Smart investment will change political status

By Michael Madigi (email the author)

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There is a saying that rich people buy things with their money but wealthy people do things with it. It’s important to grasp the difference because you cannot have democracy in a capitalist economy without wealthy people.

Imagine that you win the lottery, enjoy great success in business or receive large sums of money through corruption. You might build a big house, buy a flash car or two and dress in fine clothes. For as long as the money lasts, you look and act like a big man. Really, though, you’re just a consumer.

Let’s say your neighbour also comes into money at the same time as you in the same way. Instead of accumulating things like you, he invests his money. He buys blocs of shares in local companies, wines and dines an influential civil servant and subsidises the cost of a new rectory for his local church. Even if his money runs out, this man will retain power and influence because he has a network of business, political and community relationships.

In order to get power for the people in any political system, there must be centers of influence outside
the control of the government. There must be enough of these that, together, they can match or exceed the economic and social influence of the state. They don’t have to work together, but they should share interests, especially the cause of keeping government fingers out of their pockets as they create capital for investment.

In fact, that desire to keep money is about the only thing they share apart from the desire to create even more of it though investment. Still, that’s enough to create the conditions for democracy. History tells us that when economic power outside government becomes great enough then the balance of power will begin to shift away from rulers and towards people. The reverse is also true, that if economic power accrues to the state then the balance of power in society shifts away from the people.

In most places this is a perpetual struggle, one which shapes institutions and social structures even as it frames public policy. It can’t be ignored if you care about transforming the political landscape, yet we are too often preoccupied with the by-products of wealth creation. It feels good to wear nice clothes, drive a shiny car and sit in a big house. You should do all these if you can afford it, but you should also do more. If you use up all your money now instead of making it work for you later, you won’t help yourself in the long term and the system will never change.

Consumers are sheep. They can be led here and there, be bought and sold by skillful marketers and tradesmen. Politicians know this. It’s why the government works hard to make business easy. Good for the economy, yes, but also good for your habit of keeping up with fashion, following the herd. If you’re locked into a cycle of earning and spending because you don’t save or invest, you’ll do whatever is necessary to protect your job and your access to the clothes and televisions and things by which you measure your worth. Yet how wealthy are you if you judge yourself by the size of your wallet?

The fastest way to get peaceful political reform – real reform and not flip flops on policies which are easily ignored – is to raise centres of economic power outside government’s reach. Simply buying to the limit of your funds won’t change anything. Saving, investment and above all a long-term view is the only way to mount a serious challenge to the status quo.

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