



## **A New Populism**

**Understanding American Political Problems from a New Populist Perspective**

Master thesis

Written by Paul Buckley

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Paul Buckley  
Vestestraat 102  
2312 SZ  
Leiden

+31 6 187 00 272  
paul978b@gmail.com

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<b>Index</b>	3
<b>Introduction</b>	4
<b>Chapter 1: Continuing a Tradition</b>	
<i>The Rise of Populism</i>	6
<i>Understanding Modern Populism</i>	9
<i>On the Importance of Being Educated</i>	12
<i>Reception of Populism</i>	13
<b>Chapter 2: The Federal Reserve</b>	
<i>A Journalist Examining a Regulatory Agency</i>	17
<i>The Federal Reserve: A History of Distrust</i>	19
<i>Regulating Turbulent Financial Markets</i>	21
<i>Greider and the Federal Reserve</i>	24
<i>Smoke and Mirrors: Obscuring information</i>	26
<i>Understanding the Fed’s Operations in a Democracy</i>	28
<b>Chapter 3: A Degenerating Democracy</b>	
<i>Expanding the Populist Perspective</i>	30
<i>Who are “the People”?</i>	31
<i>Pitching the “the People” Against “the Elite”</i>	32
<i>Conspiratorial?</i>	34
<i>Haggling over Legislature</i>	36
<b>Chapter 4: Greider’s Populism and its Critical Reception</b>	
<i>Identifying Populist Themes in Greider’s Work:</i>	40
- <i>Conspiratorial Populism</i>	40
- <i>The Minority Oppressing the Majority</i>	43
- <i>Dreaming of a Perfect Democracy</i>	45
- <i>Who Will Educate the People?</i>	49
<b>Conclusion</b>	53
<b>Bibliography</b>	58

## Introduction

Populism has undergone a revival in Western politics over the past few decades. Right-wing populist parties have won seats in the European Parliament, and the Tea Party has become a powerful lobbying influence in the United States. There are many recurrent themes shared by populist movements throughout different liberal democracies. They revolve around an opposition against the current powers or power structure in such a democracy. Margaret Canovan typifies populism as an “an appeal to ‘the people’ against both the established structure of power and the dominant ideas and values of the society.”<sup>1</sup>

The point of a populist movement is that it claims to focus on the majority’s concerns, which are consistently neglected by those in power. Of course, these claims are debatable, as populists rarely get a majority vote in elections. According to French scholar Pierre Rosanvallon, populists discuss this negligence with a moral distinction between the “society” and the “elite”, the latter of which is depicted as being “cut off from any authentic connection with society”.<sup>2</sup>

This movement is often met with scorn among intellectuals and scholars, who themselves are often under populist scrutiny. Critics of populism maintain that populists appeal to unrealistic wishes or demands from the people, capitalizing on the practical impossibility of a direct democracy, higher wages or better weather by adhering to unrealistic party programs.<sup>3</sup> Populism is generally used as a pejorative term by scholars who say populist movements are often incompatible with modern-day liberal values.<sup>4</sup> Both Canovan and Rosanvallon condemn the populist approach to democracy, noting that it “accompanies democracy like a shadow.”<sup>5</sup> Rosanvallon warns us that the critical basis of populism, its demand for simplicity and clarity, can develop into “a pathology of oversight and vigilance.”<sup>6</sup> In other words, although the desire for clarity is not harmful in itself, populism takes it two steps too far, to the point where it

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<sup>1</sup> Margaret Canovan, "Trust the People! Populism and the Two Faces of Democracy," *Political Studies* 47, no. 1 (1999): 3.

<sup>2</sup> Pierre Rosanvallon, *Counter-Democracy: Politics in an Age of Distrust*, trans. Arthur Goldhammer, (Cambridge: Cambridge University Press, 2008): 266.

<sup>3</sup> Giovanni Sartori, *The Theory of Democracy Revisited*, (Chatham, NJ.: Chatham House Publishers, 1987), 7-8.

<sup>4</sup> David Beetham, "Liberal Democracy and the Limits of Democratization," *Political Studies* 40 (1992): 41.

<sup>5</sup> Canovan, "Trust the People!," 17.

<sup>6</sup> Rosanvallon, *Counter-Democracy*, 268.

hinders the democratic process by demonizing the authority of the democratically chosen government.

To Canovan, the only redemptive aspect of populism is that it sheds light on the inherent contradictions within a liberal democracy. On the one hand, a liberal democracy gives people the possibility to process conflicts without violence, but on the other hand it presupposes that the country is run entirely by its own people. Naturally, those in charge have to take *charge*, which means that not all conflicting demands from the people can be resolved. This leads to tension between the rulers and the ruled. Canovan argues that it is this fundamental paradox on which populists thrive.<sup>7</sup>

Although these criticisms ring true for populists everywhere, I will focus on American populism, which has its own tradition, predating even the country's independence. The question I want to answer in this thesis is whether the commonly accepted critical view on populism is too blunt. Is there a positive side to a populist approach to current-day events? In general, scholars frown upon populist approaches to history or current affairs. I intend to show that this is not always justified, and will do so predominantly with reference to the work of William Greider, author, former reporter and editor for the *Washington Post*, and currently a correspondent for *The Nation*. His major works contain heavily populist elements, which I will analyze in detail. I wish to research the merit of his work by examining the extent to which it fits into the populist patterns. To this end I will focus predominately on his book on the Federal Reserve, *Secrets of the Temple*, and his critique on the modern American democratic system, *Who Will Tell the People*. Through analysis of the critical reception of these works I hope to identify the benefits and drawbacks of this approach. Finally, I hope to give a decisive word on the merits of the populist tone in Greider's writing. Does Greider's work support Rosanvallon's thesis that populism is anti-democratic? Or does his work show that a populist approach perspective can be informative?

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<sup>7</sup> Canovan, "Trust the People!," 14.

## Chapter I: Continuing a Tradition

### *The Rise of Populism*

Populism is a multifaceted word, used in many different contexts. With a capital P, and in American history, it refers to the late 19<sup>th</sup>-century People's Party, a party that fought for farmers' and laborers' rights in the face of increasingly large banks and corporations. The People's Party aimed to protect the economically independent farmers and workers from the looming larger corporations, which were steadily increasing their hold on land and financial assets. Due to the monopolization of railroads, farmers were forced to pay exorbitant shipping rates on their goods. The influence of monopolists on state legislature fueled a growing discontent among the farmers. This was added to the grievances caused by the crop-lien system. For seeds, tools and food, the farmers were often forced to mortgage their upcoming harvest. To finance this year's necessities, they had to contract the sale of crops that were still growing. If the harvest was poor, they would have to relieve their debt by mortgaging plants they hadn't even sowed. If the harvest was plentiful, it would depress prices – devaluing their crops, meaning the farmers would have to sell more than assumed to level their debts.

Combined with the money shortage of the post-Civil War United States, farmers' dependency on monopolists worsened their economic position during the following decades. The deflation caused by money shortage was detrimental for all debtors, as it meant their debts increased in value. This effect was enhanced by the abolition of silver as legal tender in 1873. Creditors became richer, meaning wealth became more and more concentrated. This led to increased discontent in the lower economic echelons of both agrarian and urban society.<sup>8</sup>

Wage earners were marginalized in their personal agency for several reasons. The overabundance of personal debt and available labor meant they had little choice in what kind of work they did – employers had access to plenty of people, especially immigrant workers, to replace difficult employees. On the other hand, many employers were owned by the same corporation, leading to what was in effect a wage cartel. If wage earners tried to combine forces in opposition to the corporations, they were often harshly dealt with by hired muscle.<sup>9</sup>

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<sup>8</sup> Margaret Canovan, *Populism* (New York: Harcourt Brace Jovanovich, 1981), 19-24.

<sup>9</sup> Michael Kazin, *The Populist Persuasion: An American History* (Rev. ed. Ithaca, NY: Cornell, 1998), 35-8.

Farmers as well as laborers had already often joined forces in Farmers' Alliances or Labor Organizations. Farmers' Alliances arose quickly in the South and West, and sought to strengthen the farmers' positions by unifying them. Together, they could invest in seeds and equipment. This would enable them to bypass the unreasonable prices demanded by local retailers. At the same time, they hoped to agree on set prices for their crops, thus reducing their vulnerability to market volatility.<sup>10</sup> Farmers' Alliances spread out through most agrarian communities in the United States. They formed a community-based approach to problems that troubled all independent farmers, one of which was the poor availability of education. Farmers lacked the funds to attend universities, and often had no information on the latest scientific developments in farming. Before the rise of the Alliances, they had no way of learning about agrarian developments, or local and global economy. Leaders of the various chapters stressed the importance of education, and farmers pooled books together, establishing chapter libraries, and together subscribed to various weekly newspapers, which provided information on agrarian scientific developments. The Farmers' Alliances also started educating members on practical matters such as bookkeeping, crop yields, price rates, loans and other knowledge needed to do business. Farming was no longer an occupation for the uneducated.<sup>11</sup> By buying tools, knowledge and resources in bulk, the Alliances strengthened farmers' positions.

Similarly, laborers combined their efforts in various labor organizations such as the National Labor Union and, stimulated by the Union's collapse in 1873, the Knights of Labor. These organizations aimed to unify laborers in a coherent front against big corporations, strengthening their positions by striking, or by rationing the coal supply in order to regulate prices, comparable to what Farmer Alliances did with crops. There was also a lot of overlap between farmers and laborers, as many farmers were miners off-season, and many miners maintained some crops for sustenance.<sup>12</sup>

From 1889 through 1892, the various Farmers' Alliances and Labor Organizations started grouping together, eventually supporting the Omaha Platform on July 4, 1892. With it, the People's Party was formed.<sup>13</sup> The Platform called for the restoration of power to the people:

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<sup>10</sup> Canovan, *Populism*, 26-7.

<sup>11</sup> Charles Postel, *The Populist Vision* (Oxford: Oxford University Press, 2007), 50-5.

<sup>12</sup> Postel, *The Populist Vision*, 19-20.

<sup>13</sup> Canovan, *Populism*, 36-7.

[W]e seek to restore the government of the Republic to the hands of “the plain people,” with which class it originated. We assert our purposes to be identical with the purposes of the National Constitution; to form a more perfect union and establish justice, insure [sic] domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty for ourselves and our posterity.<sup>14</sup>

The Omaha Platform strived for the nationalization of railroads and communications infrastructure, re-introduction of silver as legal tender, reduction of immigration, eight-hour working days, abolition of “the Pinkerton system”<sup>15</sup>, introduction of referendums, directly chosen senators and several other rather revolutionary initiatives.

In the development of the Farmers’ Alliances and Labor Organizations toward the People’s Party, we can discern a few themes which return in our understanding of populism today. They include the distinction between “the people” and “the other”, but also an inquisitive attitude concerning the extent to which a democracy can represent every single citizen. Further, just like populists today, the People’s Party focused on informing “the people”, based on the supposition that “the people” were kept in the dark. It should not surprise us that the responsibility for this misinformation rests with “the elite”: “the people” are absolved, and must be weary of anything proposed by the elite. This distrust towards authority also plays a major part in populist movements.

Historians’ evaluations of the Populists vary widely. Some historical scholars, like Michael Kazin, emphasize the progressive approach. Others, like Richard Hofstadter, feel the Populist perception of the world was too simplistic, primitive and idealistic. Hofstadter identifies a nostalgia throughout the Populist movement, a longing for an ideal time that, in reality, never existed. This glorification was part of the Populist Party’s appeal to the displeased masses.<sup>16</sup> Hofstadter argues that Populists only distinguished between the “monopolies, the money

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<sup>14</sup> Populist Party, *Omaha Platform*, accessed February 10, 2015,

[http://en.wikisource.org/wiki/Omaha\\_Platform](http://en.wikisource.org/wiki/Omaha_Platform)

<sup>15</sup> The Omaha Platform uses ‘the Pinkerton system’ as shorthand for what they call “a large army of standing mercenaries.” The Pinkerton Detective Agency, founded in 1850, expanded its services during the 19<sup>th</sup> century to include private security, as well as military contracting work. The Pinkertons became infamous for their violent suppression of labor strikes, as well as their efforts to force upcoming labor unions to disband.

<sup>16</sup> Richard Hofstadter, *The Age of Reform : From Bryan to F.D.R.* (London, Cape, 1962), 24.



power” and “all other people who produce wealth.”<sup>17</sup> Populists warned of “the destruction of civilization” if they did not win the next election, and recognized their problems as the results of a “sustained conspiracy of the international money power”.<sup>18</sup> Hofstadter portrays the Populists as uneducated, anti-Semitic and Anglophobic, emphasizing their xenophobic nationalism.<sup>19</sup> This approach to Populism still resonates in the common academic opinion of modern-day populism.

### *Understanding Modern Populism*

The popular reform writer Henry George’s 1879 *Poverty and Progress* was exemplary for how power relations would later be seen in the Populist movement:

In theory we are intense democrats. Yet growing among us is a class who have all the power of the aristocracy— without any of their virtues. A few men control thousands of miles of railroad, millions of acres of land, and the livelihood of thousands. They name the governors as they name clerks, and choose senators as they choose attorneys. Their will with legislatures is as supreme as a French king’s.<sup>20</sup>

This passage illustrates one of the most defining recurrent elements of populist discourse: the demarcation between “us”, the democrats, and “them”, the aristocrats without virtue. “We, the people”<sup>21</sup> occupy the moral high ground, whereas the elite has the power. The democratic majority is pitted against the powerful elite in a distinction that is based on wealth and power, not on generation or race.<sup>22</sup> This elite can take on different forms, depending on the context. For

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<sup>17</sup> Ibid., 64.

