Where is US capitalism going?

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US income shares, by quantile, 1980

Top quantile (%)	Income share of quantile (%)	Relative income $\frac{quantile}{rest}$
50.	69.7	2.3
10.	52.	9.8
1.	16.2	19.1
0.1	5.4	57.
0.01	1.95	198.9
0.001	0.63	634.

US income shares by quantile, 2014

Top quantile (%)	Income share of quantile (%)	Relative income $\frac{quantile}{rest}$
50.	87.4	6.9
10.	47.	8.
1.	20.2	25.1
0.1	9.3	102.4
0.01	4.4	460.2
0.001	1.9	1936.8

US, Comparison, 1980 to 2014

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France, 2014

Top quantile (%)	Income share of quantile (%)	Relative income $\frac{\text{quantile}}{\text{rest}}$
50.	78.5	3.7
10.	32.6	4.4
1.	10.8	12.
0.1	3.7	38.4
0.01	1.3	131.7
0.001	0.4	401.6

South Korea, 1980 and 2012

Here is Korea 2012

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Top quantile (%)	Income share of quantile (%)	Relative income $\frac{quantile}{rest}$
10.	44.87	7.3
1.	12.23	13.8
0.1	4.35	45.4
0.01	1.65	167.8

Here is Korea 1980

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Top quantile (%)	Income share of quantile (%)	Relative income $\frac{quantile}{rest}$
10.	28.8	3.6
1.	7.47	8.
0.1	1.99	20.3
0.01	0.72	72.5

Why is the US the outlier?

- Very sharp attack on organized labor by capitalist class in the last 40 years

- In 1954, 35% of American workers were unionized

- In 2017, only 10.7%

- As a result the real income of the bottom 50% in the US increased *by only 1%* in the period 1980-2014; the income of the top 1% increased *by 204%* in this period.

Is change due to sectoral shifts?

- **No**.   Look at Canada:

- In 2014, union density in Canada was still 31%, from 38% in 1980. The fall was much less than in the US.

- But *sectoral shifts* in Canada were similar

- Canada is more exposed to trade (64% of GDP) than the US (27%), so cannot blame globalization for the fall in American union density and the stagnancy of real incomes

Onslaught of right-wing ideology

- Government is incompetent
- Government is inefficient
- Gregory Mankiw, Harvard professor: "The productivity of government investment is zero."
- Taxes are theft
- Raising taxes on high earners will reduce their productivity, and hurt everyone

Tax Cuts and Jobs Act of 2017

- As a result of this ideology, the Congress passed, in December 2017 a massive tax cut for the rich, which will result in transferring income from the bottom 80 to the top 20%

- This transfer will happen gradually over the next decade; it will not be immediately obvious to taxpayers

National health insurance

- Alone among advanced capitalist countries, the US did not have national health insurance until 2010 (the Affordable Care Act, Obama administration)

- In 2010, only 35% of population supported the ACA, and 47% opposed it.

- By 2017, 54% approved of the ACA, and 43% disapproved.

- The ACA is a big improvement over what we had before, but it is not universal insurance

Global Warming

- In 2016 only 37% of Americans worried 'a great deal' about global warming.

- In 2017, this increased to 45%.

- Why? Republican politicians virtually all say that global warming is 'fake science.'   The leader of this ideological obfuscation is D.J. Trump.

What the Republican Party stands for/against

- *Against* the belief that global warming is man-made
- *Against* national health insurance (the ACA)
- *For* more religion in the schools
- *Against* public schools and *for* privatization of education
- *Against* income taxation and estate taxation
- *Against* science
- *Questions* the value of college education
- *Against* gun control

Why does the Republican Party receive one-half the votes?

- The failure of Democratic Party to protect the livelihood of relatively uneducated workers

- Vulnerability of white workingclass to racist and nativist appeals, as an 'explanation' of their economic plight

Propagation of ideology

- These 'ideas' are propagated by right-wing television, radio, the press as well as the propaganda of right-wing politicians

- Right-wing ideas are *everywhere present* in the United States…. Financed by very wealthy capitalists, who recognize the importance of *winning the votes of the citizenry* in order to maintain their economic power

- Despite private campaign financing, and billions of dollars spent by capitalist firms in lobbying, the *main conduit* through which right-wing ideas infect the polity is through the mass media (e.g., Fox News, reactionary talk radio, etc.)

