

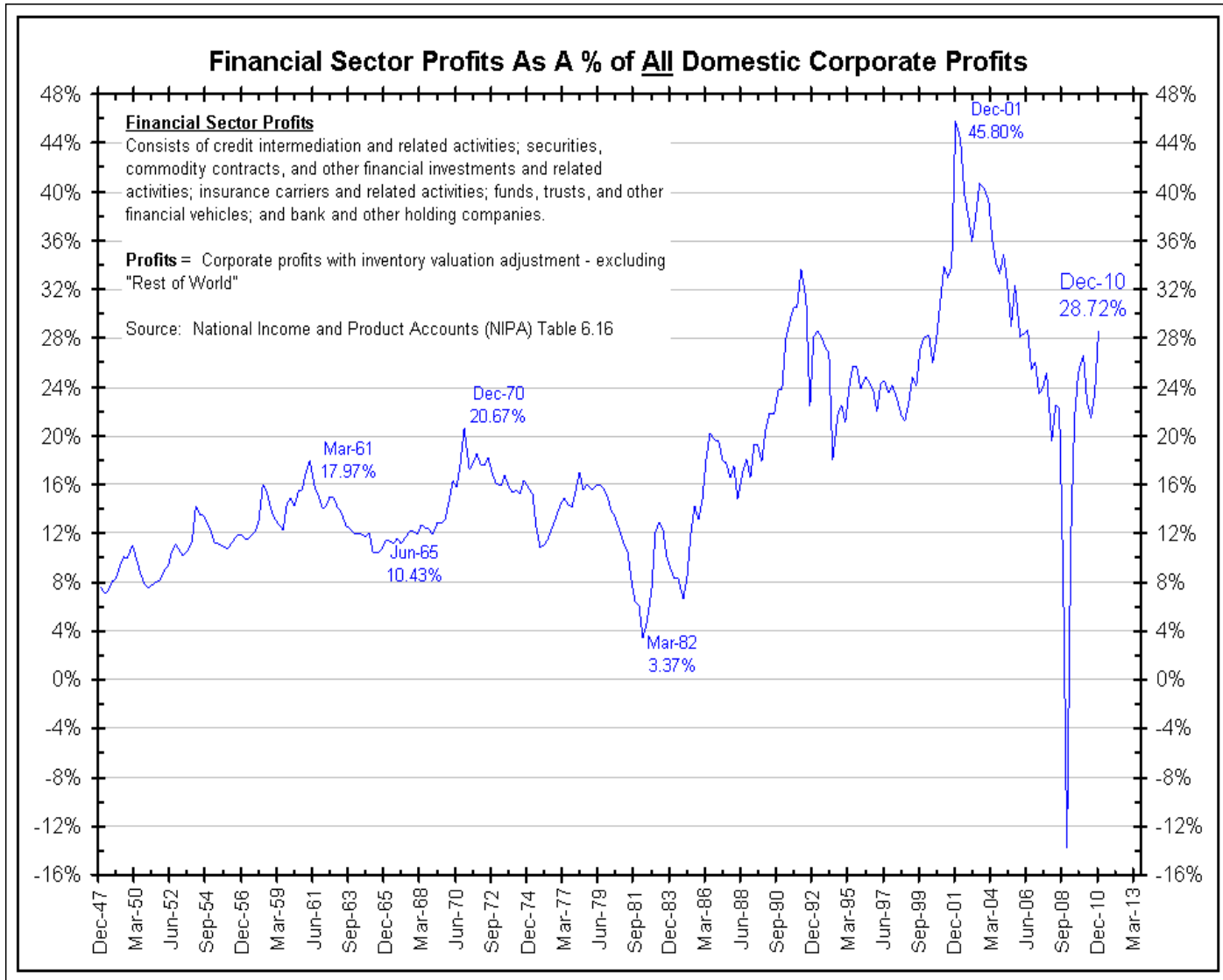
# Collapse of the 'Vital Center' *'Against the Center' in the US*

- The Long Crisis (since 1970s) and the Fracturing of America's Political Parties
- Decline of the Middle Class
- From Working Class to 'Precariat'

