

Globalisation and the 'American dream'

Stephen Mennell

Volume 3, Issue 2, June 2014

Permalink: <http://hdl.handle.net/2027/spo.11217607.0003.206> [<http://hdl.handle.net/2027/spo.11217607.0003.206>]

 [<http://creativecommons.org/licenses/by-nc-nd/3.0/>]

Abstract: *In his essay 'The internationalization of capital and trends in income inequality in western societies' (in Don Kalb, et al., eds. *The Ends of Globalization*, Lanham, MD: Rowman & Littlefield, 2000, pp. 187–200) contended that the decrease in socio-economic inequality in Western societies during the larger part of the twentieth century was connected with the strengthening of networks of interdependence at the national level. He hypothesized that the increase in inequality evident since about 1980 was connected to the strengthening of international interdependencies and a corresponding weakening of the ties of interdependence within nation-states. That appears to be true, but appears to be only part of the explanation; political and institutional differences are also important in explaining variations between countries. Or, to put it another way, the key internal power ratios within each country have to be taken into account; the narrowing of economic inequality went along with more even balances of power between upper and lower strata in many countries. Those balances appear to be tipping back in favour of the more privileged, and global interdependences are increasingly interwoven with countries' internal power ratios. Research by both economists and sociologists continues; it is clear, though, that the degree of socio-economic inequality may have implications for social cohesion within nation states, and particularly for the viability of the American Dream.*

Keywords: *American Dream; inequality; globalisation, national cohesion*

Nico Wilterdink (2000) has contended that the decrease in socio-economic inequality in Western societies during the larger part of the twentieth century was connected with the strengthening of networks of interdependence at the *national* level. That insight is one that he shares with other members of the 'Amsterdam School'. At least until 1945, Western countries still had to anticipate the possibility of war with each other; as Johan Goudsblom has remarked in discussing what he calls 'the paradox of pacification',

An old adage says *Si vis pacem para bellum* – 'if you want peace, prepare for war'. This adage exposes one side of the paradox of pacification. For the other side, we might coin the maxim *Si vis bellum cura pacem* – if you wish to wage war (with some chance of winning), you have to see to peace (within your own ranks) (2001a; 2001b).

If Goudsblom's principle applies to human societies in the long term, Abram de Swaan's (1988) study of the phaseology [\[1\]\[#N1\]](#) of the development of welfare state institutions shows how it has operated in five Western countries over the last three centuries or thereabouts. De Swaan is concerned with general trends in attitudes towards poverty and inequality, and in people's collective ability to sympathise with each other simply as fellow human beings. For the wealthy, the poor always represented both a risk and a resource. Relations between the poor and the better off changed according to a long-term pattern. Where pacification was incomplete, the beggar or supplicant for alms always represented a distinct risk. Any encounter between strangers could end in violence. De Swaan compares the choice facing the better-off person in such an encounter with the 'prisoner's dilemma' of game theory. In such a relatively unpacified context, a ruler might choose to use charity towards the poor in order to transform his superior might and wealth into legitimacy. As

a course of action it may stem from expediency or fear, not in the least from charitable *sentiment*. Only when dependency relations are more stable and symmetric does a mutual sense of identification develop: thus, between relatives or neighbours networks of mutual aid may emerge, balanced in the long run and through multilateral 'clearing' of obligations. The process of the collectivisation of risk passed through phases characterised by parish poor relief, the erection of workhouses and then workers' mutualism, until finally, in the late nineteenth and early twentieth centuries, more encompassing modes of mutual identification grew: nationalism in the process of competitive state formation; and class-consciousness out of the clashes between workers and employees. Both contributed to the establishment of nationwide social security arrangements, which in turn contributed to 'seeing to peace' within national ranks and to what was perceived as a continuing trend to greater social equality and mutual identification.