<sup>18</sup> Ibid., 70-4.

<sup>19</sup> Ibid., 88.

<sup>20</sup> Henry George. *Progress & Poverty*, ed. Bob Drake (Robert Schalkenbach Foundation, 2006), 291.

<sup>21</sup> Throughout this paper, I will use “the people” (in quotation marks) in this sense of the word: majority of oppressed people as assumed in populist arguments.

<sup>22</sup> Jack Newfield, and Jeff Greenfield, *A Populist Manifesto : The Making of a New Majority* (Warner Paperback Library: New York, 1972), 28-9.

It should also be noted that white People’s Party Populists catered to the black minority in order to gain votes, but at the same time tried to distance themselves from emancipatory movements. (Kazin, *The*

example, according to Rosanvallon, modern “[p]opulists denounce ‘otherness’ in moral terms (by vilifying the ‘corrupt’ and ‘rotten’), in social terms (by condemning ‘elites’) and in ethnic terms (by attacking ‘foreigners,’ ‘immigrants,’ ‘minorities,’ etc.).”<sup>23</sup> They are able to create the illusion of a homogeneous people by finding a common enemy in a minority, and blaming that group for the hardships the majority has to bear. This is why populist movements are often related to or associated with xenophobia and racism. We can recognize these patterns in the People’s Party: Populists refrained from acknowledging the black minority as equals, and vilified monied businessmen, monopolists and politicians.

We can see how Populists strengthened their own identity by denouncing “the plutocracy,” the wealthy elite that kept “the plain people” down. This “other” was the reason that the great American democracy was not working properly, which brings us to the “restoration” of “the government of the republic to ‘the real people’” mentioned in the Omaha Platform.

Rosanvallon typifies populism as an ideology, an inversion of everything democracy stands for: “an extreme form of anti-politics”. On the one hand, it is concerned with an absolute democratic power for “the people” (as opposed to “the others”, who are considered damaging to the society). On the other hand, Rosanvallon recognizes three recurrent populist tendencies: pathological oversight, negative sovereignty, and politics as judgment, all three explained below.

As quoted in the introduction, Rosanvallon argues populists are pathologically watchful, to the extent that all authority – even if democratically chosen – becomes villainous. This suspicious oversight goes so far that every action taken by the government can be painted in a negative light. This results in populists defining sovereignty in a negative sense, which is to say as not having one’s “freedom” inhibited by government policy. Together with the search for “others” to be opposed to, this leads to a subversion of any actions undertaken by the government. Rosanvallon sees this as a manifestation of directionless anger of the masses. Finally, he discusses the notion that “the people” should be able to judge through politics, stating that the “only justice in which it is interested is the justice of repression, punishment, and stigmatization of those whom it condemns as ‘undesirables’ and ‘parasites.’” His take on

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*Populist Persuasion*, 41) Most of the Populist adherents were opposed to racial equality, and feared the recently freed blacks working for large plantation owners, seeing them as allies of the elite.

<sup>23</sup> Rosanvallon, *Counter-Democracy*, 266.

populism is that it is a negative force in politics, “an acute manifestation of contemporary political disarray and a tragic expression of our inability to overcome it.”<sup>24</sup>

We can understand the first two elements Rosanvallon signifies with help from Margaret Canovan’s interpretation of populism:

Populism in modern democratic societies is best seen as an appeal to “the people” against both the established structure of power and the dominant ideas and values of the society.<sup>25</sup>

She further elaborates on this interpretation in the context of a democratic system. She typifies populism as a three-pronged argument. First, it assumes “the people” are the foundation of the community: any authority has to be in accordance with its people. Second, it states that the society’s government neglects the opinion of its people – their “rightful primacy” has been taken from them. Finally, the populist argument states that “the people” must “be restored to their proper place” and “society regenerated.”<sup>26</sup>

This line of arguments is often disputable, but nonetheless persuasive to many – most people feel wronged in one way or another, and populists often provide a convenient scapegoat, namely those in power. It brings us back to the paradox inherent to a liberal democracy: how can politicians and policymakers cater to the diverse and contradictory demands of “the people”? Some people will always feel aggrieved by certain decisions, even though running a country requires people to make those decisions. This leads us to the next question: to what extent can a government decide what is best for its citizens or, more bluntly, that a certain policy is for the people’s own best will, even if they don’t agree with it?

Without stepping into the philosophical morass that finding a clear-cut answer would be, we can recognize that this question is a recurrent theme in populist arguments. The government, even if chosen by the people, is in a position where it needs to exercise power over people who will not always agree with its decisions. Once the assumption is made that it is not truly the people who are in charge, but a power-hungry elite, all the other populist tendencies fall into place: the government does not represent “the people”, politicians must be scrutinized,

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<sup>24</sup> Ibid., 268-273.

<sup>25</sup> Canovan, “Trust the People!,” 3.

<sup>26</sup> Margaret Canovan, *The People* (Cambridge: Polity, 2005), 81-2.

and the people must be restored to power. For the Populists it was evident that “the plutocracy” benefited highly from the way the United States were governed, despite the fact that the majority of the people were at a disadvantage. Most modern populist arguments follow the same construction – whether they are accurate or not is another question.

### *On the Importance of Being Educated*

Despite Hofstadter’s allegations that Populists were provincial simpletons at heart, members of the People’s Party stressed the importance of educating their followers. Especially among the members of Farmers’ Alliances, it was common practice to hold lectures and share information resources. Academically schooled farmers researched the possibilities of new farming techniques and tried to make those accessible to the entire agrarian class. The Populists adhered to the idea that progress, which meant the improvement of rural life, presupposed the leveling of the education gap.<sup>27</sup> This education mobilized the rural population from the bottom up.

Educational progress, they believed, constituted the great equalizer in commerce, technology, and social standing. And it conformed to their understanding of power within the dynamics of a modern world. Among their collective grievances, agrarian reformers bitterly assailed the monopolists' grip on "sources of intelligence" and access to knowledge.<sup>28</sup>

Once again, we can see the distinction between “the people” and “the elite”, the latter having access to information, the former being represented as being wronged. Populists stressed the significance of education and scientific progress, searching for “a scientific understanding of

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<sup>27</sup> Postel, *The Populist Vision*, 48.

<sup>28</sup> *Ibid.*, 49.

their place in nature and society.”<sup>29</sup> The Populists did not, like certain populist movements today, denounce science in favor of uncritical religious faith.<sup>30</sup>

The significance of education is still understood by populist movements. Today’s populists see themselves as informers, spreading the word on the various instances of misconduct in the country’s government. Denouncing the mainstream (“lamestream”<sup>31</sup>) media as a tool of “the elite”, populists use a different approach to inform their followers of their values. By holding speeches and directly contacting their following, they are able to “educate” “the people” on the core beliefs of their party programs, the deeper truths to which “the people” were held ignorant by “the elite”.

### *Reception of populism*

We can start to see why Rosanvallon’s definition of populism as an ideology is too narrow. To understand the full significance of populism, we need to understand its use in political programs, but also its broader connotations. In modern media, “populism” is often used to indicate a “preference of the masses”. In commercials, it is used to indicate that thousands of Americans prefer *that* product, rather than another one, thus conveying an inferiority of alternatives.<sup>32</sup> Just like the Populist movement, this commercial application influences how we understand and discuss the term. To Canovan, populism “is a matter of political style and tactics, not of particular policy commitments.”<sup>33</sup> According to Kazin, “people employed populism as a flexible mode of persuasion. They used traditional kinds of expressions, tropes, themes, and images to convince large numbers of Americans to join their side or to endorse their views on particular issues.”<sup>34</sup> In other words, populism can be understood as a *way of speaking*, a manner

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<sup>29</sup> Ibid., 266.

<sup>30</sup> Dan Merica, “Poll: Tea party opinions of global warming, evolution problematic for GOP.” *CNN Religion Blog*, September 22, 2011. Accessed February 10, 2015. <http://religion.blogs.cnn.com/2011/09/22/poll-tea-party-opinions-of-global-warming-evolution-problematic-for-gop/>.

<sup>31</sup> “American’s Fraud President,” The Tea Party, last accessed February 12, 2015, <http://www.teaparty.org/americas-fraud-president/>.

<sup>32</sup> Michael Kazin, *The Populist Persuasion*, 271.

<sup>33</sup> Canovan, *Populism*, 286.

<sup>34</sup> Michael Kazin, *The Populist Persuasion*, 3.

of framing events and opinions to influence how people will react to them, not just a political movement or ideology. It is a manner of persuasion, for which it has been academically vilified.

By using hollow phrases like “big government” or “tax and spend,” populists aim to elicit an emotional response from the public. They aim for a gut reaction, rather than a well-considered vote. When President Ronald Reagan delivered his infamous one-liner “The nine most terrifying words in the English language are: I’m from the government and I’m here to help,”<sup>35</sup> he was not making a rational argument. A critical listener might wonder what Reagan, a government leader himself, is doing, if not “helping” the public.<sup>36</sup> An emotional audience, however, will react with gut instinct: many people are brought to believe they should fear the government when it comes to personal affairs. By moving away from rational management and toward emotional response, populists hollow out the democratic process.

This, amplified by populism’s high visibility, attracts a great deal of criticism. The idea that the population of any country, let alone that of the United States, known for its “melting-pot” population, shares anything beyond the country’s geographical borders, is nowadays perceived as naive and short-sighted at best. Populists (although this can be said for politicians in general) often claim to represent people whose interests they do not have at heart. Furthermore, people do not always care about the most important problems: a strong standpoint on a relatively minor issue can attract a great amount of support, even if careful analysis indicates that there are more urgent matters. In other words: “the people” do not always realize what is best.<sup>37</sup> This is exemplified by their frequent opposition to regulatory agencies, such as the Federal Reserve, as we will investigate in detail in the following chapter.

Regulatory agencies often bear the brunt of populist critique, as they exemplify the practical implications of a country's authority. It is through regulatory agencies that a government is able to put its policy in practice. Agencies like the Environmental Protection Agency or the Drug Enforcement Administration have impact on people's lives, making them an easy target for populists. Rosanvallon stresses the importance of these agencies in the legitimization of a government: by defining boundaries for citizens and corporations, a government can protect the values its people hold dear, thus proving its value. Immune to

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<sup>35</sup> Ronald Reagan, “The President’s News Conference,” Hyatt Regency Hotel, Chicago, IL, 12 August 1986, accessed March 28, 2015. <http://www.reaganfoundation.org/pdf/SQP081286.pdf>.

<sup>36</sup> For simplicity’s sake here foregoing the question whether contractions count as one or two words.

<sup>37</sup> *Ibid.*, 287-8.

partisan pressure, they should be able to define a policy that transcends the government in charge, in order to guarantee stability.<sup>38</sup> These agencies' effectiveness can be evaluated according to four features:

[I]solation from political pressure and independence of the executive; impartiality; [their] ability to implement long-range policies not subject to the vagaries of elections; and [the] ability to formulate coherent, rational policies.<sup>39</sup>

As populists generally oppose the seated powers, they also question the legitimacy of these regulatory agencies. This is why populism is typified as anti-politics by Rosanvallon, as they attack at least one of the legitimating pieces of the country's lawmakers. Populism is an effort to capture the anger of "the people" in a movement against authority. In other words, Rosanvallon sees populism as a movement against politics, rather than a movement for something else.<sup>40</sup> Because he understands regulatory agencies as a legitimating force in democracy, he sees populist critique of their policy as a threat to democracy. Hence his argument that proper regulatory policy, which would encompass more of a country's constituency's demands, would alleviate populist pressure on the government. In other words, regulatory agencies can actually aid in solving the problem of populism.

The populist idea that a country's population can be represented by referring to a single "people" is the source of most allegations of "anti-politics". It does not correspond to the way the world works, but is an attractive idea.<sup>41</sup> Populism is a method used to promote vastly different movements and ideologies on both sides of the political spectrum.<sup>42</sup> But then what separates left-wing populism from the right? If it is not their populist approach, then surely it must be related to party programs – the left generally understood to be progressive, the right conservative.

Both sides seem to take different views of the same series of events – what may seem like a necessary update of moral values to left-wing protesters in the 60s can be depicted as godless atheism in the eyes of a conservative fighting for family values. Both will use

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<sup>38</sup> Rosanvallon, *Democratic Legitimacy*, 37.

<sup>39</sup> *Ibid.*, 79.

<sup>40</sup> *Ibid.*, 270-1.

<sup>41</sup> Canovan, *Populism*, 265-6.

<sup>42</sup> *Ibid.*, 286.

comparable rhetoric, discussed above, to achieve a wider support. Based on populist movements of the past, we can recognize different focal points on different sides of the spectrum. Conservative populists hammer on the importance of conserving the things “the people” value most, ranging from abstract terms as freedom and family values, to concrete things like employment and low taxes. Examples include the new right in the 1970s and 1980s<sup>43</sup> or today’s Tea Party. On the other hand, progressive populists stress the significance of advancement, defining progress according to their own values. Often this means focusing on decreasing income disparity and acknowledging people’s individuality. Examples include the new left in the 1960s and William Greider’s writing, on which the next chapter will focus.