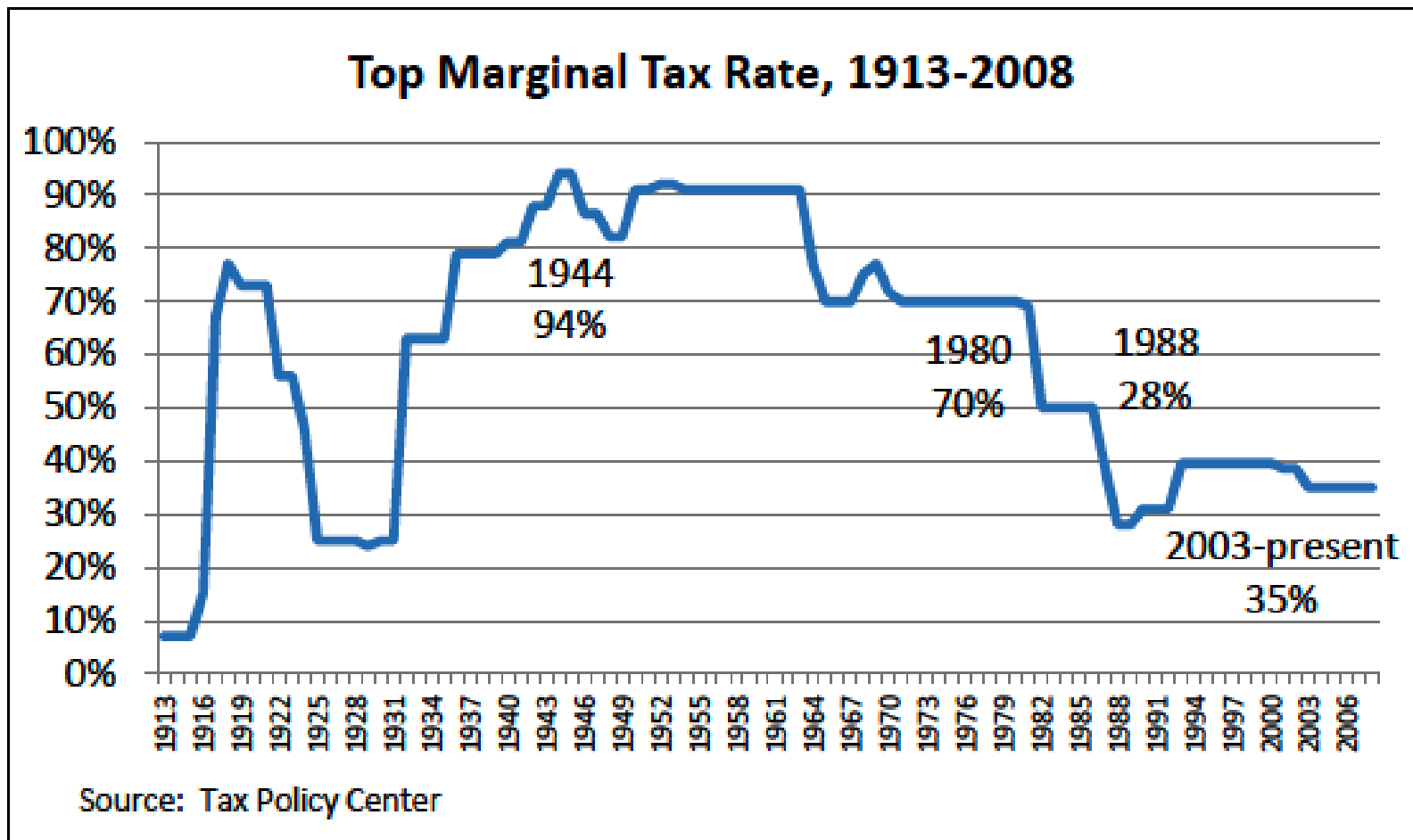
# 1970's Crisis: Stagflation and Supply-Side Solutions

- Arguments:
  - Economy was investment starved
  - Top marginal and capital gains tax cuts needed to increase savings that would translate into investment
  - Redistribute income upward, as wealthy don't spend increased income/wealth, they invest
- Did it work? Did investment rates increase resulting in greater economic growth?