But was the trend a continuing one? Neither Wilterdink nor Goudsblom nor De Swaan considered it in any sense 'inevitable' that the various processes they studied would always continue to move in the same 'upwards' direction. Nor did Norbert Elias believe that there was anything inevitable in the trend towards 'functional democratisation' (Elias 2012b: 63–64) – which is a more general way of describing the overall trend, on various aspects of which the three authors focused. But Elias did tend towards the view that functional democratisation would be a major component of social development in the modern world. The twentieth century had seen an astonishing sequence of emancipation struggles: of workers, of colonial peoples, of ethnic groups, of women, of homosexuals. But he also recognised the 'polyphony of history' (Elias 2012a: 274), so he would not have been surprised to find that early in the twenty-first century alongside continuing strands of functional democratisation there is evidence of the growing strength of the opposite: what I have labelled 'functional de-democratisation' (Mennell 2007: 311–14).

Nico Wilterdink spotted this trend quite early. He hypothesised that the increase in economic inequality evident since about 1980 was connected to the strengthening of *international* interdependencies and a corresponding weakening of the ties of interdependence *within* nation-states. That appears to be true, but political and institutional differences are also important in explaining variations between countries. Or, to put it another way, the key internal power ratios within each country have to be taken into account; in many countries the narrowing of economic inequality went along with more even balances of power between upper and lower strata. Those balances appear to be tipping back in favour of the more privileged, and global interdependences are increasingly interwoven with countries' internal power ratios. The degree of socio-economic inequality may have implications for social cohesion within nation states, and particularly for the viability of the tenacious American Dream. That in itself, because of the uncritical deference to American models that is widespread around the world, may have consequences for other countries. On the other hand, as far back as 1962 a prominent British journalist of the time observed that

Of course, the American dream does not require that all men shall actually be equal, or even treated as if they are. Far from it. But what it does require is that it shall never be admitted that they are not (Williams 1962: 79).

Increasing inequality in America

What are the facts? Household income surveys, in the USA as in other countries, date only from after the Second World War, but recent research by Thomas Piketty and his colleagues on tax records has permitted more accurate estimates for the past century. [\[2\] \[#N2\]](#) In most countries, no more than ten per cent of the population paid progressive income tax before the war, so the data are most representative of the top decile of

incomes (Piketty and Saez 2003; Atkinson and Piketty 2007). Piketty and Saez found that changes in the proportion of US national income accruing to the wealthiest are in fact most apparent not in the top ten per cent but in the top one per cent of taxpayers. Their share follows a U-shaped trajectory. It fell steeply about the time of the First World War, recovered some ground in the 1920s, but then fell sharply again with the Great Crash of 1929 and the subsequent Depression. From this period until the mid-1970s, inequalities of income in the USA were not greatly different from those observed in other countries, and indeed the concentration of wealth in the top percentile was less unequal in the USA than in the UK (Wolff 2002). But from then onwards, incomes in the top percentile rose very steeply, reaching a share not far short of that in 1913 (nearly 17 per cent compared with 18 per cent). The same happened to slightly lesser degree in the UK and Canada, but not in France (Piketty, 2003) or Japan. Piketty (2014) concludes that twenty-first-century capitalism is in the process of reverting to the patrimonial model of the eighteenth or early nineteenth century, when ownership of capital rested principally in the hands of a relatively few rich families, through which it was transmitted with little evident entrepreneurial effort.

How is this to be explained? First, in the USA as in other countries, the richest part of the population used to derive the bulk of their income from the yields on investments and from business profits, with earned income contributing very little. Their investment income suffered a severe setback from the effects of wars and depression, and the introduction of progressive income taxes in most countries prevented the share accruing to owners of capital from recovering during the decades of prosperity after the Second World War. What accounts for the top percentile's share of US income in 2000 almost regaining its 1913 level is a dramatic increase in very high earned incomes – salaries and remuneration packages paid to those who manage great corporations. In other words, the top percentile is more than ever composed of the working rich. The ratio between the remuneration of chief executives of American corporations and that of their average employee rose from 45:1 in 1973 to 326:1 in 1997 (Perucci and Wysong 2002). Compared with Europe or Japan, 45:1 was already extremely high, but the later figure helps to justify Frank and Cook (1996) speaking of a 'winner-takes-all' society.

