ever-expanding outsourcing. Higher taxes during President Bill Clinton's administration shrank government and helped the country pay down its debt.

## 3. Back to Local Business

Unlike in the flourishing local business scene of contemporary India or pre-Reagan America, megacorporations now dominate the US economy, virtually eliminating the American entrepreneur. Most people shop at global concerns such as Home Depot or Walmart, which invest little money in the neighborhoods in which they operate and create only minimum-wage jobs.

"When the über-rich are heavily taxed, economies prosper and wages for working people steadily rise."

When moneyed interests consolidate their wealth and power, and US presidents decline to enforce the antitrust laws, corporations profit and grow. Big business also receives \$75 billion-plus every year in government subsidies, in part by pitting states and cities against each other for the relocation or retention of tax benefits. The US needs new laws to prevent this intramural combat. It also should scrap tax loopholes that permit companies to avoid taxes on overseas earnings or that allow US-based firms to incorporate elsewhere as a method of dodging tax.

## 4. Educate the Electorate

Before Reagan killed the Fairness Doctrine in 1987 and Clinton signed the telecommunications-law overhaul in 1996, federal law required radio and television outlets to include public service news. This wasn't profitable, and when regulations disappeared, so did news shows, which were replaced by entertainment programming that drew bigger ratings and more ad dollars. The loss of federal rules also allowed the creation of hate-speech radio. Now the electorate is too ill-informed to make the decisions necessary to sustain a healthy democracy.

"If we really want our country to recover its financial footing, we must roll back the Reagan tax cuts that took the top marginal rate from above 70 percent down into the 30 percent range."

Citizens need more information to become knowledgeable voters. That's why, when Thomas Jefferson founded the University of Virginia, it charged no tuition. The University of California was once free, until California Governor Reagan subjected the system to spending cuts. Today, federal spending on education is a shadow of what it was, and America's workforce is falling behind in the global economy. Jefferson considered free college education vital to the preservation of the republic, and it's time to return.

## 5. Health Care for Everyone

Universal health care makes sound economic sense; it's a risk-management program that moderates personal and business suffering. Alone among the 33 developed nations in the world, only the US doesn't provide health insurance for all its citizens. And it remains the only nation that allows for-profit businesses to offer basic

medical services. The results are enormous insurance company profits and inflating premiums. The Obama health care law left insurance company and Big Pharma profits intact while instituting meager reforms.

“Banks should be banks and nothing else. It’s your money, after all, that they’re holding.”

The Democrats could have expanded Medicare to universal coverage with only a simple majority in the Senate. The original architects of Medicare fully expected it to be broadened, despite the vigorous opposition of the American Medical Association. The US should create a “Part E” for Medicare, allowing anyone to buy into the system.

## **6. Bar the Lobbyists**

In 2009, more than 13,500 registered lobbyists tried to advance their interests in Congress, and their total lobbying expenditure that year was almost \$3.5 billion. Lobbyists such as J. Steven Griles (for the oil and gas industry) and Daniel E. Troy (for pharmaceuticals) took government jobs in George W. Bush’s administration and used them to advance the interests of their supposedly former clients.

“We need democracy in the workplace for American business to optimize its competing forces of ownership, management, workers and community – a democracy that only unions can provide.”

Breaking this corporate dominance will require an amendment to the Constitution. The public sector must regain control of the national financial system by putting the independent Federal Reserve under the Treasury Department, or urging each state to fund its own public bank. Until the government again forbids banks from serving as investment companies, citizens should move their money into community banks or credit unions.

## **7. Oilaholics Anonymous**

The US economy’s dependence on oil has disastrous consequences on its foreign policy and the global environment. The nation imports huge quantities of oil, mostly for transportation. Shifting to flex-fuel and electric cars would reduce those consequences, though the government does not support such alternatives. The country’s business-friendly approach to pollution makes government and consumers – not polluters – pay cleanup costs.

“The experiment of Reaganomics and Reagan’s anti-intellectual worldview are demonstrably disordered and dead.”

Other nations offer positive examples. Germany’s 100,000 Roofs Program boosted solar power use with laws that helped consumers acquire photovoltaic panels. The German government expects 25% of the country’s power to come from the sun by 2050 and is exploring subsidies for plug-in cars. Denmark wants half its cars to be electric by 2030, and even China has surpassed the US in clean-energy investments. America must institute either a tax on carbon or a cap-and-trade program.

## **8. Back to Barracks**

Today’s US military is a bloated institution using force to spread democratic ideals. Although building schools fosters more respect than launching cruise missiles, the US prefers armed solutions. Changing the character of the military requires the return of a draft, with a public-service component as an alternative to military service. This would help young citizens develop a sense of civic obligation and could save the military from becoming nothing more than a refuge from poverty. The nation needs to cut the defense budget in half to recover from being stretched out of proportion by the Bush-Cheney wars.

## **9. Save America’s Workforce**

Wealthy CEOs and corporations tout outsourcing as a fact of life in the global economy, claiming it allows companies to search the globe for competitive advantage. In reality, outsourcing is a slavery system, a race to the bottom of the wage bin that fattens corporate profits, destroys American jobs and perpetuates injustices in overseas sweatshops. Immigration is an equally volatile issue. Illegal immigrants make an easy scapegoat for US unemployment, but the real answer is to penalize businesses that hire people for rock-bottom wages. Prices will go up, but because the labor pool will be smaller, wages will rise to cover the gap.

“‘Free trade’ is a guaranteed ticket to the poorhouse for any nation.”

The US’s current employment situation is a result of Reagan’s “supply-side” economics, which created enormous quantities of goods while suppressing wage growth for the first time in US history. Former Fed Chairman Alan Greenspan heaped fuel on the fire with easy-credit policies that turned Americans from savers into borrowers. In addition to lowering the Social Security retirement age to 55, the nation should call for the return of labor unions, if for nothing more than as a counterbalance to the power of capital.

## **10. A Dangerous Supreme Court Ruling**

In its *Citizens United* decision of January 2010, the Republican majority on the Supreme Court harmed American democracy. The justices granted corporations the same free-speech rights that people have, enabling companies to spend unlimited amounts of cash to influence the electoral process. It will take a change in the Court’s membership and a revisiting of the case’s issues to undo this decision. Alternatively, a refusal on the part of the people and the other two branches of government to abide by the decision or a Constitutional amendment explicitly stating that corporations are not persons and do not have the same rights would correct this judicial and civic travesty.

## **11. Toward a Better Workplace**

Traditional capitalism, which makes workers servants of corporate ownership, should not keep American business in a stranglehold. Note the Mondragon Cooperative, a \$24 billion multi-business federation in northern Spain that employees own and manage. They earn profits in dividends, and reinvest in the business and in charities.

Mondragon presents a more equitable, less-greed-driven way to organize businesses.

“We must...build anew our country on the solid Jeffersonian foundation of good and free education for all.”

The United States stands at the brink of a fundamental reordering, having been transformed from a middle-class paradise into an all-powerful corporate state that serves only the interests of a moneyed elite. History suggests that this state of affairs will change, but not before additional misery. What matters now is that people must once again become engaged in saving their almost-lost democracy.

## About the Author

Radio talk show host **Thom Hartman** also wrote *Screwed: The Undeclared War Against the Middle Class – and What We Can Do About It*.

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