# Financialized Economy: Innovation and Production Starved



# Inequality in US Tax Code (Income): Incentive to Hoard, not Invest



## TOP 10% RICHEST AMERICANS' SHARE OF THE ECONOMY

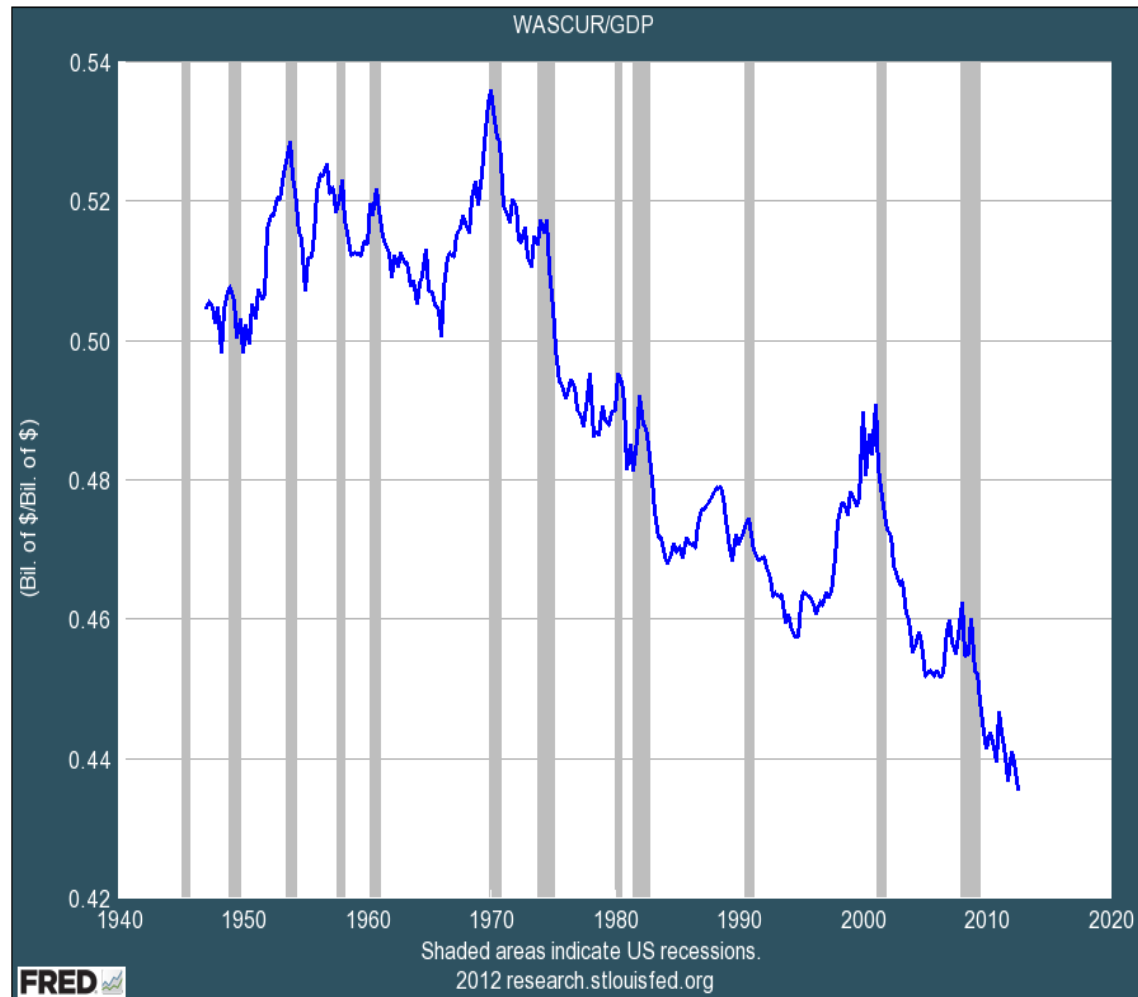