At this level, the distinction between wealth and income blurs, because vast earned incomes are ploughed into investments. By the turn of the new millennium, the top five per cent of Americans owned more than half of the wealth of the entire country, and the top 20 per cent over 80 per cent.

Meanwhile, the most striking fact about the distribution of economic resources in the USA is that the real income of the 'middle class' has actually been falling. In America, the term 'middle class' is used in an eccentric way, more in line with people's formerly contented self-identification than with any object-adequate social scientific definition. It includes the great majority of the non-super-rich, everyone who is in steady employment, down to and including manual workers and service workers who would certainly fall into the category 'working class' in even the most faintly Marxist definition of the term. As Richard Sennett (1998) has pointed out, however, 'steady employment' cannot be taken for granted to the extent it once was.

Below the 'middle class', the numbers of very poor people are growing as a consequence of such processes as the decline of traditional manufactures and well-paid and secure manual employment, itself linked to globalisation, with such jobs coming to be performed much more cheaply in developing countries. Thus in America, more people are having to make their living in poorly paid part-time and short-term jobs, particularly in the service sector. Poverty of the sort once associated in the public mind with poor black communities is coming to affect increasing numbers of white people too. The problem, of course, is how to define 'poverty', when Americans in the bottom percentiles of income in their own society are still vastly better off than the average person in many countries of the world. Even so, real incomes in the lower deciles of American society have been stagnating or even declining in the early twenty-first century. In 2005, the bottom 20 per cent of Americans had incomes of between nil and \$13,478 per annum, and the next two

deciles (from 20 to 40 per cent) had incomes in the range of \$13,478–\$25,847, which does not compare particularly favourably with other industrial democracies (Johnston 2005). Some increase in social inequality is nevertheless evident internationally. The parasitic character of the super-rich has (one might think) become quite apparent through the crisis of casino capitalism starting in 2008. [3],[#N3] In 2009, even the chairman of Britain's Financial Services Authority remarked that some of the activities of financiers in the run up to the financial crisis were 'socially useless' (Turner 2009). More than that, of course, it is now obvious that they created a speculative bubble which did enormous social and economic damage to ordinary people throughout the Western world. Although much anger has been expressed, in print and in conversation in many countries, there remains little sign of serious reform of the aspects of capitalism that have proved so damaging – especially in the USA. Why not?

One reason is that although the underclass in American society is growing, these 'other Americans' – as Michael Harrington (1962) termed them – often seem at most semi-visible. They come, like much else that evokes embarrassment, to be hidden behind the scenes of social life. This is in part a matter of geographical separation in cities; recall Tom Wolfe's *Bonfire of the Vanities* (1988), where the tragicomic plot hinges on a member of the corporate rich taking the wrong turning off the freeway and panicking to find himself in a black ghetto. In part, it is also a matter of invisibility in the dream-conserving mass media. The veteran American political scientist Sheldon Wolin (2008; see also Frank 2000) has gone so far as to speak of an 'inverted totalitarianism', a 'managed democracy' in which a politically uninterested and submissive public is 'shepherded' by economic and state elites, rather than being in any sense 'sovereign'. Above all, the present state of the American economy, society and public opinion cannot be understood without reference to what President Eisenhower, in his farewell address to the nation in 1961, famously labelled 'the military–industrial complex'. [4],[#N4]

We annually spend on military security more than the net income of all United States corporations.

This conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence – economic, political, even spiritual – is felt in every city, every Statehouse, every office of the Federal government. ...

In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military–industrial complex. The potential for the disastrous rise of misplaced power exists and will persist (Eisenhower 1961).