Of course, this demarcation is not clear-cut. The People’s Party united elements from both progressive and conservative populism, calling for increased equality in order to secure their values from the plutocracy. Nonetheless, this distinction will prove useful to understand Greider’s position along the populist spectrum.

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<sup>43</sup> Cf. Kazin, *The Populist Persuasion*, Chapter 10: “The Conservative Capture”.



## Chapter 2: The Federal Reserve

### *A Journalist Examining a Regulatory Agency*

One capital example of Rosanvallon's 'regulatory agencies' is the Federal Reserve System. The United States' central bank is the primary means by which the US government regulates its financial markets and, consequently, the national economy. Through various mechanisms, the Fed supervises America's banks and their policies, in order to protect the US economy and its citizens from the volatility that accompanies a financial market without rules.

Whether the Fed is successful in achieving these goals is subject to heated debate. Ever since its creation in 1913, the Fed's policy has met with fierce debate and opposition. Many authors and journalists of varying levels of repute have written thick books on the Federal Reserve, but this paper will focus on the work of William Greider. At the time a reporter for the *Washington Post*, Greider is interested in "the politics that is distant from the formal machinery of elections." Specifically, he focuses on power relationships between "the people" and their government, on why it is so hard for "people who have no power" to "break through the snares and obstacles and somehow get the system to respond to their demands."<sup>44</sup> The Federal Reserve is only one of those snares, a small subset of the countless bureaucratic and political obstacles between citizens and their power. Chronologically, his investigations have concerned themselves with larger and larger subjects, and *Secrets of the Temple* is near the top of his bibliography. Published in 1987, it gives an insightful account of the history and purpose of the Fed, and is an essential part of a debate that still rages today.

The 1980s saw the presidency of Ronald Reagan and the rule of his infamous "supply-side economics": the idea that increasing funds for the wealthy would yield economic benefits throughout the economy due to their increased production power. Written during the substantial economic decline of the 1980s that would mark the start of the savings and loan crisis, Greider's account of the Fed shows that he was influenced by the work of his two most famous colleagues, Bob Woodward and Carl Bernstein, famous for uncovering the Watergate scandal. His writing emerges simultaneously with and opposed to neoliberalism and its unwavering faith in the purported self-regulatory capabilities of economic freedom from

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<sup>44</sup> William Greider, *Come Home, America: The Rise and Fall (and Redeeming Promise) of Our Country* (New York: Rodale, 2009), 272.

government intervention. Reading Greider's hefty work, the reader gets the impression that the writer is unraveling a plot, trying to succeed where his contemporaries failed: to explain exactly what the Fed does.<sup>45</sup> Using interviews and meeting minutes as significant sources, *Secrets of the Temple* is an extensive piece of investigative journalism. In order to find out what happened to the people's mandate, the main questions Greider sets out to answer are: what is the purpose of the Fed? What does the Fed do? And most importantly: who benefits from the Fed's policy?

The Fed has frequently played a major role in conspiracy theories<sup>46</sup> and any critique runs the risk of being derided as such. Populism is often associated with superstition and conspiracy theories. Rising from ignorance, conspiracies surround just about any wealthy person, family or company. Combined with Rosanvallon's understanding of populism as a "pathological oversight" in search of "an other" to be opposed to, any populist critique is easily categorized as a paranoid phantasm. This is why a close examination of the populist critique issued by Greider is necessary. I wish to understand to what extent it is populist and to what extent we can benefit from this approach to recent history. Is it reasonable to understand the Fed's interactions with Wall Street as a sign that there is a financial elite controlling US financial policy? Is Greider's work a rebuttal of the stereotype that populists suffer from paranoid delusions?

In various ways, the Fed has a strong influence on the American financial markets, and hence the economy. Greider argues that the Fed's policy is, at the very least, rather suspicious. It was founded to protect the population by regulating financial markets, but when one looks at the Fed's actions, it seems like they often serve the banks rather than the US population. Such regulation was demanded by 19<sup>th</sup>-century Populists, but by the time the Federal Reserve Act was passed in 1913, it was also supported, and in fact written, by bankers. Greider highlights the close ties between the Wall Street bankers and the Fed governors, focusing on the benefits Wall Street has reaped from the Fed's actions.

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<sup>45</sup> William Greider, *Secrets of the Temple : How the Federal Reserve Runs the Country*, (New York, N.Y.,: Simon & Schuster), 1989, 395.

<sup>46</sup> Cf. *The Creature from Jekyll Island* for an amusing fantasy on the 'dark mechanisms' behind the Fed.

### *The Federal Reserve: A History of distrust*

As a regulatory agency, the Fed's main purpose is to maintain a stable economic environment. We can understand the Fed as working similarly to a steam valve, regulating the pressure on an engine. If the pressure rises too high, the valve is opened. If the pressure drops too far, the valve is closed. The role of the Fed is to be a series of such valves, a straightforward set of mechanics in the intricacies of running a country, rather than a political instrument. To that end, Fed policies are to remain insusceptible to popular opinion. Fed board members, in charge of the daily operations and general policy, are appointed for terms of 14 years. This exempts the board from the whims of the people, for the same reason judges are not directly elected. This way, the board can theoretically set its own apolitical course in order to keep the US economy stable. Greider's allegation is that the Federal Reserve is not apolitical at all. He claims that, if examined closely, the Fed turns out to serve a very select part of the US population: the wealthy, those who own others' debts. Rather than regulating the banks of Wall Street, the Federal Reserve seems to aid them.

In this sense, it is suitable that Greider describes Andrew Jackson's "crusade" against the Second Bank of the United States (SBUS). Like Jackson, Greider is suspicious of the national bank and its mechanisms, describing Jackson's "question of whether a central bank was compatible with American ideals" as "a seminal conflict in American politics." Jackson was one of the United States' first populists, carrying rhetorical inconsistencies to reconcile opposites and thus please what he dubbed the "real people".<sup>47</sup> Understanding Jacksonian populism with regard to the SBUS will help us understand Greider's populist perspective. It will also offer us a clear view of the mechanisms of the SBUS, the American economy and the Fed.

Since the US independence, money consisted of gold and silver coins, namely specie, and paper currency. Only the government was allowed to issue specie, which had a fixed international value. However, it was unwieldy for everyday use, and hard to come by in many situations, especially in the younger states in the west. Paper money was issued by private corporations: banks. Private meant that individuals owned the banks, and not the government. Investors (in theory, though not always in practice) contributed specie to the bank's starting capital. Because the bank was incorporated, the investors risked no more liability than they had initially invested: the bank was a legal entity which bore that responsibility. Banks made a profit

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<sup>47</sup> Greider, *Secrets of the Temple*, 254-5.

by lending money, or rather by writing out paper money and promising to exchange it for specie if turned in at the bank. For the bank's shareholders, it was tempting to write out more paper money than they had specie. That way, they could make a higher return on interest. The paper money would flood the local market, causing the economy to boom. At the same time, the large amount of money would cause inflation, meaning that money became worth less: the same items cost more dollars. As it became clear that the bank could not back up its paper currency, people would start to panic and try to exchange their notes for species. This depleted the specie reserves, rendering the notes worthless and the people broke. After an economic depression, the cycle would restart.

The SBUS was founded in 1816 in an effort to halt this cycle. It redeemed local banks' notes, obtained through taxes. If the Eastern Kentucky Bank (EKB) issued a lot of notes in 1819, that meant a lot of people would pay their taxes with EKB paper money. The SBUS would then redeem these bills for specie at the EKB, limiting the amount of paper money it could produce. Both private investors and the American government owned the SBUS. The government owned 20% of the Bank's shares and appointed one-quarter of its directors; the rest was financed by private investors.<sup>48</sup>

Andrew Jackson opposed the SBUS on various grounds, most of which need not be explained here in depth. Most significant among them was the fact that the SBUS's private investors were supported with tax payers' money. He argued the bank's revenue should go "to the whole people, instead of a *few monied capitalists* who are trading upon our revenue."<sup>49</sup> The classic populist distinction between "the people" and "the other" is clear here, and Jackson convinced many people that the SBUS was unconstitutional. It used tax payer money to buy land in sovereign states (protected by the constitution), for which it did not have to pay taxes. In other words, Jackson saw the SBUS as a privately owned government institution. Because its charter was renewed once every 20 years, the congress that installed it imposed its authority on future generations. These were the grounds for Jackson's campaign, arguing in favor of a national bank that "would have few officers, and no stockholders, make no loans, have no debtors, build no houses, rent no lands or houses, make no donations, and would be entirely

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<sup>48</sup> Harry Watson, *Liberty and Power : The Politics of Jacksonian America* (New York: Hill and Wang, 1990), 39.

<sup>49</sup> Andrew Jackson, *The Papers of Andrew Jackson. Vol. VIII: 1830*, ed. Daniel Feller et al. (Knoxville: University of Tennessee Press, 2010), 430.

destitute of the influence which arises from the hopes, fears and avarice of thousands. It would oppress no man, and being part of the government, would always aid its operations.”<sup>50</sup> Jackson's argument contains several elements of populist rhetoric. The distinction between “the people” and “the elite” of the world of finance rears its head once more, as well as the idea that rightful democratic power has been taken from “the people”.

In 1832, Jackson vetoed the extension of the SBUS' charter, which expired in 1836. As president, he used the veto to put his personal stamp on national policy, thus setting precedent for a much more invasive role for the presidential veto of his successors. Jackson's veto increased liberties for corporations. These corporations proved to be a highly effective way to access the far-flung markets in the emerging western part of the United States. By deregulating the economy, or, in Jackson's words, protecting the liberties of the “real people”, he empowered the big corporations. Jackson saw the government as an enemy of the constitutional rights of “the people”. During the second half of the 19<sup>th</sup> century, the government would be seen as the only way “the people” could protect themselves from the monied corporations.

### *Regulating Turbulent Financial Markets*

The Fed was designed in 1913 in response to the Panic of 1907. As we have seen above, the US economy proved unstable when not regulated, and the period after Jackson “killed” the SBUS was no exception. Economic crises occurred almost every decade, and the most shocking happened in 1907. A few investors tried to “corner the market” by buying all the shares of the United Copper Corporation, one of the biggest copper companies at the time. Unable to finance the entire operation, one of the investors' banks failed, taking down the bigger Knickerbocker Trust with it. This triggered a major panic as people tried to withdraw their money from the banks where they had accounts. Most banks still lacked the funds to return all their clients' money, and eventually Wall Street and Washington had to join forces to restore confidence and

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<sup>50</sup> Ibid., 603-4.

stability in the banking system. J.P. Morgan, the nation's leading financier at the time, brokered a deal in which he persuaded the US Treasury and New York's wealthiest bankers to invest almost \$40 million to save the foundering financial system.<sup>51</sup>

The panic was the final straw that convinced even the bankers that financial reform was necessary.<sup>52</sup> The People's Party had already argued in favor of reform at the end of the 19<sup>th</sup> century, but now the idea was commonly accepted. In 1913, the Federal Reserve Act was signed into law.

The primary mechanism with which the Fed influences the market is the Discount Window. To understand its function, we must understand how banks make money, and how they make a profit. The process happens as follows: a businessman approaches a bank for a loan. The bank investigates whether his business plan is sound, and, if so, lends the necessary money. This money is written to the businessman's account. That is to say that the man can use the money in his account to pay other people: he can make wire transfers or withdraw cash. Banks in turn make a profit in the form of interest over the money lent. The businessman pays a certain percentage of interest, thus adding money to the bank's account. By lending money to customers, banks create money.

The situation above is comparable to 19<sup>th</sup>-century banking, except for the Federal Reserve notes, the paper money issued by the Federal Reserve. Before the founding of the Fed, local banks issued their own money, which could be transferred for specie at one of their branch offices. For example, the EKB wrote out paper money that could be exchanged for specie at any of the Eastern Kentucky Bank branch offices. Instead of paper money issued by banks, banks' debts to their customers now take the form of numbers in their accounts. Having an account with the Bank of America that has \$1,000 "in" it means that the Bank of America promises to give the account holder up to \$1,000 in Federal Reserve Notes.

Just as before, banks don't need to have cash money to back up every single account, as long as there is no run on the banks. In other words, banking business is based on promises and trust: as long as the people trust their banks to be good for their accounts, the system keeps on running. If a panic starts to brew, it becomes a self-fulfilling prophecy: the more people withdraw their money, the bigger the chance that the bank will run out of cash, which will

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<sup>51</sup> For further information and a more detailed explanation, see: Robert F. Bruner and Sean D. Carr, *The Panic of 1907*.

<sup>52</sup> Robert Wiebe, *The Search For Order, 1877-1920* (New York: Hill and Wang, 1967), 201.

prompt more people to attempt to withdraw their money before it is gone. Like a cattle stampede, a bank panic is a positive feedback cycle: it reinforces itself. In 1907, banks and the government had to step in to halt the spiral. In 1913, bankers and politicians instituted a plan to prevent that from becoming necessary. The Fed's primary function is to reassure the public that debts will be fulfilled.<sup>53</sup>

First, it keeps the expansion of credit in check, by way of the 'reserve requirement'. This means that all banks must keep a certain percentage of their customers' money in cash. As of 2014, this percentage is between 0 and 10%.<sup>54</sup> Theoretically, this prevents banks from overextending their credit, which would create too much money and lead to excessive inflation. If a bank still creates too much money, it will have to balance its reserves. This can be done by calling in the bank's outstanding loaned money, or by borrowing money at the Discount Window. Money borrowed at the Discount Window is added to the bank's account in one of the 12 Federal Reserve Banks, removing its solvency problem. The public can rest assured that, due to the systems instated by the Fed, banks will remain solvent: the panic is prevented before it happens.