SOURCE: PIKETTY AND SAEZ (2008); IRS

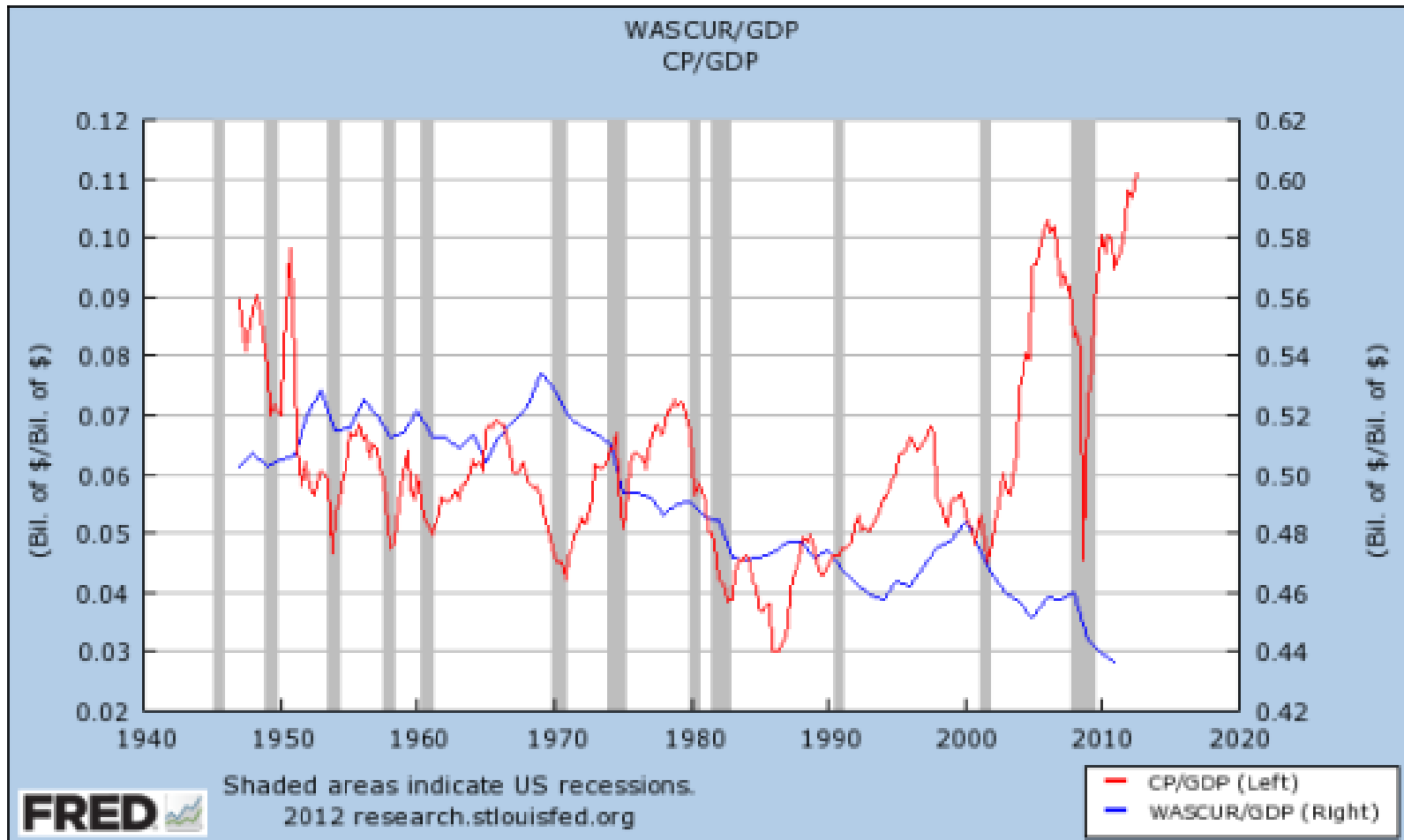
# US Wages as % of GDP:

“Highly paid labour is generally efficient and therefore not dear labour”