It is often not appreciated what a break the development of the military–industrial complex since the Second World War represents with older American traditions. After each of its earlier wars, the USA had reverted to having very small armed forces in relation to the size of its population – that is, a low 'military participation ratio' (see Mennell 2007: 240–7). That did not happen after 1945. Nor is it always appreciated how this is linked to the dominance of Big Finance (which has attracted more attention since the Great Recession – as it has begun to be called – starting in 2008). For half a century after the Second World War, the USA was able to exploit the position of the dollar as the world's principal reserve currency *both* to enable the average American citizen to enjoy a standard of living higher than the real economy generated *and* to finance a vast military expansion and constant overseas wars (wars not with significant opponents but in weak and poor countries). But the process entered a new phase in the 1990s with the globalisation of Big Finance. America's own domestic economy has, as Chalmers Johnson (2000, 2004, 2007) and other critics have pointed out, been 'hollowed out', much of its industry – mere low-status manufacturing – having moved offshore to take

advantage of cheap labour. This has been accelerated by the international financiers, who have used their power in the stock markets to force industrialists to pursue short-term profit with no concern for anything but immediate 'shareholder value'. [5],[#N5]. The main exception to this hollowing out is the manufacture of military equipment. The hollowing out has had a direct effect on the employment prospects and the relative impoverishment of (what would elsewhere be called) the working class.

Eisenhower's fears appear to have been thoroughly fulfilled. It might be an exaggeration to say that the American government is now a wholly-owned subsidiary of big business – but not much of an exaggeration. That is amplified by several other circumstances: an archaic and dysfunctional Constitution; by corrupt elections – notably through the partisan gerrymandering of electoral districts, the equally partisan disenfranchisement of large numbers of potential voters, and through a Third World inability just to count the votes, as seen in the 2000 presidential election; by the abandonment in 1985 of the requirement of 'fairness' in reporting in the allocation of broadcasting licences; and by a corrupt and partisan judiciary, as witness the decision of the United States Supreme Court (2010) upholding unlimited corporate funding of political broadcasts for candidates in elections.

In short, to return to Wilterdink's insight that the decrease in socio-economic inequality in Western societies during the last century was connected with the strengthening of networks of interdependence at the national level, a number of processes seem to have thrown the trend into reverse in the USA. It may be that, even if the networks of interdependence at national level have *not* weakened, the powerful have up to now found functional alternatives to growing equality – alternative ways of maintaining the necessary degree of patriotic solidarity among the *soi-disant* 'middle classes'. Perhaps American popular culture, that new opiate of the masses, plays some part in that. Perhaps so does the continual discovery of 'a horrendous foreign enemy at hand to blow us up in the night out of hatred of our Goodness and rosy plumpness' (Vidal 2004: 6). Those, together with – until recently – pride in feats of arms in foreign wars may have been enough to maintain not exactly 'mutual identification' as Elias called it, but at least 'upwards identification' of the mass of Americans with their state (Mennell 2007: 263–5). [6],[#N6]. But is it a corollary that the American power elite, especially the corporate rich – Wolfe's 'Masters of the Universe' – no longer feel much necessity for downwards identification with their less wealthy fellow citizens? If that is the case, an explanation may be sought not so much within American society but in the emerging power ratios of global society.

America and ROW: the biggest established–outsider relation

The satirical website *Uncyclopaedia* (defines 'ROW' or 'the rest of the world' as 'a vast wasteland lying directly to the North, South, East and West of the United States of America'

(http://uncyclopedia.wikia.com/wiki/Rest_of_the_world

[http://uncyclopedia.wikia.com/wiki/Rest_of_the_world], accessed 17 November 2010). It observes that 'Little is known about ROW's history; many speculate that it was formed in 1940 by the evil God, as a testing ground for nuclear weapons.' Comic it may be, but it captures something about what may be considered the largest-scale established–outsider relationship of the present era.

