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by ROB URIE
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Democratic Socialism and Political Power



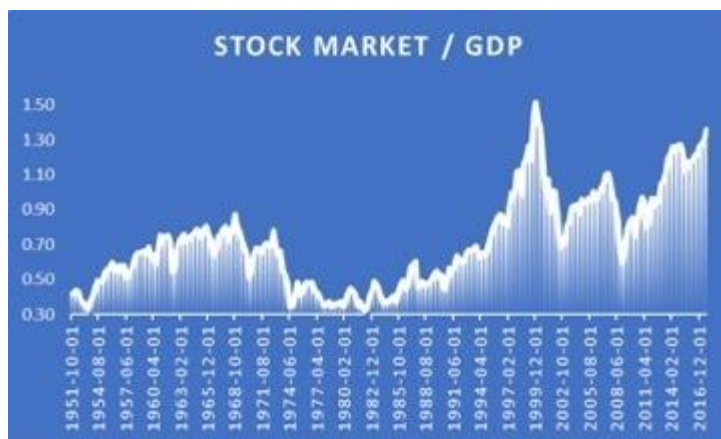
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Occasionally a phrase supports a wide range of political posturing while bearing little determinable relationship to actionable politics. ‘Income inequality’ is one of these phrases. Few using it are communists, a politics that recognizes concentrated economic power as both cause and effect in the skewed distribution of income and wealth. And the entire point of capitalism is the concentration of these that functions as (circular) proof of

the social utility created by capitalists. As corollary to American democracy, the phrase ignores centuries of evidence that political power is determined by economic power.

Of current relevance is its place in the programs of Democratic Socialism, a rebranding of New Deal type social welfare programs that proponents (I am one) apparently intend to fit into existing American political economy. As one of ‘a multiplicity of tactics,’ the lives of the poorer 90% of the country could be vastly improved by Medicare for all, Federal government funded college educations and a job guarantee that pays a living wage and benefits. However, the improbability that Western capitalists, particularly American capitalists, will loosen their grip to facilitate functional versions of these programs was [better understood](#) in the late nineteenth century than it is today.

Missing from the inequality meme is any plausible explanation of the social mechanisms that have placed most wealth in a remarkably small number of pockets over the last four decades. The coincidence of this rising concentration with the ascendance of financial capitalism would seem to provide a clue. By rendering the product of labor fungible, finance facilitates its concentration. By itself, money produces nothing. It is a claim on real wealth. (Robots, a/k/a capital, are made by labor). Outside of the existence of labor’s product, money is worthless. The business of finance is the redistribution of social wealth, and with it, power.



Graph: The stock market is a proxy for the power that connected capitalists have over economic production. The greater the leverage over this production, the greater the concentration of power. Since 2007 global central banks have flooded finance with cheap leverage through low interest rates. With GDP as a (crude) measure of economic production, the ratio of stock prices to it is a measure of this leverage. The result: a continuation of the process of concentrating income and wealth in ever fewer hands. Source: St. Louis Federal Reserve.

In the absence of a critical politics, the atheoretical nature of ‘income inequality’ makes it emotive, an appeal to generalized feelings about social equity. The far-too-easy answer back is: so what? Oligarchy was the founding form of the American republic. The long march toward universal suffrage is so implausible a basis of social equity that the poorer half of eligible voters rarely do so. To point to what any with eyes can see, Wall Street has transmogrified a large portion of the accumulated product of labor into the possession of connected insiders in a single generation. The people who produce nothing but claims on wealth now own nearly everything.

Complicating this picture is the radical unsustainability of the capitalist project. It is hardly incidental that economic metrics like GDP (Gross Domestic Product) count the goods produced without deducting the harms that are indissociable from them. Looming environmental crises substantially diminish prospects for continued human existence. Should the worst come to pass, the whole of four centuries of capitalist production would be worth less than the total of all the goods and services ever produced by it. The flip side of the concentration of income and wealth is that the harms from capitalist production have been distributed equally.



Graph: Ronald Reagan led the revival of financial capitalism in the U.S. beginning in the early 1980s. Since then, the share of economic production that has gone into the pockets of the very rich has risen steadily in near exact proportion to what has been taken from the pockets of everyone else. Finance—the pirate capitalism of investment banking and engineered inflation in the value of assets owned by the very rich, were known a century and a half ago to be the predictable outcomes of financial capitalism. The quasi-money of stocks illustrates the growing claims of the rich on most economic production. Source L.A. Times, wti.org.