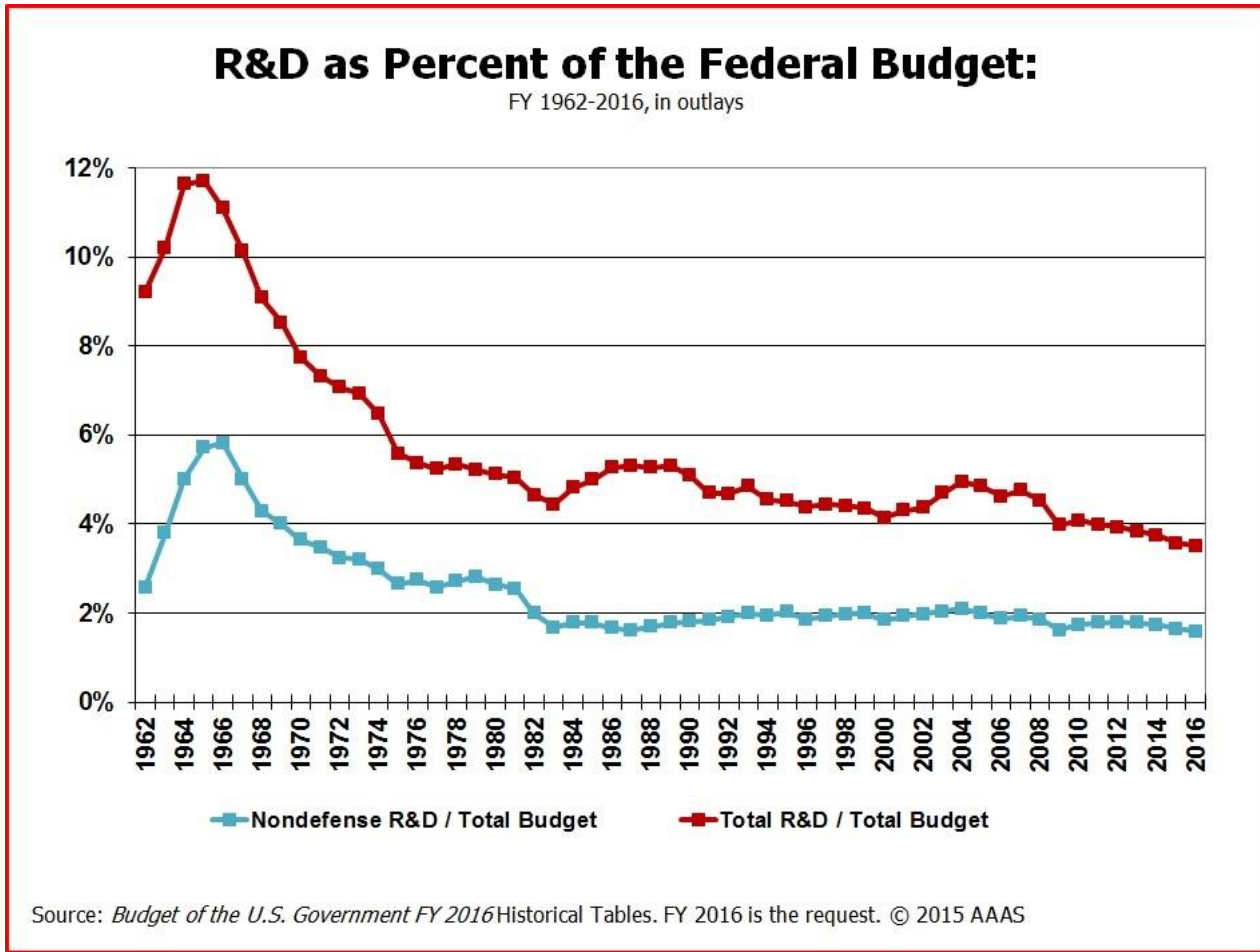
--*Alfred Marshall, 1895*



# US Corporate Profits as % of GDP vs. Wages



# US Govt. R&D





# Economic Orthodoxies meet Secular Stagnation

- Low interest rates = high rates of investment
- High savings rates = high rates of investment
- **Above inoperable**
  - Currently interest rates are near zero, yet investment is low
  - Savings glut, but investment rates low
    - Savings flow to assets, not investment

# Rolling Back the New Deal: *The Empire Strikes Back*

- Privatizing Policy: Wisconsin Industrialists (Republicans) Take Back 'Their' Country
  - Heritage Foundation
  - Bradley Foundation
  - Kohlers
- Democrats: From New Dealers to Narcissistic Mandarins