I have argued before (Mennell 2007: 313) that vast numbers of educated people outside the USA know an immense amount about America, its constitution, its politics, its manners and culture; all these are extremely visible to the rest of the world. But it is as if they were looking through a one-way mirror. A mass of survey evidence suggests that a great many Americans do not see out at all clearly. Like Elias and Scotson's (2008 [1965]) 'Villagers', and like established groups in general, they tend to think and talk about themselves in

terms of a national narrative based on the 'minority of the best'. That is often coupled with an account of the rest of the world derived from a 'minority of the worst'. The other side of the coin in Elias's model of established-outsiders relationships is that the outsiders typically to some extent take the more powerful party's image of themselves into their own we-image. That people in the rest of the world tend in part to take the American world-view into their own we-image is seen with the widespread adoption of American styles and traits. Americans often view this – not entirely wrongly – as a form of 'soft power' working to their advantage. But that does not mean that outsiders' feelings of resentment disappear. On the contrary: their ambivalence may be increased, and there is some survey evidence that this has indeed happened in the wider world, especially since the catastrophic presidency of George W. Bush.

That, however, is only the backdrop to an explanation of why social and economic inequality has been increasing in the USA and in many other countries. The new paradox of pacification may be that the powerful no longer see the need to 'see to peace' within the ranks of their own fellow citizens. The corporate rich, under American leadership, have coalesced to form a world power elite which few even of the governments of the world can defy. They may commonly be conceptualised as 'the markets', as if that were an impersonal machine, but within 'the markets' are many identifiable powerful players who, in alliances if not alone, can bend countries to their interests. For instance, the pressure – especially but by no means wholly from American big business interests – for low taxation regimes makes it ever more difficult to maintain welfare state institutions of the kind generally developed in Western Europe. The countries of the world face the dilemma of parishes under early Poor Law regimes – that any parish which chose to be unusually generous to the poor would find itself both besieged by poor people flocking to it *and* witnessing an exodus of such taxpayers who were able to leave. Trans-national corporations are the contemporary equivalent of the latter group.

The USA has in effect become just one more competing parish among many. The most interesting aspect of current trends in global power ratios is the relative weakening of the formerly self-proclaimed 'sole superpower'. The consequence of its military profligacy and bellicosity (alongside its low marginal propensity to save and ever-rising consumption) has been that by 2010 its national debt amounted to 90 per cent of its GDP. [7][#N7] And the debt is famously held, in large part, by China. Thus it has come about that the US government, and to a lesser extent the EU and the governments of Western Europe, have begun to grumble about China too inflexibly tying its currency to the US dollar. Here there is a delicious irony. At the Bretton Woods conference in 1944, the American delegation led by Harry Dexter White rejected the proposal of the British delegation led by Lord Keynes, who advocated a scheme for a post-war trading regimes that would have required both debtor and creditor nations to make adjustments to resolve financial imbalances. Instead, the system adopted threw the burden of adjustment on to debtor nations, a system that was largely responsible for the creation of the problem of Third World debt. It also, in the long term, made life very comfortable for Americans – and thus is a remote past cause of the current US economic situation. In 1944, the USA was so overwhelmingly the world's principal creditor that its present role as the world's principal debtor would have been completely inconceivable.

The *New York Times* columnist Thomas Friedmann, a notable champion of globalisation, summed up the trends that will emerge from the financial crisis with the remark that

once the smoke clears, I suspect we will find ourselves living in a world of globalization on steroids – a world in which key global economies are more intimately tied together than ever before. It will be a world in which America will not be able to scratch its ear, let alone roll over in bed, without thinking about the impact on other countries and economies. And it will be a world

in which multilateral diplomacy and regulation will no longer be a choice. It will be a reality and a necessity. We are all partners now (Friedmann 2008).

The upshot is that at the level of global power politics, a distinct process of functional democratisation is at work. One small straw in the wind was a remark by Martin Broughton (2010), the chairman of British Airways, who said that Britain should no longer 'kowtow to the Americans every time they demanded some new and more intrusive measure of airport security'.