As we saw above, banks wrote out their own debt notes before the Fed was founded: the EKB wrote out EKB bank notes, the Western Tennessee Bank WTB bank notes. Today, all banks deal with dollars. In order to prevent a panic as mentioned above, the Discount Window is a solution for a bank's liquidity problems. A bank can borrow money from the Federal Reserve at better rates than from its competitors.

However, even if banks are not in trouble, they can use the Discount Window to acquire more money. This way, the Fed can influence the financial market. By setting the interest rates high, the Fed limits how profitable it will be for banks to turn to the discount window: high interest rates mean loans will have high rates, meaning they will be less attractive for individual borrowers. The banks will be able to sell fewer loans. Low interest rates mean that banks can offer cheap loans, attracting more people to their offices. More loans mean an increased amount of money in circulation, stimulating the economy by increasing the financial possibilities of consumers, investors and businesses.<sup>55</sup> Similarly, if the Fed increases interest rates, the

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<sup>53</sup> Ibid., 60.

<sup>54</sup> "Reserve Requirements", Federal Reserve Bank, accessed February 12, 2015, <http://www.federalreserve.gov/monetarypolicy/reservereq.htm>.

<sup>55</sup> Greider, *Secrets of the Temple*, 282.

economy will grow at a lower rate. This way, the Fed is able to loosen and squeeze the money supply, influencing the economy. The Fed board should, in the words of William Martin, chairman of the Fed from 1951 to 1970, “lean against the wind” so that economic growth will not spiral out of control.<sup>56</sup> This keeps the economy nicely in check. However, what kind of growth of the economy is desirable?

### *Greider and the Federal Reserve*

According to Greider, the Fed has always pushed its own agenda when answering this question. To understand why “leaning against the wind” is so important we need to examine who occupies the seats on the board of governors, and how they attain such power. The Federal Open Market Committee (FOMC), in charge of such influential decisions as setting the rent for the Discount Window, consists of two parts. On the one hand are five of the 12 presidents of the district Reserve Banks, scattered throughout the country. These presidents are appointed by the district’s board of directors, six out of nine of whom are appointed by commercial banks who are “member banks” of the Federal Reserve System.<sup>57</sup> On the other hand are the seven governors of the Federal Reserve Board, appointed to 14fourteen-year terms by the President.

The district presidents are appointed by boards where a majority of the voters represents banking interests. So what how about the Presidential appointees? The Federal Reserve Act says the President “shall have due regard to a fair representation of the financial, agricultural, industrial and commercial interests and geographical divisions of the country.”<sup>58</sup> However, according to Greider, “there were no farmers, manufacturers, small-business men or labor leaders on the board.” In fact, it seems that most Federal Reserve governors drift up from the financial world and, once they enter the bureaucratic pipelines that keep the daily Fed operations running, their priorities are quickly adjusted to the Fed standards. These priorities do

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<sup>56</sup> Ibid., 61-5.

<sup>57</sup> “The Federal Reserve System Purposes and Functions,” Federal Reserve Bank, accessed February 12, 2015, <http://www.federalreserve.gov/pf/pf.htm>.

<sup>58</sup> “Federal Reserve Act: Section 10,” Federal Reserve Bank, accessed February 12, 2015, <http://www.federalreserve.gov/aboutthefed/section%2010.htm>



not always correspond with those of the people, or even the government. When one evaluates whether Fed policy is successful, the most highly valued judgment is found on Wall Street.<sup>59</sup>

Because they make investments over the course of decades, bondholders are seen as the barometer of a country's economic stability. If a country's inflation is high, the bondholders' payments will be worth less when they eventually get their money back. Hence, bondholders are only willing to invest in a country they deem to be economically stable, i.e., one that has low inflation. For bondholders, this is an important indicator, as low inflation means that any capital retains most of its value. High inflation means all capital becomes proportionately less valuable. This also goes for debts, meaning that those that owe money see their debts decrease, and lenders see the value of outstanding debts decline as well. High inflation, in other words, is not favorable to creditors – at least in the short term.

Government bonds are a great example of capital begetting more capital. If one has enough money to buy government bonds and live without that money for the next thirty years, it can be a profitable endeavor. However, for the majority of the US population, this is not a possibility. The bondholders are a select yet very influential part of the US population, and their interests are often opposed to that of the general population. Economic good news can mean an increase of funds in the money market, and thus higher inflation: bad news for bondholders. This is where Greider's book identifies "the other", "the elite": the monied few, whose judgment determines the Fed's operation:

What was good for this affluent minority of citizens, of course, might or might not be good for the rest of the country, and, very often, the bondholders sought the opposite of what the majority wanted. [...] Like all special-interest groups, of course, bondholders saw their own self-interest as synonymous with the national interest. Officials at the Federal Reserve listened closely. They monitored the daily prices and interest rates from the bond trading.<sup>60</sup>

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<sup>59</sup> Greider, *Secrets of the Temple*, 73.

<sup>60</sup> *Ibid.*, 370-2.

So if the Fed does not seem to represent the interests of the US population, and hence, in principle, the government (as it is elected to represent the population), how does it stay on this independent course?

### *Smoke and Mirrors: Obscuring Information*

The exact mechanisms of who appoints members of the Fed are already rather confusing. The Fed's communications with the outside world are not much better. Starting with the price collapse of 1920, the Fed developed a significant "skill": the "ability to obfuscate and confuse when under attack." Ever since it has become standard procedure to evade the heart of questions asked. By answering accurately in the narrow sense, the exact role the Fed plays in certain matters remains obscured.<sup>61</sup> For example, in response to the recession of 1981, Fed Chairman Paul Volcker argued that the Fed had only increased the interest rates and that the problem was caused by high inflation. Naturally, this does not do you much good if you are facing foreclosure: the high inflation was manageable in itself, as long as the interest rates were accommodating to businesses' needs.

However, if the Fed clearly announced its motivations for its actions, it would be a lot harder to succeed in its goals, namely to keep interest rates low, and economic growth stable and predictable: "Secrecy and evasion were considered necessary to the task."<sup>62</sup> The more remote it was from public scrutiny, the better:

Citizens were taught that its activities were mechanical and nonpolitical, unaffected by the self-interested pressures of competing economic groups, and its pervasive influence over American life was largely ignored by the continuing political debate. Its decisions and internal disputes and the large consequences that flowed from them remained remote and indistinct, submerged beneath the visible politics of the nation. The details of its actions were presumed to be too esoteric for ordinary citizens to understand.<sup>63</sup>

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<sup>61</sup> Greider has numerous examples of this defense tactic in *Secrets of the Temple*, 295-6.

<sup>62</sup> *Ibid.*, 394.

<sup>63</sup> *Ibid.*, 2.

The chasm between Fed policy makers and the US population is highlighted by the Fed's rate hikes of the late 1970s. Where the FOMC saw a recession as a necessary evil, it meant great financial woe to millions of Americans. The members of the FOMC did not acknowledge the impact its decisions had on ordinary people's lives. President Reagan felt that the sacrifices were necessary, and emphasized that he always backed the Federal Reserve. Anything went to halt the rampant inflation of the late 1970s.<sup>64</sup> Even the Fed's interactions with the rest of the government were marked by a comparable elitist disdain for non-bankers:

The Federal Reserve embraced [the idea] that government must be removed from politics in order to produce good policy.[...The] reforms were intended, fundamentally, to protect government from the people.[...] [T]he Federal Reserve constantly must soothe and cajole Congress and the White House. This necessarily required artful manipulation and produced an uneven relationship that was often marked by disdain, even contempt. The technocrat who understands the facts must coax the ignorant politician into doing the "right thing."<sup>65</sup>

When appointed by President Jimmy Carter, Volcker made it clear he would set his own course, rather than catering towards the needs of the president. He would not have to account for his actions in the short term. To keep Fed policy impartial, so it can function as a cog in the bureaucratic machinery rather than as a political pawn, Fed governors are appointed for 14-year terms. The chairman is appointed for four-year terms. However, by protecting the Fed's independency in this manner, any direct form of control by the executive branch is supposed to be ruled out.

The Fed's elusiveness was further enhanced by its tendency to obscure as much of its policy as possible, especially when dealing with the general public. Ever since its inception, the Fed has dealt with criticism by way of elusive answers. By employing complicated technical answers, the Fed would be technically correct. At the same time, the answers would be purposefully formulated to dodge whatever point the questions made. When questioned about

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<sup>64</sup> Robert Collins, *Transforming America : Politics and Culture during the Reagan Years*, (New York, NY: Columbia University Press, 2007), 72.

<sup>65</sup> Greider, *Secrets of the Temple*, 70.

the impact of raised interests on farmers, the Fed's answer would be loaded with technical terms, inaccessible to financial laymen. This way, the Fed was able to defend almost any standpoint with equal conviction: from the right angle, any situation could have multiple explanations.<sup>66</sup> The results of the Fed's abstruse communication was that the general population felt disengaged, unable to comprehend the Fed's policy and the mechanics behind money: "For the ordinary citizen [...] it did sound like magic."<sup>67</sup>

### *Understanding the Fed's Operations in a Democracy*

Looking at the system of Fed governor appointments, at the Fed's need to obscure its policy in order to be able to have it accepted, and at the bond market's role as a barometer, we can easily understand why the Fed evokes such a high number of conspiracy theories. It now becomes clear that the Fed's operations need thorough questioning, and that it is in the Fed's interest to avoid giving direct answers to these questions as much as possible: if the veil of complex mystery is lifted, "the people" might catch on to the fact that their lives are influenced by the Fed's operations, and that the Fed does not share their interests. Greider's case is compelling, and his most damning criticism is hidden in a footnote:

Given its anomalous position in the constellation of political power, it is inconceivable that the Federal Reserve could ever speak freely and plainly to the general public. It would be overwhelmed with political complaints, for instance, if it announced in advance that it intended to induce a recession, and probably not even its influential supports in finance would be able to save it. Citizens would question the decision and the methods of liquidation. Eventually, they would ask why this momentous decision for the entire nation was delegated to an assembly of unelected technocrats, without even the requirement to consult Congress or the President.

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<sup>66</sup> Ibid., 97, 295

<sup>67</sup> Ibid., 39.

Secrecy and evasion are integral to the Federal Reserve's power and it, therefore, fails the minimum prerequisite for representative democracy – that the government must deal honestly with the citizens whom it governs. To resolve the dilemma, the powers of the central bank would have to be relocated elsewhere in the government where decisions could be examined in democratic forums and the decision makers held accountable in democratic elections.<sup>68</sup>

Greider's argument is that the Federal Reserve System is at its heart undemocratic. It represents the monied few rather than the people, and is placed outside the democratic system, because there is no need to account for the Fed's policy. Because the information available to the people is scarce and often veiled behind the smokescreen that is economic jargon, they are not aware of the extent to which their "rightful primacy" has been robbed. Consequently, there is no political incentive to change the system, despite the fact that it does not serve the country's population. Money derives its value from faith, faith that a piece of paper can be of value. Greider likens the faith in money to a religious faith, with the Fed as church. By obscuring itself from public scrutiny – by no longer keeping records of FOMC meetings, by speaking in highly technical jargon to the public, and by deciding without conferral what policy was best for the country – the Federal Reserve has taken on the role of a church.<sup>69</sup> *Secrets of the Temple* is Greider's attempt to blow away the fog of obscurity and enlighten the American people on how their country is run. Why is this necessary? How are "the people" kept out of the loop?

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<sup>68</sup> Ibid., 752.

<sup>69</sup> Ibid., 54.

### Chapter 3: A Degenerating Democracy

#### *Expanding the Populist Perspective*

In *Who Will Tell the People*, Greider further investigates the relations between American citizens and their government, focusing especially on the extent to which the country can be called a democracy. His book reads like a medical diagnosis. In principle, a healthy American democracy is one where citizens are able to use their power to vote to decide what happens to their country. However, it seems that reality has diverged from this starting point. Greider sets out to investigate what has happened, and tries to untangle the myriad causes of his country's diseased state.

He examines the developments leading up to the 1990s that have caused "citizens to lose faith in the idea that elections are the best means for making government accountable or advancing the public's aspirations."<sup>70</sup> Along the way, he identifies a number of problems that have caused "citizens" to feel like they are no longer represented in government policy.

This growing divide is thoroughly fleshed out in the book. First, Greider discusses misinformation: "ordinary citizens" are no longer involved in politics, because the information available to them is either hard to understand for laymen, or no longer focuses on the stuff that matters. Secondly, government policies do not deal with actual people's problems. So much so that many people wonder who the government is supposed to work for. This doubt is strengthened by the fact that corporations seem to be growing more powerful and more and more effective in swaying the government, while citizens see their position weaken.

