



Insidious and Internecine Impacts of Inflation - A Closing Midterm Argument

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Inflation is a red hot issue here in 2022. The specifics of this are evaluated below. But as preamble, know this:

Democracy is far better for a nation's people than authoritarianism. Freedom-loving people would be smart to choose democratic fairness instead of allowing rule by power abusing elites, system-rigging plutocrats, corporate CEOs, business skills, deceitful demagogic propagandists, right-wing extremists and forced birthers, and the like.

In the words of Professor Robert Reich, "The political struggle of our time is no longer left versus right, Democrat versus Republican. It is democracy versus authoritarianism."

Vote accordingly! Support national and state government candidates who stand for strengthening democracy. Fair rules of law and the Constitution really are enormously important to our collective well-being and liberties and the general welfare.

Elections have consequences -- and the consequences will be decidedly worse if Republicans gain control of Congress in the 2022 midterm elections, for the convincing reasons adduced below.

Inflation, Inflation, Inflation

Listen. It turns out that corporate profit-making is in fact the biggest factor fueling inflation. This is due to a record concentration in many industries, in which a small number of huge corporations dominate the market. This is generally the result of mergers and acquisitions and hostile takeovers, and a lack of government antitrust enforcement. High concentration generally leads to a diminishment in competition and "high pricing power" that allows dominant players to make bigger profit margins in a form of monopolistic price gouging to maximize profits.

"Rep. Katie Porter is known for using big whiteboards and grilling CEOs to make her case on a host of issues in Congress, and she's often shining a light on the ills of corporate greed. Her latest congressional presentation was focused on setting the record straight on what's really causing inflation in this country." Profit making, she showed, is responsible for more than half of the rapid inflation this year.

Concentrated power is enabled by concentrated wealth in our unreasonably laissez-faire capitalist system. And right now in the U.S., wealth disparities are more extreme than they have almost ever been. This offensive status quo is one of inequitable national policies and systemic inequities and corrupted politics. These things lead inevitably to unaffordably low tax rates on the rich and CEOs and big investors on their huge incomes and capital gains, and later on the inheritances of the families of the richest two-tenths of one percent of estates.

Abuses of power invariably lead to harmful outcomes for the people. They tend to lead, for instance to excessive inequities and injustices and political corruption, which generally wreak terrible consequences on people through bad policies and repressive actions and such.

Excessively unaccountable power also results in a grotesquely harmful litany of externalized costs and harms and risks onto others.

Arrogations of power also lead directly to woefully inadequate demonstrations of responsible behaviors by Big Business, and of proper checks on them (sensible regulations). Power abuses also wrongly allow giant corporations

to be more easily able to make maximum use of their highly compensated lawyers in avoiding accountability.

As President in the early 1900s, Theodore Roosevelt saw how harmful the general influence was of the "massive, exponential growth of industry superpowers" -- and of superrich people such as J.P. Morgan and John D. Rockefeller. "Disgusted by such unchecked power and wealth, Teddy decided he would fight the system and change the system." So he commendably engaged in Trust Busting during his eight years in office, dedicated to protecting the people from the onerous impacts imposed on people by huge corporate entities.

"When Theodore Roosevelt took office in 1901, the Sherman Antitrust Act had been in place for more than a decade. However, despite its goal of encouraging fair competition in the marketplace, the act had (so far) been an ineffective weapon. Established to prevent monopolies -- or dismantle those already in existence -- and encourage fair competition and prices for average citizens, the statute was far-reaching and would have been very effective. Unfortunately, most politicians ignored the law and refused to enforce it. So Roosevelt set to work putting the Act to good use." The time has come today to once again act to break up concentrated corporate power.

Where We Stand at this Moment in Time

Today, there is a more extreme concentration of super-rich monopoly influence than ever before. In Big Tech., all four of the largest market cap companies in America (Apple, Microsoft, Alphabet/Google and Amazon) are each worth well over \$1 trillion, and they dominate their markets and our societies in historically extremely concentrated and nefarious ways.

Robert Reich, a former U.S. Labor Secretary, testified in a recent congressional hearing titled "Corporate profits are soaring as prices rise: Are corporate greed and profiteering fueling inflation?." He confirmed details about the decrease in competition since the 1980s, pointing out that two-thirds of all industries have become more heavily concentrated, and stated that this is the biggest contributing factor to the rapid inflation in 2022.

