

“The only sure way to alter today’s patently unequal democracy is for average Americans to mobilize politically—to break out of their political inertia and to move forcefully back into the political arena.”
– **Hedrick Smith, Who Stole the American Dream?**

“We are literally Two Americas, remarkably out of touch with each other— the fortunate living the American Dream but lacking any practical comprehension of how the other half are suffering, month in and month out, unaware of the enervating toll of economic despair on the unfortunate half, many of whom just two or three years before had counted themselves among the fortunate.”
– **Hedrick Smith, Who Stole the American Dream?**

“Translating cold numbers into a graphic picture of the hard economic realities in the lives of ordinary people is a challenge. In the 1990s, economist Edward Hyman of the ISI Group devised the Misery Index to capture the stress on average families by costly, unavoidable items that take a big bite out of family budgets and crimp what families have left to live on. The Misery Index tracked four items— income taxes, Social Security taxes, medical costs, and interest payments. In 1960, these four items took 24 percent of family budgets; but by the 1990s, they were taking more than 42 percent. Income taxes were lower, but Social Security payroll taxes had risen along with medical costs and interest payments on mortgages and debt. In sum, necessities, not lavish spending habits, were eating up family income.”
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“There is good reason for pervasive middle-class angst. Financial insecurity has been written into the DNA of the New Economy. Not only has the New Economy been more volatile and the economic gains been distributed more unequally than during the era of middle-class prosperity, but Corporate America has rewritten the social contract that once underpinned the security of most average Americans. The company-provided welfare safety net that rank-and-file employees enjoyed from the 1940s into the 1970s has been sharply cut back, and a huge share of the cost burden has been shifted from companies to their employees.”
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“In the 1950s, U.S. employees nationwide paid collectively about 11 percent of their retirement costs. By the mid-2000s, they were paying 51 percent. Hundreds of billions of dollars in safety net costs were shifted from companies to employees without any offsetting real increase in the typical worker’s pay. For ordinary Americans, the consequences were acute.”
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“Henry Ford gave that idea popular currency when he brought out the famous Model T car and announced in 1914 that he would pay his workers the then unheard-of wage of \$ 5 a day. Not only was it a matter of social justice, Ford later wrote, but it was smart business. When wages are low, Ford argued, business and the economy are at risk. But when pay is high and steady, Ford reasoned, business is more secure because workers earn enough to be good customers and eventually to be able to afford to buy Model Ts.”

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“Senator Evan Bayh of Indiana gave public voice to what angers so many Americans today about Congress—it operates like a dysfunctional family. “The people’s business is not being done,” Bayh declared in February 2010. Congress suffers from multiple pathologies, he said, and he ticked them off: “strident partisanship, unyielding ideology, a corrosive system of campaign financing, gerrymandering of House districts, endless filibusters, holds on executive appointees in the Senate, dwindling social interaction between senators of opposing parties and a caucus system that promotes party unity at the expense of bipartisan consensus.”

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“America can still point to individual rags-to-riches stories of self-made men and women who leapfrog to success. But for all the glitz of sudden stardom on American Idol, for all the hoop stars and gridiron heroes from the inner city, and for every surprise Wall Street billionaire, the unpleasant truth is that a typical child born at the bottom of the heap in America has far less chance of rising into the middle class or above than one born in France, Germany, or Scandinavia. In fact, one study found that it would take five or six generations, 125 to 150 years, for a child from America’s poverty caste to rise to the middle of the middle class.”

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“Inequalities are inevitable under capitalism, but no other advanced economy has such a hyperconcentration of wealth. In fact, as we’ve seen, America looks far different from its own past. The contrast between America in the era of the New Economy and America in our earlier era of middle-class prosperity is stark. Business leaders contend the fault lies with technology and globalization, but as we’ve seen, other countries such as Germany enjoy more widely shared prosperity than the United States. The primary cause of middle-class stagnation lies in the wedge economics practiced by business leaders.”

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“Overall, more than fifty-nine thousand factories and production facilities were shut down all across America over the last decade, and employment in the core manufacturing sector fell from 17.1 million to 11.8 million from January 2001 to December 2011, a punishing toll for what historically had been the best sector for steady, good-paying middle-class jobs. By pursuing a deliberate strategy of continual layoffs and by holding down wages, both of which yielded higher profits for investors, business leaders were not only squeezing their employees, they were slowly strangling the middle-class consumer demand that the nation needed for the next economic expansion.”

– **Hedrick Smith, *Who Stole the American Dream?***

“Two trends are primarily responsible for today’s hyperconcentration of wealth in America— the collective decisions over time by America’s corporate power elite to take a far bigger share of business earnings for themselves, and the increasingly pro-rich, pro-business policy tilt in Washington since the late 1970s.”

– **Hedrick Smith, *Who Stole the American Dream?***

“In a political system where nearly every adult may vote but where knowledge, wealth, social position, access to officials, and other resources are unequally distributed, who actually governs? — ROBERT A. DAHL, *Who Governs?*”

– **Hedrick Smith, *Who Stole the American Dream?***

“Since the early 1990s, a shadow government has taken root along K Street, the Washington corridor that is home to block after stately block of law firms and lobbying offices. Over the years, this army of influence peddlers has gone well beyond the hunt for votes on Capitol Hill. Smart lobbyists know that it is not just the final vote on a bill that counts, but every step along the way. Business enjoys huge political advantages by having its lobbying agents meet day in and day out with key legislators and their staffs, either to kill bills or provisions in them that business considers hostile or to insert arcane subparagraphs that its lobbyists have drafted and tailored to specific corporate interests.”

– **Hedrick Smith, *Who Stole the American Dream?***