While Greider digs into these problems, I will use his investigation to illustrate the populist tendencies his writing and subject matter reveal. To keep my argument lucid, I will discuss *Who Will Tell the People* in relation to the various populist themes that permeate it.

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<sup>70</sup> William Greider, *Who Will Tell the People: The Betrayal of American Democracy*, (New York: Simon & Schuster, 1992), 238.

## *Who are “the People”?*

*Who Will Tell the People* explores the alienation of the American population from their democracy. Greider’s argument makes a distinction between those people who are supposed to determine how the country is run, and those who do. The latter group consists of politicians at the national level, the press, and large corporations and the lawyers and lobbyists they hire. The first group consists of everybody else, whom he refers to mostly as “citizens,” and sometimes “the people” (as in the title).

In his introduction, he identifies one of the main problems with today’s power relations:

If democracy has lost any accountability to the governed, it is because there is no longer any reliable linkage between citizens and those who hold power. If the people sometimes seem dumb in public affairs, it is because no institution takes responsibility for teaching them or for listening to them.<sup>71</sup>

Citizens are out of touch, and that is because education on the problems facing their country has become an economical commodity. If a certain interest group wants Senator A to take a certain answer, it is in their interest that Senator A’s constituency believes what the interest group wants them to believe. Citizens are influenced by rich and powerful entities, designed to serve lobbyists’ ends, rather than free debate.<sup>72</sup> Citizens’ misinformation is intensified by the role of the press, discussed below.

Greider notes that not only are citizens misinformed, but they are also seeing their democratic input yield less and less result. The more they try, the more people notice that their vote will not influence national policy in their favor. They have the feeling that they no longer have the ability to change the shape of their country, as “[p]ublic-spirited reforms enacted in the last generation (including public hearings and formal access to decision making for ordinary people) have only deepened their skepticism. They can see for themselves that the democratic form is not the reality.”<sup>73</sup> Greider observes that, in reaction to this discrepancy between theory

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<sup>71</sup> Ibid., 20-1.

<sup>72</sup> Ibid., 38.

<sup>73</sup> Ibid., 165.

and reality, many citizens have resorted to grassroots initiatives that focus on one regional issue. However, these initiatives often operate outside the grid of legitimate politics.

Greider lumps a lot of different people together here, but unifies them in a single aspect: they no longer feel they are a part of the democratic process. As Canovan puts it, they have been robbed of their “rightful primacy” and they are steadily losing power to “the elite.”<sup>74</sup>

### *Pitching the “The People” Against “the Elite”*

If not the people, who is in charge? Greider refers to “the elite” throughout *Who Will Tell the People*. The term refers to those people who see their demands realized in national policy, and Greider investigates how they do it. Most significantly, he identifies politicians, the press and corporations as the three parties that determine the country’s course. Politicians, he notes, no longer primarily represent the US population. Rather, their policy is determined by the press and by large corporations: “Politicians respond as though public opinion is merely a transient romantic sentiment to be indulged.”<sup>75</sup>

The press, after all, is vital in determining which issues matter to the public. They decide which problems receive most of the public’s attention, which politicians are allowed to share their opinions, and so on. By determining the scope of a problem, they also limit the possible solutions to it: if a certain alternative is never discussed, how would the population be able to care about it? Along the same lines, Greider argues that the “media define ‘politics’ as the narrow subject of winning or losing elections – not deciding issues in government.” Due to a “closed loop between politicians and the reporters, [...] the campaign coverage generally excludes public questions that people may care about – or ought to care about – unless the subject figures in the electoral strategies of the candidates.”<sup>76</sup> As a consequence, many problems only surfaced after they had reached a critical state, such as the savings and loan crisis.<sup>77</sup> Similarly, these same elections are nowadays focused much less on pressing issues than

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<sup>74</sup> Margaret Canovan, *The People*, 81-2.

<sup>75</sup> Greider, *Who Will Tell the People*, 131.

<sup>76</sup> *Ibid.*, 74-6.

<sup>77</sup> Haynes Johnson, *Sleepwalking Through History*, (New York: Norton, 1991), 186.



on “the character and celebrity of the candidates”: elections have become a popularity contest, much less an exercise in democratic power.<sup>78</sup>

In other words, Greider argues that the public is no longer well-informed on the issues that matter. They are losing their overview of matters that influence their daily lives, and it is due to the way press and politics intertwine. Greider goes on to argue why the press has become alienated from its role as educator of the people, and it is because news is business. Being progressive is dangerous to potential investors, whereas a reliable, safe and unsurprising *modus operandi* will attract more confidence.<sup>79</sup> For journalists, it is also beneficial to be near the source of the news. However, this means bonding with the policy makers who determine current events. This has resulted in further alienation of the people from the press:

The press has lost viable connections to its own readers and grown more distant from them. Because of this, it speaks less reliably on their behalf. As an institution, the media have gravitated toward elite interests and converged with those powerful few who already dominate politics. People sense this about the news, even if they are unable to describe how it happened or why they feel so alienated from the newspapers that purport to speak for them.<sup>80</sup>

Since World War II, corporations have started using their economic power to acquire political power. Greider points out multiple ways in which monied corporations have been able to bend or change the law in their favor, and all of them are possible because economics have taken over Washington. If it is cheaper for corporations to break laws and pay the fines, then they will do so. If spending millions of dollars on lobbyists to pressure and manipulate elected politicians to align themselves with a company’s interest, such as subsidizing a factory in the congressman’s district, then they will do so. Corporations see Washington politics as a marketplace, a place where deals can be made.<sup>81</sup> Greider’s examples are myriad and convincing: a telling example is the Clean Air Act of 1970, which has been overhauled and adjusted under heavy lobbying influence. The Environmental Protection Agency is *still* unable to fine hundreds

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<sup>78</sup> Greider, *Who Will Tell the People*, 21.

<sup>79</sup> *Ibid.*, 297-9.

<sup>80</sup> *Ibid.*, 288.

<sup>81</sup> *Ibid.*, 105-110.

of old, polluting, power plants due to different exceptions that benefit energy corporations.<sup>82</sup> His argument, though he does not formulate it as explicitly, is that the laws of supply and demand have superseded the laws of democratic government. This is problematic, because in some cases, mainly for large companies, it can be more profitable to subvert the democratic process than to adhere to it. What is even more, and though Greider does not address this argument as such it still plays a major role, Reagan even “institutionalized the use of cost-benefit analysis”<sup>83</sup> in establishing government policy.

Following his argument, the problem is two-pronged: on the one hand, people see they are losing power to a self-perpetuating elite. On the other hand, this causes them to lose faith and interest in the democratic process, thus weakening their own position. Once corporations have a foot in the legislative door, they will only expand their power if conditions are left unchanged. At the same time, Greider describes how “the citizens” are retreating from the democratic sphere, explaining how they feel both their political choices are bogus. Both the Democratic and the Republican party have “lost the capacity to serve as authentic connective tissue between government and citizens. In different ways, the major political parties and the news media have instead gravitated toward another source of power – the elite interests that dominate government.”<sup>84</sup>

Greider explicitly identifies elite interests at the foundation of national policy, opposing them with the priorities of the people. It is not hard to recognize the populist tendencies that power his argument. The people, he argues, are neglected by those they have put into power. They can see their rightful democratic power wane under the influence of increasingly powerful monied forces.

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<sup>82</sup> William Greider, *The Soul of Capitalism : Opening Paths to a Moral Economy*, (New York: Simon & Schuster, 2003), 32.

<sup>83</sup> Collins, *Transforming America*, 81-2.

<sup>84</sup> Greider, *Who Will Tell the People*, 245.

### *Conspiratorial?*

At first glance, both *Who Will Tell the People* and *Secrets of the Temple* seem to border on a tale of conspiracy. In the former, Greider exposes the connections between politicians, press and corporations and the way they systematically exclude citizens from the ruling of their own country. By emphasizing the distinction between “citizens” and “the elite” repeatedly, Greider draws an invitingly simple black-and-white picture of the complex relations that have led to the public’s disenchantment with national politics, due their decreasing influence. As Paul Taggart notes, this is a staple element of populist theories.<sup>85</sup> Conspiracies speak to the imagination of the people, as it is always easier to have a single scapegoat to blame for one’s problems than to have to address a large number of small causes. Greider even goes so far as to state that “the governing elites and monied interests” have created “a series of elaborate screens [...] that distracts the public from the real content and gives politicians a place to hide. [...] In public, the two major parties struggle contentiously over tax issues. Yet the reality is the collaborations between them.”<sup>86</sup>

However, there is merit to his approach, as “the people” are not hapless victims, by his account. Due to the changing priorities of the press, they were left unaware of the changing political environment they inhabited. But to Greider, they are not left impotent. In fact, unlike populist politicians who call for people to vote for them, Greider argues that it is the people who can take back their power themselves. They must find a way to incorporate their local initiatives, which are often successful, into a more national political theater:

It is not far-fetched, for instance, to imagine that a decade hence a broad alliance of citizen-based political organizations may have formed that can effectively exercise the power of “organized people” once again in elections.<sup>87</sup>

Greider still believes in the possibility of rehabilitating the American democracy. He emphasizes the role of the United States at the start of the democratization of the Western world. Although in that sense nationalistic, he simultaneously emphasizes the need for Americans to understand

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<sup>85</sup> Paul Taggart, *Populism*, (Buckingham): Open University Press, 2000, 105.

<sup>86</sup> Greider, *Who Will Tell the People*, 80-1.

<sup>87</sup> *Ibid.*, 241.

that they live in a country which exists on a global scale. Where others first followed the “American beacon” in the 19<sup>th</sup> and early 20<sup>th</sup> century, Greider suggests that perhaps now “the former students” can “re-educate Americans in the meaning of their own faith.” Still, Greider believes that the United States will be able to “lead the world to ground where no one has ever been before.”<sup>88</sup> Though critical, Greider’s judgment is clearly nationalistic, and portrays the United States as the rightful leader of the Western world, as long its people learn to place their problems in a global perspective. Corporations are multinational, and the products people buy and sell are shipped all across the globe.

### *Haggling over Legislature*

Greider uses corporations’ influence over national government as an example of how “the people” are losing control over the way their country is run. He illustrates the weight companies bear in the US political system with countless examples, perhaps most notably with an entire chapter on General Electric. He describes the impressive investments GE has made to influence the political arena, including their funding of political campaigns both Democrat and Republican, the vast team of lobbyists. Their self-portrayal as “good citizens” has led to considerable mismanagement from the American legal system:

Corporations, however, enjoy an anomalous status not available to anyone else: In the lawless government, corporate “citizens” are the leading outlaws. They may regularly violate the law without surrendering their political rights -- committing felonious acts that would send people to prison and strip them of their citizenship. This contradiction is crucial to what has deformed democracy; the power relationships of politics cannot be brought into a more equitable balance until citizens confront the privileged legal status accorded to these political organizations.<sup>89</sup>

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<sup>88</sup> Ibid., 414-5.

<sup>89</sup> Ibid., 332.

How has this become the norm? Greider extensively describes how politicians are influenced in the laws they pass by lobbyists and big-time financiers. But perhaps an even more telling devaluation of the American legal system is what happens after laws are passed: who enforces these laws? In order to make sure the democratic decisions are brought into practice, governments establish regulatory agencies. These agencies are responsible for making sure laws passed are enforced, regardless of whichever party is in office at that time. Like Rosanvallon, many political thinkers stress the importance of these agencies in the legitimization of a democratic government. Important examples include the Federal Reserve and the Environment Protection Agency.

However, Greider questions the extent to which these agencies are capable of standing up against the pressure brought on by corporations. He illustrates this with the Clean Air Act, passed in 1970 to make sure citizens would not have to live in excessively unhealthy conditions. However, by 1990, most polluters carried on – in full knowledge of the EPA. How was the law defused? Not just by spectacular bribes or shady blackmailing, which, according to Haynes Johnson, occurred regularly even at the highest echelons,<sup>90</sup> but by haggling, in open view. Greider explains this with a powerful metaphor: the grand bazaar. He describes Washington as a city of decayed pride, where the old icons and buildings that symbolized lofty ideals of the Enlightenment are no longer applicable. Rather, Washington would be more accurate if it were a grand bazaar, “a steamy marketplace of tents, stalls and noisy peddlers. The din of buying and selling drowns out patriotic music.”<sup>91</sup>

Corporations have learned to haggle, to use lawyers and lobbyists to renegotiate laws on their own terms. By making it nigh impossible to enforce laws, corporations can make it too expensive for regulatory agencies to enforce the laws. In other cases, paying the fine to break a law is cheaper than adjusting the production process to adhere to it. If a law is challenged by a corporation, the litigation can postpone the legal consequences – buying time and thus profits for the company in question. This is “real political power.” Companies have a choice “whether to honor a law or resist it.”<sup>92</sup> The methods are endless, and all of them subvert the regulatory agencies’ power. This, in turn, has an impact on the government’s legitimacy: regulatory

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<sup>90</sup> Johnson, *Sleepwalking Through History*, 185-6.

<sup>91</sup> Greider, *Who Will Tell the People*, 105.

<sup>92</sup> *Ibid.*, 110.

agencies ensure that a government can enforce the people's will – if they do not do so, the government is apparently unable to represent its people.