Calls for progressive taxation leave the social mechanics of upward redistribution through finance substantially unaddressed. This is how (social) Democrats can argue against income inequality while rallying all available social resources to save the system that produces it. Within capitalist mythology, initial economic distribution is legitimate because it reflects the economic value that was created. Finance creates and redistributes *claim* on it. If subsequent redistribution is the goal, why not accomplish it more straightforwardly by ending upward redistribution in the first place? This would eliminate the right-wing claim of economic ‘taking’ through taxation.

The question of how to get from here to there politically, revolution versus reform, gets to the ultimate viability of American political economy. In terms of the public weal, the last forty or so years have been a slow grind toward oblivion for most people in the West. Granting earnestness of intent— whether deserved or not, capitalism since the Ronald Reagan – Margaret Thatcher revival has produced an abundance of consumer goods along with environmental catastrophe, unhinged, seemingly unstoppable militarism and widespread political disaffection. Suggestions that these are incidental to capitalism are countered by their facts in / as history.

Democratic Socialism and its soft-Left variants are reform movements whose proponents appear intent on working within the existing concentrations of political and economic power. Self-described socialist Alexandria Ocasio-Ortiz said as much when she recently promised to help get democrats elected. However, the point here isn’t electoral machinations— Ocasio-Cortez is young and deserves some breathing room. The problem is that these existing political and economic relationships are singularly responsible for the current political moment. Treating them as incidental to it is a fundamental misreading of history.

The income and wealth concentrations that are products of this epoch are put forward as inexplicable, the workings of mysterious forces that are beyond human understanding. In fact, the major historical outlines of the last forty years have precedence in the late nineteenth and early twentieth centuries in Europe and the U.S. Financial capitalism was understood at the time— a century and a half ago, to be a later stage of industrial capitalism. The liberals of that era, even called ‘democrats,’ proposed social welfare programs as capitalists took everything that wasn’t nailed down and put it in their own pockets.

In the liberal social-logical frame of that period, none of what followed— recurrent economic recessions and depressions followed by violent revolutions and two ‘world’

wars, was necessary. Had governing forces only followed their (liberal, Democratic Socialist) social welfare prescriptions, political reconciliation would have prevailed, and violence been precluded. Left unmentioned is that the need for social welfare tied directly to the capitalist practice of using finance to put labor's product in its own pockets. Their subsequent refusal to fund social welfare programs follows the logic of capitalism precisely.

Finance isn't that mysterious. Banks are granted the sovereign's right to create money through making loans. The premise was / is that bankers will finance socially useful enterprises. The conundrum for bankers is how to best put the money they create into their own pockets. The base strategy is to make loans to related entities that are never intended to be repaid. This leaves the institutions that made the loans on the hook while the proceeds are long gone by the time the loans default. This was done in the S&L debacle of the early 1990s using commercial real estate loans and in the housing boom and bust using residential mortgages.

In the present, an analog to the parsing of economic goods from harms finds corporate executives borrowing money to be repaid by the corporations they control in order to buy company stock that boosts the value of the stock options they have granted themselves. Company indebtedness is then used as leverage to squeeze labor— to cut pay and benefits. It is also used to legitimate the relocation of factories to low-wage countries and to argue that environmental regulations are reducing profits. To repeat, this was all well understood as capitalist looting a century and a half ago.

The term 'Democratic Socialism' proceeds from a dubious distinction between political and economic democracy. The myth it appeals to is that American democracy reflects the popular will in ways that more straightforwardly hierarchical political systems don't. The paradox of capitalist democracy has always been the assertion of flat (equal) political representation in the presence of hierarchical economic distribution. Being white, propertied and male were the initial conditions for American suffrage. As late as 2016, functional suffrage was a proxy for economic class. Real democracy begins with economic democracy.

Part of the political conundrum Democratic Socialism is intended to resolve is that national Democrats have no 'political' program. This would seem bizarre were the roles of the political parties political in the sense usually put forward. An alternative explanation, the socialist critique, is that (social) Democrats exist to make class warfare launched from above politically palatable. Example 1: George H.W. Bush was unable to pass NAFTA.

Doing so required the liberal bona fides of Bill Clinton. Example 2: Barack Obama had democratic support for his ‘Grand Bargain’ to cut Social Security and Medicare benefits. It was Republicans who balked because they wanted more.

The self-serving explanation for this moderating role is pragmatism. National Democrats position themselves as court pleaders, as the people’s representatives in the halls of power. The base frame is that it’s unlikely that much will be granted, that there are many interests at stake and that odds are stacked against the public interest. This from a party that has supported every military intervention of the last two centuries, that has prostrated itself before Wall Street while promising that no bailout is too great and which postures as guardian of the public interest while throwing grandmothers and children to the wolves (‘ending welfare as we know it’).