# 1978 and the Proposition 13 Strategy to Economic Crisis



# 2008 Mandate Wasted



# 'Proposition 13' Reprised (2009): The Tea Party (Koch Brothers and 'FreedomWorks')



# Attacking Immigrants

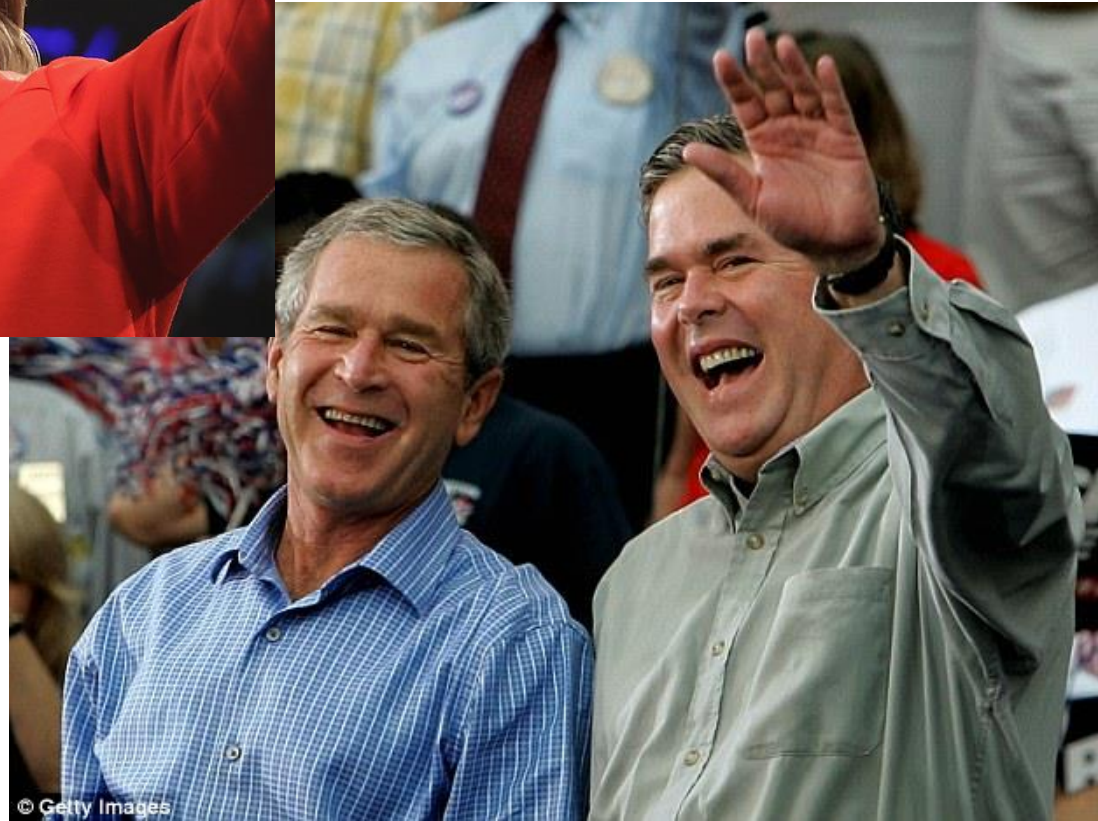


# Obama's Consensus Turn:

- Many FDR Advisors Countered Establishment Thinking.
- Nearly all of Obama's Advisors **were** the Establishment.



# Rejecting 'Dynasties': 2016





# Uprisings



# Vermont Socialist

- Winning elections, where election rules permit
- 'Cult' of Authenticity
- Defies 'rules' of US politics about socialists being unable to gain support

# Uprisings



# “Old Money” in the United States vs. “New” ....



1) "Socialism never took root in America because the poor see themselves not as an exploited proletariat, but as temporarily embarrassed millionaires." --John Steinbeck

2) *19% of Americans polled think they are in the top 1% of income earners, while another 20% think they will be.*



# Trump: The Opportunist

- Populist high-jacking of the Republican Party
- Working class rejection of Republican Party *Policy* Platform
- Shocks the Wisconsin Republican establishment (Paul Ryan and Reince Priebus) by winning the GOP nomination and then Presidency
- Delights Democrats in winning GOP nomination, stuns them in winning Presidency

# Democrats and Trump

- Democrats reprise McCarthyism (Cold War) dealing with Trump by linking him to Kremlin
- Strategy appears politically expedient and appealing
  - For decades Republicans beat up Democrats by labeling them soft on Russia

- Fair chance of Trump being impeached, using the 25th Amendment of the US Constitution
  - This would install a traditional anti-Russia hawk in the Presidency (Mike Pence)
  - Democrats, having just demonized Russia to take down Trump, would then be unable to resist GOP ratcheting up of tensions with Russia and perhaps much more weapons spending
  - In short, a more serious Cold War could be born



# Need for the Social Democratic Turn

*(Trump 'forcing the contradictions'?)*

- Restore
  - Infrastructure (physical and human)
  - Demand-side economic policies
- Rebalance what Galbraith terms 'technostructure'
- Discipline finance