The main tool: Racism and nativism

- Racism was not eliminated with the end of slavery. It has persisted in the United States with a vengeance

- For 50 years, the Republican Party has exploited a 'Southern Strategy' of linking racist appeals to their right-wing economic program, in hopes of winning the votes of white citizens who are not in the top 5% of the income distribution

- White vote for Obama in 2012 election was **10%** in Mississippi, and **15%** in Alabama. These were two of main slave states in 1860.

Racism (continued)

- If whites voted for the Democratic Party in the South in the same proportion that they do in other states, the Republican Party would never win an election

- The reliance on racism and nativism is *absolutely essential* for Republican Party political viability

- Objectively, racism hurts the white working-class. Strong correlation between degree of racism in a region and white workers' wages, controlling for other factors

- Median wealth of white households in 2016 : $171,000. Median wealth of blacks: $17,000. A 10:1 ratio….

The 2016 election

- Trump successfully used nativism and anti-China sentiment to blame immigrants and trade for the stagnating incomes of poorly educated American workers

- The consequence was that the American electorate became *completely polarized* on the race/immigration issue

- Polls show that 'conservatives' on the race/immigration issue almost all voted for Trump, and liberals on the race/immigration issue almost all voted for Clinton.

- No election in the last 40 years has been so *racially polarized* in this way

Link between racism/nativism and economics

- In other words, the ***cause*** of the American discontent is the stagnation of incomes and the insecurity of jobs

- The 'explanation' for this by the Republican Party is African-Americans are getting all the benefits of the US welfare state (false), that immigrants are taking jobs (false) and that imports are putting Americans out of work (in part true).

- The ***effect*** of this propaganda is to *polarize* the US electorate into a nativist/racist Republican polity, and liberal/anti-racist Democratic polilty.

Possible futures in the US

- 1. The racist/nativist appeal continues to attract a majority of voters, and the US continues to move towards an illiberal, quasi-fascist democracy

- 2. The Democrats succeed in winning votes from the disillusioned white workers, and eventually make life more secure for them through economic reforms (of which the Health Care Act was one)

- 3. There is cyclical political power, where the American system of separation of the legislature from the executive prevents meaningful reforms from passing

Predictions?

• I do not think anyone can predict which of these futures will occur. There are too many unknowns, including:

      -- the outcome of the Mueller investigation

      -- the conflict with North Korea

      -- insecurity of the EU, and possible global economic consequences

      -- increasing stresses due to climactic volatility (global warming)

What should the Left do in the United States?

- I propose the goal should be to re-build unions.
- This would shift the balance of class power away from capitalists to the bottom 70% of the income distribution
- But unions would also *provide an ideological counterweight* to the pervasive right-wing ideology
- This would involve new strategies and tactics, because it would require organizing workers in sectors that have not been organized before

Democratic Party platform

- The Democratic Party should commit itself to *pervasive pro-union, pro-worker legislation,* a *Workers' Security and Rights Act* .

- The Civil Rights Act and Voting Rights Act of the 1960s were the political culmination of the Civil Rights Movement

- The Feminist Movement has sharply improved the economic and social position of women in the US

- The social movement of gays and lesbians has sharply improved the social position of LGBT people

National Worker Rights Act

- I think the main way to win white voters away from the reactionary Republican Party is *to improve their economic security*

- a Workers' Security and Rights Act would legislate a sharply increased federal minimum wage, protection for workers organizing unions, mandated paid holidays for workers and parental leave for childcare, national daycare centers for working parents, legal protection of the closed shop, increased federal aid for higher education

- Americans work 1780 hours a year; Germans work 1360 hours/ year; Koreans work 2070 hours/year

- The Republican Party will *never help* American workers. Their single economic goal is to enrich the capitalist class

- Only by successfully addressing the economic stagnation and insecurity of the American worker will the Democratic Party succeed in reversing the frightening trend in American politics