The liberal contention that Republicans are worse is true in the sense that they more straightforwardly represent the interests of rapacious capitalists. However, left to Republicans alone, this system would have run off the rails and remained there centuries ago. Bill Clinton was elected to repair and restore the carnage wreaked by twelve years of Reagan-Bush. Barack Obama was elected to repair and restore the carnage wreaked by eight years of George W. Bush. The Democrats do have a political program. It is to restore and repair American capitalism for the next round of carnage and looting.

Pragmatic and plain language schools of thought have long histories in the U.S. Technocracy— one of the foremost tendencies applied to American liberalism, is related to these as a non-ideological, evidence-based, mode of governance. However, as the evidence-based academic discipline of cultural anthropology has suggested since the time of Margaret Mead, there are no universal premises that stand outside of culture. Over the last forty years this evidentiary paradox has derailed the American Left in approximate proportion to the political power wielded by capital. A prime example has been serial disempowerment through accedence to the (social) Democrat’s repair and restore model.

Apparently unbeknownst to its practitioners, pragmatism is paradoxical in that there is no pragmatic way to define its realm. Even if your interests and those of the Koch Brothers are sometimes unified, they aren’t always. What is most certainly true is that the Koch Brothers’ ability to craft outcomes for their own benefit is greater than yours (and mine). In this case, is it pragmatic to take this asymmetry into account? Alternatively, would the Koch Brothers scuttle the deal if their asymmetrical power were left out of the pragmatic calculus? Accedence to asymmetrical power is the starting position of the ‘repair and restore’ model.

This appears to be the starting position of the Democratic Socialists. A problem: if the existing distribution of political and economic power is un-pragmatic in the sense of having produced the problems in need of resolution, then few, if any, calculations that proceed from it are likely to be pragmatic. For instance, Medicare For All wasn't deemed politically pragmatic by the (social) Democrats in 2016 even though universal, state-sponsored healthcare would have been pragmatic for a majority of citizens. This was a clear-cut case of managing the polity for the benefit of existing power.

In other words, the problem—the asymmetric distribution of power, was hidden behind the political problem of what is and isn't politically pragmatic. Within the terms of democratic representation, the polity clearly outnumbered those whose commercial interests were tied to maintaining the status quo. What was meant by political pragmatism was that the balance of economic power was against the public interest. Under theories of representative democracy, why would this be relevant? Why is it in any way intuitive that commercial interests are able to override the public interest? Yet this is what was meant by 'pragmatism.'

The folly of this conflation could be seen when young Democratic Socialist Alexandria Ocasio-Cortez was unable to answer the question of where the money needed to implement a program of increased social spending might come from. The graph of relative income shares since 1980 provided above and a photograph of a guillotine are good starting points for this 'conversation.' But were the Democrats tactically wrong with their deference to commercial interests in 2016? Otherwise, where is the political program that might challenge that deference? They don't have one because their role is to repair and restore, not to enact a political program.

More 'pragmatically,' the U.S. already has the most expensive healthcare system in the developed world with close to the worst health outcomes. How do 'we' pay for Medicare For All? 'We' already do—it is known as the most expensive healthcare system in the developed world with close to the worst health outcomes, only it isn't for all. And the outcomes are terrible because it is capitalist, not because it isn't capitalist enough. The point here isn't to answer these questions for the young Democratic Socialists. The point is that these programs don't exist because those holding existing power doesn't want them to exist.

How much pushback would there be if these powers, let's call them a ruling class, did want them to exist? Let's see, gratuitous and ruinous wars that cost trillions? Check. Bailouts for the looting class that cost trillions? Check. The largest military in the history

of the world with nary a defensive war to be fought that costs trillions? Check. Prisons to incarcerate the largest number and proportion of citizens in the history of the world that cost trillions? Check. Developed infrastructure and incentives for the rich to avoid paying taxes? Check. Important aside: taxes do not fund government expenditures. Computer keystrokes do.

Within the existing distribution of power, the most likely fate of the Democratic Socialists can be found in the myriad soft-Left movements that preceded the recent ascendance of right-wing nationalism. The same major thinkers who engineered the Democrat's '[pied piper](#)' strategy in 2016 are busy engineering economic austerity to assure that the Democratic Socialists die quick, painful, political deaths. Through the 'multiplicity of tactics,' I support the Democratic Socialists where there aren't Green Party candidates to vote for. But with history as a guide, the way to get political power is to seize it, not to beg for handouts.