Simultaneously, Reagan was running on a party program that focused on tax cuts and small government, which led him to privatize as much of the American government as possible in order to pay for the tax cuts.<sup>93</sup> The budget cuts ran deep, and Reagan's appointees were selected specifically to move government operations away from public to private interests.<sup>94</sup> These cuts and deregulatory actions not only greatly hindered long-term investments in infrastructure and human capital,<sup>95</sup> but also further crippled social welfare programs as well as the US regulatory agencies.

As described by Rosanvallon, regulatory agencies are a favored target for populists. This is why he argues that populists engage in “anti-politics”: populists are attacking the legitimating foundations of democracy. In contrast, Greider uses these agencies as a powerful example to demonstrate how the US government is weakening, and he explains how this has come to be. This is central in his argument in *Who Will Tell the People*. Regulatory agencies are indeed a target for Greider, but they are a symptom of a bigger problem.

The American problem, to Greider, is that the American people are not aware of the way their democratic power is being manipulated. Their demands have become no more than a cog in the complex “supply and demand” or “cost and benefit puzzle” worldview adopted by corporations. This way, power circulates among the same elite generation after generation, by usurping the democratic power invested in politicians. Politicians who, under Reagan's presidency, have become part of a government itself governed by cost-benefit analyses. How does this affect the people?

Due to the priorities of the press, which are equally steered by supply and demand, the public remains uninformed of what this means for the direction in which their country is headed.

From his background as a journalist, Greider has a clear view on how the priorities of the press have changed over the years. Here he conforms to Canovan's assessment that “populism challenges not only established power-holders but also elite values”, by directing his “populist animus [...] not just at the political and economic establishments but also at the opinion-formers

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<sup>93</sup> Johnson, *Sleepwalking Through History*, 110.

<sup>94</sup> *Ibid.*, 186.

<sup>95</sup> Collins, *Transforming America*, 90.

in [...] the media.”<sup>96</sup> Greider describes the *Washington Post*’s shift from “an impish, occasionally reckless disregard for the political establishment and its expectation” to a “responsible” newspaper, whose “reporters routinely defer to authority by accepting the official versions of what is true instead of always making trouble.” Due to the *Post*’s eventual monopoly, it no longer felt “the need for aggressiveness” and instead preferred to focus “on agreeability”.<sup>97</sup> Greider presents the *Post*’s development as typical for the news industry: conservative agreeability is predictable, stable and secure. It can survive a tough economic environment. Being wrong can cost the paper substantially, in credibility, turnover and circulation, and thus one can distinguish oneself by being the first with a good story. This has resulted in journalists’ getting closer and closer with the sources of news: politicians. However, being too close to a subject can lead to myopia. He contrasts this with his early days working for *the Cincinnati Post*, where journalists were closer to the people working the printing press than the politicians that they wrote about. Greider argues that many journalists have lost their critical edge in order to guarantee a secure and quick delivery. This, in turn, has resulted in “the people” receiving the standard official story, not the hotly contended one. And if the public does not know about the problems, it cannot become outraged about them.

*Who Will Tell the People* sheds light on what is wrong with the American democracy. It is an attempt to illustrate the country’s national political problems, to explain its illness. Greider’s solution depends on the people to reinvest themselves in civil initiatives. This way, he hopes they can eventually exert enough pressure on the nation’s politicians to once again take their priorities to heart, which would mean curtailing the power and influence of major corporations. In this sense, Greider’s standpoint hangs considerably to the left of the laissez-faire attitude adopted by rightwing politicians. To reach a sustainable future, the American people must reinvent their ability to inform themselves, and to govern themselves: “The first step toward renewal is to free ourselves of the cynical expectations of these times and to reassert that faith without hesitation or apology.”<sup>98</sup> Only then is it possible to install a strong government, supported by a well-informed, vocal population, to limit the influence of the current elite.

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<sup>96</sup> Canovan, “Trust the People!”: 3.

<sup>97</sup> Greider, *Who Will Tell the People*, 296-9.

<sup>98</sup> *Ibid.*, 406.

## Chapter 4: Greider's populism and its critical reception

### *Identifying Populist Themes in Greider's Work*

In a landscape where the literature is dominated by either dense standard works, purposefully complex legal articles or extremely conspiratorial fantasies, *Secrets of the Temple* provides accessible insight into the influence of the central bank on Americans' daily lives. Without narrative, a book with an equally ambitious objective would fall prey to becoming a list of dry facts. Greider's approach allows the reader to access all the information he has gathered in an understandable manner. In trying to explain how the Fed has come under control of the institutions and people it is supposed to regulate, Greider takes the reader by the hand through a maze of facts, anecdotes and citations.

#### - *Conspiratorial Populism*

This chapter will examine the critical responses to Greider's work, and use these reviews to explore the populist elements that make his writing controversial. His narrative has met with considerable criticism, although, according to Dodd's *Review of the Reviews*, "denial and misrepresentation are the common tools of Greider's critics."<sup>99</sup> The most plain example is Financial Times' reviewer Harris, who claims that *Secrets* is "a structure of the purest populist nonsense and mischievous at that," because it wrongfully accuses "the Fed of deliberate deception." Harris's counterarguments add up to little more than that the "Fed was trying to learn on the job."<sup>100</sup> However, his criticism that Greider's writing is defamatory towards the Fed is a common one. Minsky, for example, claims:

In asserting that the Federal Reserve runs the country, Greider is accepting, unwittingly I am sure, the fundamental tenet of economic orthodoxy: the market mechanism seeks

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<sup>99</sup> Randall Dodd, "Review of the Reviews: Greider's *Secrets of the Temple*," *Challenge* 31, no. 3 (1988): 62.

<sup>100</sup> Anthony Harris, "Review Of 'Secrets Of The Temple' By William Greider", *Financial Times*, February 4, 1988, accessed February 11, 2015.

<https://global.factiva.com/redir/default.aspx?P=sa&an=FTFT000020070428dk2400ox5&cat=a&ep=ASE>.



out and sustains an equilibrium that can be considered an optimum – a best. In the strong form the doctrine becomes: government intervention can only be mischievous.<sup>101</sup>

This reaction is one of many straw man fallacies encountered among reviews, as Greider in fact ends his book with a strong argument supporting a more direct political control of the Federal Reserve. In other words, he does not seem to think an optimal economic situation can ever be reached without a consistent modicum of interference by the government, as suggested by Wagner, who states that “Greider’s hostility toward the Fed arises because he thinks the Fed is anti-democratic, not because he is less than completely in favor of central banking *per se*.”<sup>102</sup>

Minsky acts out against the populist tendency, identified by Niggle as “a conspiratorial tone”<sup>103</sup> throughout *Secrets of the Temple*, which Minsky says “is iconoclastic. [I]mplicit conspiracies are suggested, but the evidence is anecdotal. [...] This reader feels that Greider set out to prove a conspiracy but he couldn’t marshal the evidence.”<sup>104</sup> Minsky reproaches Greider for suggesting the Federal Reserve is run with a lot more secretive and organized intentions than is in fact the case.

This complaint is echoed by numerous reviewers who also happen to disagree with Greider’s substantive content. For example, Fand argues that “Greider insists on fitting all of this facts [sic] into his simplistic and conspiratorial framework, which views the Fed as primarily concerned with protecting bond holders and ‘Wall Street,’ he necessarily fails to see the real story. [...] Greider’s ‘analysis’ of the 1979 directive necessarily produces a definite distortion, perhaps even a ‘conspiratorial interpretation,’ of Fed actions.” Instead, Fand suggests that the dichotomy between “Main Street” and “Wall Street” is far too simple: just because the central bank does not work for Main Street, does not necessarily mean that it works for Wall Street. Fand argues that “the truth is that the Fed is serving neither Wall Street nor Main Street,” and what “Greider fails to see is that the more the Fed produces instability in the economy, or alternatively, the more it allows instability in the economy to develop, the more power the Fed

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<sup>101</sup> Hyman Minsky, “Greider, William “Secrets of the Temple” (Book Review),” *Challenge* 31, no. 3 (1988): 58.

<sup>102</sup> Richard Wagner, “Politics, Central Banking, & Economic Order: “Secrets of the Temple” by William Greider (Book Review),” *Critical Review* 3, no. 3 (1989): 4.

<sup>103</sup> Christopher Niggle, “Secrets of the Temple – How the Federal Reserve Runs the Country (Book Review),” *Journal Of Economic Issues* 23, no. 1 (1989): 274.

<sup>104</sup> Minsky, “Secrets of the Temple” (Book Review): 58.

will get to make sure that such disorders do not occur.” Fand thinks that Greider’s overly simple narrative “fails to tell the truly amazing story of how the Fed manages to amass extraordinary power and prestige in light of its mediocre and poor performance; how it manages to mollify the public; how it avoids scrutiny and accountability; and how it gained power and influence.”<sup>105</sup> It is interesting that Fand thus discards Greider’s narrative, but still supports the facts that carry it:

Greider is a very good reporter who uncovers many interesting and important facts, but he forces these facts into a leftist, unsophisticated, simplistic, simple-minded, and perhaps Marxist, framework. He insists on seeing the Fed as the agent and protector of Wall Street, and he writes as if Wall Street had a single point of view which the Fed is implementing.<sup>106</sup>

His own narrative, in which he would rather see the facts presented, suggests that the central bank is its own goal. As with all matters political, both sides can be supported by the same facts. However, it does not seem there is a substantive contradiction between both lines of argument: the Federal Reserve *and* Wall Street can both benefit if the Fed moves away from the political influence of Washington, which is in fact what Greider argues. After all, he too states that the Fed is too interested in its own survival.<sup>107</sup> In general, the national government defends the rights of its people, and in this case, more specifically, from the uncertainty that is the consequence of an unregulated financial market. This is also the end to which the Fed was founded. By keeping this immense regulatory power in Washington, the government can secure its influence over Wall Street. The more this power becomes autocratic, the less influence Washington will have on the big banks, regardless of whether the Fed is under direct influence from Wall Street.

Although conspiracies are a frequently returning element of populist rhetoric, Taggart identifies a significant element which proves crucial when describing Greider as conspiratorial. According to Taggart, political theories can identify a number of “elite groups such as bankers, politicians, intellectuals and captains of industry” and the way they work together without being conspiratorial. The difference is whether the theory describes “deliberative actions of a small set

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<sup>105</sup> Di Fand, "Secrets of the Temple – Book Review," *Public Choice* 65, no. 1 (1990): 96-7.

<sup>106</sup> Ibid.

<sup>107</sup> Greider, *Secrets of the Temple*, 390.

of individuals,” or argues that “the system of rule is systematic and institutional.”<sup>108</sup> Greider argues that America suffers from a systematic fault that has become increasingly worse, rather than from having specific conspirators in office.

Add to that the numerous connections between the Board of Governors and the banks of Wall Street, and the mighty sway of the nation’s banks in the appointment of regional governors for the Federal Reserve, and Greider’s case becomes clear. *Secrets* is hailed by many reviewers as scary yet accurate, described by Kuttner as a “good humored yet deadly earnest populist manifesto.”<sup>109</sup> Greider illustrates the great extent to which the Fed’s staggering independence is in stark contrast to the institution’s supposed original purpose, namely protecting “the people” by regulating the financial market.

- *The Minority Oppressing the Majority*

In both *Secrets of the Temple* and *Who Will Tell the People*, Greider identifies a potent entity which is robbing “the people” of its rightful democratic power. Though common in populist rhetoric, Greider’s case is a strong one. Fand feels Greider’s writing is overly polarizing, claiming he is “inclined to see any vote to tighten credit as a brazen disregard for human suffering. Alternatively, any FOMC member who consistently votes for inflationary policies, appears, in Greider’s view, to be protecting the interest of the farmers, workers, borrowers and the unemployed.”<sup>110</sup> As we saw above, Fand argues that Greider misses the point because he sticks to an overly simplistic narrative in which everybody is either *with the people* or *against the people*. Black and white representation of nuanced situations can be a powerful form of argument. Then again, as we shall see, Greider’s purpose is not just to inform, it is also to motivate. The question that determines the undertone of *Secrets* is one that concerns people’s lives: Why is the central bank not acting on behalf of the American people? Among the

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<sup>108</sup> Taggart, *Populism*, 105.

<sup>109</sup> Robert Kuttner, “Behind The Scenes At The Federal Reserve”. Book review of *Secrets of the Temple*, by William Greider. *The Washington Post*. January 3, 1988. May 17, 1992. Accessed February 11, 2015. <https://global.factiva.com/redirect/default.aspx?P=sa&an=wp00000020011118dk13000th&cat=a&ep=ASE>.

<sup>110</sup> Fand, “Secrets of the Temple” (Book Review): 95.

reviewers, some deny it; others have failed to notice its central importance to Greider's arguments. Some, like Dickens, confirm it:

Greider investigates why money has been depoliticized. Why have the people acquiesced to/supported something that is detrimental to their own best interests? Why is monetary policy depoliticized, but fiscal policy very much politicized? Because the first is run by a supposedly apolitical technocratic organization. By placing the Fed under government control, the United States can repoliticize monetary policy.<sup>111</sup>

By subtly disappearing from the political arena, the Federal Reserve has immunized itself from political debate and control. Although supposedly a regulatory instrument which legitimizes a democratic government, it no longer functions as an instrument. A drill should not choose which screws to turn. In response to *Who Will Tell the People*, critics appreciate this stern description of the current situation in American politics:

We can only hope William Greider is wrong. He uses words such as betrayal and decay, then makes a strong case that they describe what we have done to our democracy. There is no shortage of evidence. Greider finds perverted and deformed democracy in public and hidden channels. He details the transgression -- from the bipartisan cooperation that protects elite groups to the system that allows huge companies to ignore certain laws and regulations.<sup>112</sup>

Many reviewers support Greider's somber diagnosis of American politics, agreeing that democratic power has been removed from the hands of "the people:" "Democracy has not protected the majority [...] because it has not worked on the floor of Congress or at the ballot

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<sup>111</sup> Edwin Dickens, "W. Greider. 'Secrets of the Temple: How the Federal Reserve Runs the Country'. (Book review)" *Contributions to Political Economy* 8, no. 0 (1989): 89.