"They're passing these costs on to consumers in the form of higher prices. Why? Because they can," said Reich, who is now the chancellor's professor of policy at the University of California, Berkeley. "And they can because they don't face meaningful competition. If markets were competitive, companies would keep their prices down to prevent competitors from grabbing away customers."

"The smaller number of competitors is obvious in a number of industry sectors, where profits have grown slowly but steadily through the years. Big Tech, for example, is a small group of companies that dominate online commerce, which became even more essential during the COVID-19 pandemic. Other industries where this plays out notably include banking, oil and gas, and consumer staples."

The average profit margins of the 500 biggest companies in the U.S. (those in the S&P 500) are at highs never before achieved. Never before had profit margins reached 11%, but then they surpassed 12% in 2021 and are expected to reach 13% in 2022. "After-tax corporate profits in relation to GDP are at all-time highs in American history, at the same time that consumers face the worst price inflation the U.S. has seen in decades."

It is almost certain that a proposed merger of grocery giant conglomerates Kroger and Albertsons would result in a megalith grocery company, and the inevitable outcome would be higher prices for consumers buying necessities, and bigger profit margins for grocery businesses.

Other significant factors making inflation so onerous include pandemic related supply-chain bottlenecks and demand and supply-side distortions, along with higher oil prices caused by Putin's calamitous war against Ukraine.

Also, the Federal Reserve indulged for too long in easy money policy that kept interest rates extra low for many years, and now remedial monetary policy is a key reason for rapid increases in inflation this year. Scapegoated labor costs of workers' pay are actually contributing less than 10% to inflation that has taken place.

Most of these big factors causing inflation are largely beyond the control of national leaders, and cannot be fixed due to excessive influence by gargantuan corporations. Drain the swamp!

Inflation is a particularly red hot issue in 2022 because it has widespread and far-reaching impacts on millions of people across the U.S., and on billions around the world. Big increases in prices for gas, food, rent, houses,

prescription drugs and most consumer goods make most people's lives more difficult.

The angst and hardships around inflation are giving Republican politicians effective fodder to attack Democrats. They are weaponizing inflation to grab more power in Congress in the crucial 2022 midterms, opportunistically and rather cynically using the issue of inflation as a cudgel to blame Democrats in attack ads, and deviously misdiagnosing the causes of inflation.

Dangerous misinformation is afflicting us all, on many topics, especially on issues related to inflation. For instance, inflation is not a problem caused by Democrats, and in fact is a worldwide problem. Inflation in Turkey exceeds 80% right now, and is almost 11% in the 27 countries of the European Union, in contrast to 8% in the U.S. Other misinformation is that, contrary to popular myths and propaganda pushed by conservative apologists for maximized profiteering, labor costs are causing less than 8% of increases in inflation, according to the respectable Economic Policy Institute, a non-profit think tank that carries out economic research and analyzes economic impacts of policies and proposals. "This is not normal. From 1979 to 2019, profits only contributed about 11% to price growth and labor costs over 60%." So today's excess of 50% due to profits, and only 8% for labor reveals an aberration.

Making profits by acting in ethically and morally irresponsible ways is reprehensible. Corporations often act like sociopaths in the compulsive pursuit of profit above all other considerations. It is wrong and socially unacceptable to have corporate entities be committed to maximizing profits for CEOs, investors and shareholders while severely disadvantaging and often harming other key stakeholders, particularly employees and the consumers or users of its products, as well as communities and citizens in our democracy.

Excess profiteering is a cold calculus. Corporate profiteering right now is perfidious for four main reasons. First, it benefits CEOs, top management and investors at the cost of causing real hardships for consumers. Second, it gives Republican politicians ammunition to effectively push misinformation about inflation and promote deceitful and deviously manipulative attack ads. Third, it hurts Democrats running for office to help fix problems, because the conservative messaging machine persuades people to blame the incumbent administration for inflation, even though Republicans stand with the 1% against the 99%, and work overtime to prevent remedial actions. Republican politicians promise, in effect, to make matters much worse by diminishing workers' bargaining power and cutting Social Security and Medicare, and taking other unpopular actions. And fourth, the valid grievances people have about the erosive impacts of purchasing power due to inflation give politicians unwarranted ability to abuse power, undermine democratic fairness and threaten democracy itself.

Wise Counsel

To conclude these insights on the causes and consequences of inflation, think about the wise words George Washington wrote at the end of his presidency. Remember George Washington's excellent advice in his famous Farewell Address in 1796, near the end of his eight year tenure as the nation's first president. He emphasized the importance of unity, and stated that the "worst enemy" of good government is loyalty to Party over Country. He urged Americans to resist factional alliances and always place the interests of the nation over their political and regional affiliations.