<sup>112</sup> Charles Anzalone, "A Failing Democracy: It's Harder For Unconnected To Be Heard," Review of *Who Will Tell the People*, by William Greider, *Buffalo News*. July 19, 1992, accessed February 11, 2015. <https://global.factiva.com/redir/default.aspx?P=sa&an=bfnw000020011106do7j00nwb&cat=a&ep=ASE>

box, where big campaign contributors are king.”<sup>113</sup> Greider’s dichotomy between the majority and the minority is nonetheless a staple populist argument, as argued by Panizza:

Allegations of corruption, malpractice or, more generally, the control of public life by a non-accountable and self-serving political elite are typical of the situation in which populism takes the form of the “politics of anti-polities”, as politicians and political parties become the “other” of the people.<sup>114</sup>

Despite this populist label, Greider’s distinction between us and them, “the people” and “the elite”, the voters and the politicians, strikes a nerve with a majority of reviewers. They recognize its validity and follow the search to answer Greider’s question: How did this come to be? –

- *Dreaming of a Perfect Democracy*

According to Wagner, Greider’s view of “the people” stems from a “populist vision of unlimited democracy,” which Wagner argues Greider interprets as “the ‘will of the majority.’ Whether such a will can be defined; why it is good to adhere to it, and whether it entails tyrannical elements are issues about which *Secrets* is silent.”<sup>115</sup> Wagner touches on a staple populist element in Greider’s work, namely identifying “the people” as a single entity with a clearly defined goal and best interest. By using “the people,” Greider can legitimize his demands by the implicit assumption that he represents the entire population, and that it need only be mobilized in order to overwhelm the forces that suppress it.<sup>116</sup> The reviewer then suggests that Greider sees bondholders, or creditors more generally, as the interest group predominantly served by the Fed. According to Wagner, Greider uses this assumption to build an argument around the conflict between debtors and creditors, whereas Wagner argues that these two groups have a

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<sup>113</sup> Robert Turner, 'Speaking For Those Who Believe In Change', Review of *Who Will Tell the People*, by William Greider, *The Boston Globe*. April 28, 1992, accessed February 11, 2015.  
<https://global.factiva.com/redir/default.aspx?P=sa&an=bstngb0020011107do4s00cnk&cat=a&ep=ASE>.

<sup>114</sup> Francisco Panizza, *Populism And The Mirror Of Democracy*, (London: Verso, 2005): 12.

<sup>115</sup> Wagner, "Politics, Central Banking, & Economic Order": 4.

<sup>116</sup> Taggart, *Populism*, 92.

common interest, namely contractual relationships that will benefit both parties in the long run.<sup>117</sup> This would sweep the feet from under Greider's argument that there is a minority suppressing the majority. However, the theoretically equal benefits of contractual relationships to both sides of the contract supposed here are at best debatable. Although both parties want to see all debts resolved, it is also always more advantageous for creditors to keep debtors in debt, as debt yields interest and thus profit. On the other hand, it is in a debtor's best interest not to be in debt. In other words, when examined more closely, it seems that creditors and debtors have different, if not opposed, interests.

This does not alleviate Greider's use of "the people" from all reproach, because "[d]emocracy as the will of the people is a very theoretic and unrealistic target which bears no resemblance to the 'real' world." Wagner further expounds on the problems of a representative democracy, and whether a majority will is, supposing it could be identified, something desirable.<sup>118</sup>

Greider's idealistic view of what constitutes a "real" democracy is also at the center of *Who Will Tell the People*, and it is no surprise that this view is a recurrent theme among critics:

This book completes the author's long journey from old-fashioned newsroom skeptic to thoroughgoing ideologue of the populist left. Ours is a government, Greider has finally concluded, that understands exactly what it is doing. It is a government deliberately and systematically conducted by and for the privileged interests of the society, and at the expense of everyone else.<sup>119</sup>

Ehrenhalt reproaches Greider for sticking to a vague description, rather than a detailed account, of whose hardships exactly he is describing: "Only 'the people' are deceived. Just who qualifies for inclusion among 'the people' is never precisely clear." Pitching a minority against the vague, undefined "the people" shows that "[Greider] has gradually evolved into a hardened populist, insisting that the failures of government have less to do with foolishness than with overt

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<sup>117</sup> Wagner, "Politics, Central Banking, & Economic Order": 5.

<sup>118</sup> Wagner, "Politics, Central Banking, & Economic Order": 9.

<sup>119</sup> Alan Ehrenhalt, "Who Will Tell the People – The Betrayal of American Democracy (Book Review)," *New Republic* 206, no. 21 (1992): 39.

manipulation and greed.”<sup>120</sup> Citing the multitude of occasions during which Greider refers to the US government breaking down, Ehrenhalt argues that Greider is referring to an ideal that never existed: he thinks “the burden of proof is on Greider to tell us what American democracy was like before it broke down.” Ehrenhalt is more skeptical than Greider, whose book is optimistic despite the weight of its message, and doubts whether a more “perfect” democracy has ever existed on American soil.

Next to doubting the presupposed unity of “the people,” Ehrenhalt takes his argument one step further: “On one crucial point, however, [Greider] has much in common with other critics of American politics, right as well as left. However he happens to be defining ‘the people’ at any given moment, he holds them essentially blameless for the predicament they are in.”<sup>121</sup> His critique is that “Greider speaks of ‘the people’ as some sort of Platonic ideal, but in reality they—we—do not deserve to be let off the hook that easily. Often ‘the people’ get precisely the government they voted for.” Ehrenhalt’s point is that the people still determine what kind of lawmakers end up in office. It is still “the people” voting at the elections, no matter how flawed the rest of the country’s information infrastructure. However, Greider’s point is that circumstance and human mismanagement have left people no choice. This will be discussed further below.

Popkin also takes offense to Greider’s idealistic understanding of American democracy, debasing his argument on the grounds of it being populist:

To restore genuine democracy, Greider believes, we must begin with honest conversation. Honest conversation, in turn, will lead to self-realization and a politics grounded in intimate human terms. This is populism in a hot tub.<sup>122</sup>

He diagnoses this approach as problematic, as Greider calls for a coherent economic political program from the Democratic Party, but “doesn’t even begin to suggest just what a coherent economic program is, or how to reconcile the interests of minorities, unions and environmentalists.” From a populist perspective this ailment is understandable or even

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<sup>120</sup> Ibid., 39.

<sup>121</sup> Ehrenhalt, 42.

<sup>122</sup> Samuel Popkin, “Ruin At The Top.” Book review of *Who Will Tell the People*, by William Greider, *The Washington Post*, May 17, 1992, accessed February 11, 2015.  
<https://global.factiva.com/redirect/default.aspx?P=sa&an=wp00000020011108do5h00idn&cat=a&ep=ASE>.

necessary, as different parts of the large group that is called “the people” are often diametrically opposed. However, this does not mean that Greider’s criticism is unjustified. In no way does it follow that having a wide range of constituencies should cause the Democratic Party to have an *incoherent* economic program. Similarly, Popkin’s criticism that “Greider also gives no serious attention to the many attempts from the left and right to reorder the regulatory system” would benefit from a little closer consideration. He does devote several chapters to exactly these attempts *and why they fail*. One of the main points in his book is about these attempts not taking off because they are thwarted by big corporations, thus, by losing the public’s trust in the long term, paralyzing the entire political process. According to Henderson, he is doing his readers a great service, raising “questions that every American who retains a faith in the self-correcting capacities of democracy (and Greider is firmly among them) ought to confront. Take, for instance, his central theme that powerful ‘elites’ -- those capable of making huge financial contributions to today’s money-run politics -- are shaping the public agenda and even the laws themselves.”<sup>123</sup>

When Greider says: “In different ways, the public keeps saying it is serious. But politicians respond as though public opinion is merely a transient romantic sentiment to be indulged,”<sup>124</sup> he is right on the money. He is describing real situations that allow real populism to rise. This is identified as a recurrent theme amongst populists by Mouffe, who writes:

[U]nder the banner of ‘modernisation’, social-democratic parties have in most countries identified themselves more or less exclusively with the middle classes, and that they have stopped representing the interests of the popular sectors – whose demands are considered “archaic” or “retrograde” -- we should not be surprised by the growing alienation of an increasing number of groups who feel excluded from the effective exercise of citizenship by the “enlightened” elites.<sup>125</sup>

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<sup>123</sup> Keith Henderson, “American Democracy ‘Betrayed’. Author Finds That Powerful Elites, Notably Business Interests, Shape The Public Agenda, Laws.” Review of *Who Will Tell the People*, by William Greider, *Christian Science Monitor*, July 8, 1992, Accessed February 11, 2015. <https://global.factiva.com/redirect/default.aspx?P=sa&an=chsm000020011107do780049g&cat=a&ep=ASE>.

<sup>124</sup> Greider, *Who Will Tell the People*, 131..

<sup>125</sup> Chantal Mouffe, ‘The ‘End Of Politics’ And The Challenge Of Right-Wing Populism,’ in *Populism And The Mirror Of Democracy*, 1st ed., (London: Verso, 2005), 55.



- *Who Will Educate the People?*

Perhaps the most redeemable populist staple, education is a crucial part of Greider's work. Turner identifies the high value Greider places upon it:

What is odd about the book is its title, since it is essentially a populist work. "No one in authority" can be relied on to tell the people the truth, Greider writes, because their interests are selfish and undemocratic. His central point is that ordinary people must produce answers themselves, and may.

"The people," or "ordinary people," have been robbed of their rightful primacy, and it is up to them to restore it. How this can be done brings up one of the most interesting questions regarding Greider's populist project: who *can* educate the people? According to Turner, Greider claims the people must educate themselves, because the press have failed to do so. However, it seems that Greider himself is educating "the people" on their predicament and his proposed solutions. This view is shared by many reviewers, who laud his books for their lucidity. Palmeri praises *Who Will Tell the People* for its "'insider's' view of the problem that nicely complements the more theoretical analyses appearing in academic journals. Unlike most Washington-based journalists, Greider argues for a socially responsible press." In fact, Palmeri hopes the book will spark discussion on the best way to discuss these complex political matters:

*Who Will Tell the People* ought to provoke those of us in academia to consider how we contribute to the problems discussed. As part of the intellectual class, we are in the best position to "tell the people." We have access to information that the average citizen has neither the time nor resources to obtain.<sup>126</sup>

By steering clear of a more severe theoretical analysis, Greider's book is able to convey its point with more power. Rather than losing itself in complex frameworks, it creates an accessible account of the reader's current situation, as well as a proposed course of action. Rather than by

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<sup>126</sup> Anthony Palmeri, "Who Will Tell the People: The Betrayal of American Democracy," Review of *Who Will Tell the People*, by William Greider, *Critical Studies in Mass Communication* 11, no. 4 (1994): 396.

social scientists, “some of the most perceptive books on American politics these days are by journalists [...] who understand the details and, to our benefit, how they fit together.”<sup>127</sup> This is also why *Secrets of the Temple* is acclaimed for its demystification of money matters in combination with its lucid description of the purposeful discombobulation put forth by the Fed.<sup>128</sup>

By approaching the paralysis of American politics with populist tools, Greider is able to dismantle the problem in a new way, offering new insights:

The power of *Who Will Tell the People* is that Greider brilliantly links these processes within the “grand bazaar” of Beltway politics to reveal how they have collectively transformed the very meaning of American politics by effectively draining the vitality -- “the messy center of democratic dialogue” -- out of national life. This sets the book apart from the literature that assumes that the dialogue still somehow continues.<sup>129</sup>

Goodwyn praises Greider for his new approach, which is founded rather on a populist doctor’s diagnosis than on a neutral scientist’s hypothesis. His faith in the theoretic justness of the American democracy motivates him to find out why it is apparently unsuccessful in practice. His conclusion, that Americans no longer believe in their system of government because it has not fulfilled its promise of granting their demands, is one of a fervent believer: it removes the blame from the people. Ehrenhalt feels that this is naively incorrect:

It is simply not credible that a generation of politicians bred and trained for reelection could get themselves and the country into so much trouble by failing to notice what the voters wanted. They have exquisite machinery for determining that, and they use it. What is credible is that they blundered by giving us exactly what we wanted, and don’t know how to stop. We have a right to blame them for that, but we have no reason to excuse ourselves in the process.<sup>130</sup>

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<sup>127</sup> Robert Sickels, “Who Will Tell the People: The Betrayal of American Democracy (Book Review),” *The Annals of the American Academy of Political and Social Science* 529 (1993): 195.

<sup>128</sup> Niggle, “Secrets of the Temple” (Book Review).

<sup>129</sup> Lawrence Goodwyn, “The Party’s Over,” Review of *Who Will Tell the People*, by William Greider, *Nation* 255, no. 3 (1992): 116.

<sup>130</sup> Ehrenhalt, “Who Will Tell the People” (Book Review), 42.

Ehrenhalt admits that American democracy no longer works as it ought to. However, this is due to the people's votes. Like a feedback system, American politicians have adjusted themselves to the demands for election. The public decides who is elected, and thus what kind of tactics are successful in the election process. Ehrenhalt thus reproaches the American people for voting superficially, and argues that Greider is too soft on the people: "Greider finally meets, perhaps for the first time, a piece of conventional wisdom that he likes: the people are, if sometimes misguided, ultimately virtuous, and they want only the best."<sup>131</sup> Greider's populism prevents him from shifting blame to "the people" and questioning their infallibility. Ehrenhalt counters that, by voting (or not voting), "the people" can set the demands on who wins, and who loses. As politicians want to be elected, they will adapt their strategies to be successful as much as possible. Over time, this leads to whatever works for candidates to make it into office. If this includes making deals with lobbyists who have strong influence with interest groups in their district, so be it – even if this is not in the best interest of the people. If it works better to scorn faults in your opponent's character than to elaborate on your environmental policy, then candidates will do so. Eventually, these kinds of issues will become central to elections.

Of course, this is Greider's point: he derides the press for focusing on insignificant points, on stories that are not substantive. Ehrenhalt engages in a chicken-or-egg debate over who failed first: "the people" or the politicians. Greider's argument goes beyond that, because his case is that regardless of how this came to be, the current state of affairs is not conducive to running any "real" democracy: it is shallow and superficial, and can only lead people away from the matters that determine their lives, causing them no longer to vote in their own best interests:

The aim of the new politics in America is to induce people to vote their resentments. The press fully participates, revealing private "scandals" to convince itself that it is engaged in genuine reporting, even as it avoids the deeper issues of social governance.<sup>132</sup>

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<sup>131</sup> Ibid., 42.

<sup>132</sup> Goodwyn, "The Party's Over," 116.

Greider calls for a rehabilitation of the press, regardless of ‘who started it.’ If “the people” are ever to restore their faith in American democracy, they must discover that politics can work to make their demands reality. In order for that to happen, they must first know what is going on in their country, and who decides the shape of their daily lives. Of course, this yields a practical question: how can the press afford to do so? The reason they report on “scandals” rather than genuine reporting is that scandals, juicy gossip and the devaluation of powerful people sell. News is a business enterprise, and without profit, companies do not survive. Just as in national politics, economic survival is the goal. This means that, in order for the press to become a source of information rather than entertainment, informational news needs to start yielding a profit. Alternatively, the press would have to adhere to a new standard, separate from capitalist priorities. If people would rather read about celebrities and their personal lives, they need someone who can educate them for their own best will, even if they do not want it. Watching TV is easy. Reading glossies and calling it news is no challenge. Dragging people out of Plato’s cave and into the sunlight is hard and unthankful work, but, if people are to take democracy seriously again, perhaps necessary. Who is able to occupy this moral high ground, from which can be seen what “the people” need to know?

Greider argues it is the people themselves, who, through grassroots initiatives, can change the way they learn and govern. What does that mean for the status of *Who Will Tell the People*? Populists often call upon the wisdom of the people, whom they then proceed to educate.<sup>133</sup> The book’s purpose is to lay the facts bare, to describe a blank field from which “the people” can once again take the government of their country in their own hands. At the same time, it is Greider himself who takes on the role of the educator, who enlightens ‘the people’ on the predicament they are in. In this sense, he purports to have an overview and elevates himself as a leader, in that sense opposing himself to ‘the people’ he claims to inform. This way, he satisfies his own criteria of being accessible and understandable to the layman, while simultaneously making a moral assessment, namely that things are not as they should be.

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<sup>133</sup> Taggart, *Populism*, 70.

## Conclusion

Throughout his writing, Greider adopts a firmly critical stance on the entire American political system. At heart, he believes in the potential of the American people to inform themselves and to govern in a way that meets their demands. In this sense, his position is a naïve one that does not sufficiently question the supposed uniformity of the American population. His referral to “the people” is recurrent, and it seems to exist only in contrast with an elite, which has corrupted the political power invested in it by the rest of the country. This hits the core of the populist argument, where “the people” are named though not clearly identified. The populist speaker or party claims to represent “the people,” so that they can invest their democratic power in him or his party, and he can then restore their “rightful primacy” to them.

However, Greider is not a politician. Although this is a successful argument to gain the sympathy of the people,<sup>134</sup> in this regard he steps away from the populist pattern, because he does not aspire political power himself. Rather, he wishes to inform “the people” of their predicament, and tell them what they can do about it. He points out that politicians consistently ignore “the people” when the population vocalizes its demands. Instead of constructing a populist argument, he is merely describing a real situation – one from which real populism often arises.

This urge to expose and describe derives from his background as a journalist, a profession he describes with a certain nostalgia in *Who Will Tell the People*. He laments the disappearance of old-fashioned journalism, arguing that modern journalists are too enmeshed with the politics they should be critically investigating. In a sense, it is a similar nostalgia that informs his argument regarding life in the United States. *Secrets of the Temple* questions the role of a single regulatory agency in relation to the people it governs. *Who Will Tell the People* critically examines what problems can arise when a democracy clashes with the cost-benefit analyses from big business. His more recent works *One World, Ready or Not* and *The Soul of Capitalism* question the impact of capitalism on individuals’ lives. The problems he establishes are of a moral ilk, and so are his proposed solutions.

These solutions only apply in the broadest sense: citizens must inform each other by maintaining a local political dialogue through co-ops and focus groups. Greider’s argument

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<sup>134</sup> Mouffe, *The ‘End of Politics,’* 55.

focuses on re-establishing political power as a system that works bottom-up, rather than top-down. Because “the people” is such a diverse entity, his solutions cannot be concrete. He can only propose a new framework within which the ailments can be remedied.

In order to make that solution attainable, Greider is more an informer than a leader, more an educator than a politician. By explaining the country’s problems in accessible language, he hopes to empower them to take back their rightful primacy, rather than do it for them himself. The traditional news media, moreover, will no longer fill this role because doing so is bad for business. This is exactly his problem with the democratic system: because it has grown too distant from the voters, they have lost touch with and insight into what is happening to their country. He does not identify a responsible conspiracy, but rather blames it on fundamental flaws in the system of interaction between voters, politics, press and corporations. The main problem is that the laws of supply and demand, of cost and benefit, have superseded the laws of democracy, which has led to democratically accepted laws being bent under the force of those with money.

Due to the limited checks and balances, especially after the rampant deregulation of the 1980s and 1990s, these effects have spread like wildfire throughout American society, leading to greater segregation between “the people” and “the elite”, the latter being anybody with any kind of real power. These changes have manifested themselves in the powerlessness of regulatory agencies to adroitly oppose the force of monied corporations, and have thus corroded the government’s legitimacy.

Rosanvallon identifies populist watchfulness as a compulsive disorder that as such is harmful to democracy. Greider's work shows that a populist critical approach to regulatory agencies' policy is not necessarily a bad thing, as he uses it to demonstrate the problems faced by the American public. This approach is not pathological, but revealing: critical analysis reveals underlying problems. Rosanvallon eschews populist critique for its supposed narrow-mindedness, but Greider's distrust stems from problems with the way the entire democratic system malfunctions, rather than individual policies: he is distrustful because he focuses on a bigger picture. Greider is asking the question: why are these regulatory agencies no longer legitimizing the government’s authority?

The bottom line of Greider’s problem is that the press, the political system and its regulatory agencies all have been absorbed by the economic powers of loss and benefits, in the words of Thomas Frank: “Today, [...] American opinion leaders seem generally convinced that

democracy and the free market are simply identical.”<sup>135</sup> In this sense, Greider’s writing is characterized by a nostalgic melancholy, a desire to return to a world in which the impact of supply and demand, of cost and revenue, were not so clearly noticeable. This is illustrated perhaps most clearly with the opening chapter of *The Soul of Capitalism*, in which Greider longingly describes his great-uncle’s old-fashioned farm and bucolic lifestyle amidst the oncoming capitalist industrialization of the surrounding area.

Greider condemns the press for becoming complacent and glorifies the editors of the past, who critically investigated politicians and exposed unpleasant truths. In his description of the severe inflation of the 1970s he is perhaps overly optimistic, focusing on its equalizing effects rather than on the uncertainty that accompanied it. However, in the bleak current situation Greider sketches, this same idealism enables him to make a moral assertion and identify a problem that needs solving. Rather than simply describing from the sidelines, Greider is actively playing a part in a problematic situation, thus overstepping the usual line of distanced description favored in academia. He is trying to point his readers in the direction of self-realization. Like the Populist Party and most populists before him, his view of the past is skewed by idealism, but this same glorification puts Greider in a position to assess what is wrong in today’s society.

Thankfully, Greider’s books end on a positive note. In his final chapters, he continually reasserts his faith that the American system can restore itself, because “the people” are, on the whole, “quite remarkable, resourceful, and serious about their lives, often courageous in the worst circumstances.”<sup>136</sup> Greider is firmly convinced that the tide can still be turned, although some claim that Greider is “such an optimist that even an empty glass looks half-full to him.”<sup>137</sup>

Greider’s perspective on American society strikes a balance between academia and populism. On the one hand, his work is elaborately researched and well documented. He writes in a way that suggests objectivity, but at the same time it is prescriptive and highly moralistic. He prescribes the rightful position of “the people” and condemns big business, and American

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<sup>135</sup> Thomas Frank, *One Market under God : Extreme Capitalism, Market Populism and the End of Economic Democracy*, (New York: Doubleday, 2000), 15.

<sup>136</sup> Greider, *The Soul of Capitalism*, 325.

<sup>137</sup> Christopher Bray, 'Fixing Capitalism Bit By Bit To Build Us All A Better World', Review of *The Soul of Capitalism*, by William Greider, *Financial Observer*, September 22, 2003, accessed February 11, 2015. <https://global.factiva.com/redir/default.aspx?P=sa&an=NYOB000020030923dz9m00011&cat=a&ep=ASE>.

democracy's tendency to succumb to the influence of money. He argues that the press has abandoned its duty of informing, and instead is feeding the public what it wants to hear – not what it *should* hear. He is constructing a case using the age-old difference between “is” and “ought,” which is necessarily a moral standpoint, and thus subject to subjective discussion – generally an unwelcome guest in academia. His case is solid and optimistic, though perhaps far-fetched and full of pipe dreams. At the same time, by condemning the current state of affairs, he is able to strengthen his argument and pull all the different facets together to build a conclusive narrative: if you agree that a democracy should represent its people, then the rest follows. The American political system does not properly represent its constituents, and Greider explains why not, his books reading like a journalist's well-researched, not to mention rather voluminous, op-ed piece.

His conclusions on ‘supply-side economics’ and the interaction between the Fed, the upper class and the American economy in *Secrets of the Temple* have recently been corroborated statistically by Thomas Piketty, whose extensive research on the subject, *Capital in the 21<sup>st</sup> Century* provides statistic substantiation for the claim that tax cuts and the curbing of inflation do not benefit the entire population equally. More importantly, he also underpins the significance of the question Greider sets out to answer in *Who Will Tell the People*: why have Americans consistently voted against their own best interest?<sup>138</sup> Finally, Piketty's research also shows that “there is no natural spontaneous process to prevent destabilizing, inegalitarian forces from prevailing permanently.”<sup>139</sup> This, in turn, reestablishes the need for powerful regulatory agencies that are capable of withstanding the economic pressure exerted on them by corporations. This call is echoed by other modern writers, such as Thomas Frank, who argue in favor of a new strong government that can prevent corporations' influence from rising above democratic law.<sup>140</sup>

By examining the powerlessness of regulatory agencies to enforce the will of “the people,” we can begin to understand why populist parties are gaining power. Because the rational vote no longer yields the desired results, people become more inclined to vote on an emotion basis. Greider shows that this feeling of neglect is not unsubstantiated, but the result of

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<sup>138</sup> Thomas Piketty, *Capital in the Twenty-first Century*, trans. Arthur Goldhammer, (Cambridge, Massachusetts: Belknap Press of Harvard University Press, 2014), 29-33.

<sup>139</sup> *Ibid*, 29-30.

<sup>140</sup> Frank, *One Market Under God*, xvii.



an ongoing process where democratic values have yielded for financial priorities. This populist investigation is a significant insight in today's state of affairs. We can now understand the transnational rise of populism as a symptom of democratic authority being marginalized by economic cost-benefit analyses.

Analyzing Greider's work has confirmed that populism is not a clear-cut definition, but more importantly, that populist elements do not have to hinder a text from being informative. He is able to explain why and how, over the past four decennia, American voters have seen their democratic power abused to the extent where their votes no longer serve their own best interest – and, equally important, why that matters. In a time which is characterized by an overabundance of freely available information, such a steering commentary is of great importance. Information is everywhere, but its importance to people's personal lives is often left unclear. That is what makes Greider's writings an important addition to the academic literature available: it is a perspective that offers insights in the moral implications of what is happening in our lives, thus bridging the gap between academic objectivity and moral subjectivity.

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