"When Americans voted according to party loyalty, rather than the common interest of the nation, Washington feared it would foster a 'spirit of revenge,' and enable the rise of 'cunning, ambitious, and unprincipled men' who would 'usurp for themselves the reins of government; destroying afterwards the very engines, which have lifted them to unjust dominion.'"

That was a prescient warning in light of the polarization in the USA today that is causing the Republican Party to embrace extremism and authoritarian violations of democratic fairness and of reasonable rules of law and the Constitution itself. We must reject bothsides-ism, clearly understanding that right-wing extremists have committed around 75% of the 450 political murders that occurred in the US over the past decade, compared with 4% attributed to left-wing extremists, according to a study conducted by the Anti-Defamation League.

In his great Farewell Address, published in a Philadelphia newspaper, Washington also raised fears about the future of the nation on account of foreign interference in elections and excessive debt, in addition to hyper-partisanship. We need to heed these warnings today, because the majority of Republican candidates for Congress

and governor, secretary of state and attorney general positions are election deniers committed to putting heavy hands on the scale of justice by positioning themselves to treacherously overturn the will of the majority in elections. George Washington's Farewell Address became the most famous address in the nation, more widely reprinted than the Declaration of Independence for the first 100 years of our constitutional republic. We must heed the warnings in these wise words.

Serious Comedy Routine

Bravo for historian Heather Cox Richardson for her insightful observations about current events, expressed almost daily in her *Letters from an American*. Heather is an astute student of history, and there is great value to understanding historical context in our increasingly crazy, confused and chaotic world.

Also, kudos to humor and wit, for as Mark Twain once weighed in: "Against the assault of laughter, nothing can stand." A sense of humor, being born of perspective, bears a near kinship to philosophy. So let's laugh at every instance that God reputedly reveals a spiteful prejudice against women's reproductive prerogatives or the human rights of gay people. Let's laugh out loud at the supposition that God has ever really told anyone to launch a bloody war of aggression, like George W. Bush said He did in 2003, when he told some Palestinian leaders, "I'm driven with a mission from God. God would tell me, <George, go and fight those terrorists in Afghanistan.> And I did. And then God would tell me, <George, go and end the tyranny in Iraq.> And I did." And let's laugh at the follies of religious leaders like the Mormon Joseph Smith, who claimed God told him he could marry as many young wives as he could handle (apparently about 33).

Let's allow the healing power of this mirth to inoculate us against a belief in the next messianic madman who comes along preaching some odd gospel containing germs of self-serving behaviors that just happen to be terribly contrary to the greater good.

Journalist Alexandra Petri humorously explains the blame-shifting Republican charade on inflation in her satiric Opinion piece in the *Washington Post* on October 21 titled *Vote GOP! We'll fix the economy by making the rest of life worse, too!* Speaking for Republicans, she writes: "To our knowledge, we haven't been saying anything about the economy or offering any kind of exciting plan to fix it! As far as I can see, we've just been calling Joe Biden a socialist, fear-mongering about the existence of trans people and suggesting that people who want us to denounce antisemitism are 'Like 1984, But Worse!'"

"That's why we appreciate your confidence so much! As you clearly have realized, when one thing is going very poorly, you have options! Try to fix it, or just make everything else worse, too! Vote Republican, and we guarantee to do our level best to distract you from the economy by impeaching everyone in government, putting Marjorie Taylor Greene in charge of more things, and, in our spare moments, urging the Supreme Court to eliminate any more rights or protections that might be lying around!"

"I have always been a big believer in the idea that if you have a stomach ulcer, you should immediately also break your arm. Suddenly, the stomach ulcer is just one of a large set of problems you are dealing with! Time you would have spent dwelling on it is now time you will have to spend figuring out how to open heavy doors and brush your teeth with a cast."

"Well, that is how we feel about the economy. Is it bad? Absolutely! Do we have solutions? Is more tax cuts for the wealthy a solution? Okay, how about holding the debt ceiling hostage while we make cuts to Medicare? Please do not tell us if it's not a solution, because it's all we brought! ... If you return a Republican majority to Congress this fall, things will surely get worse. But there will also be so many other things going on that you won't have time to worry about it."

Truly,

Dr. Tiffany B. Twain

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