Yet it by no means necessarily follows that below the level of global trade and politics, the 'strengthening of networks of interdependence' at the global level will lead to the global elite having to 'see to peace' through promoting greater social and economic equality in the lower ranks. The stiff resistance offered by bankers, recently saved from bankruptcy by massive quantities of taxpayers' money, to any legal limitation of their multi-million 'bonuses' says much about their we-images and their they-images of the rest of the world's population. From their point of view, there is no external threat, such as the threat of war in Europe which, Wilterdink suggests, played its part in the growth of welfare state institutions in the nineteenth and early twentieth centuries. As for the outsiders, the less powerful players in every country, their bargaining strength vis-à-vis their own governments is weakened by the international interdependencies that constrain those very governments. 'Workers rights' will have to be won again through a new level of international organisation to countervail the power of big business. Do not expect that to happen any time soon.

Biography

Stephen Menell is Professor Emeritus of Sociology at University College Dublin. His books include *All Manners of Food: Eating and Taste in England and France from the Middle Ages to the Present* (Oxford: Blackwell, 1985), *Norbert Elias: Civilization and the Human Self-Image* (Oxford: Blackwell, 1989, reissued as *Norbert Elias: An Introduction*, Dublin: UCD Press, 1998), and *The American Civilizing Process* (Oxford: Blackwell, 2007). He holds the degrees of *Doctor in de Sociale Wetenschappen* (Amsterdam) and *Doctor of Letters* (Cambridge). He is a member of the Royal Netherlands Academy of Arts and Sciences, the Royal Irish Academy, and Academia Europaea, and a Fellow of the Royal Historical Society. He is General Editor of the *Collected Works of Norbert Elias*, a member of the board of the Norbert Elias Foundation, Amsterdam, and President of ISA WGO2, Historical and Comparative Sociology.

References

- Atkinson, A. B. and Thomas Piketty (2007), *Top Incomes over the Twentieth Century: A Contrast between English-speaking and European Countries*. Oxford: Oxford University Press.
- Broughton, Martin (2010) quoted in 'Merger to spark BA executive pay rises', *Financial Times*, 27 October 2010.
- Eisenhower, Dwight D. (1961) 'Farewell Address to the Nation', 17 January 1961, pp. 1035–40 in *Public Papers of the Presidents of the United States*. Washington, DC: United States General Printing Office.
- Elias, Norbert (2012a [1939]) *On the Process of Civilisation* (Dublin: UCD Press, 2012 [Collected Works, vol. 3]).
- Elias, Norbert (2012b) *What is Sociology?* Dublin: UCD Press, 2012 [Collected Works, vol. 5], pp. 63–4.

- Elias, Norbert and John L. Scotson, *The Established and the Outsiders*. Dublin: UCD Press, 2008 [1965] [Collected Works, vol. 4].
- Frank, Robert H. and Philip J. Cook (1996) *The Winner-Take-All Society*. New York: Penguin.
- Frank, Thomas (2000) *One Nation Under God: Extreme Capitalism, Market Populism, and the End of Economic Democracy*. New York: Anchor.
- Friedman, Thomas L. (2008) 'The Great Iceland Meltdown', *New York Times*, 18 October.
- Goudsblom, Johan (1996) 'Human history and long-term social processes: towards a synthesis of chronology and phaseology', in Johan Goudsblom, Eric Jones and Stephen Mennell, *The Course of Human History* (Armonk, NY: M. E. Sharpe, 1996), pp. 15–30.
- Goudsblom, Johan (2001a) 'De monopolisering van georganiseerd geweld', in Goudsblom's book *Stof waar honger uit ontstond: Over evolutie en sociale processen*. Amsterdam: Meulenhoff, pp. 94–111.
- Goudsblom, Johan (2001b) 'The paradox of pacification', <http://www.norberteliasfoundation.nl/network/essays.php> [<http://www.norberteliasfoundation.nl/network/essays.php>].
- Harrington, Michael (1962) *The Other America: Poverty in the United States*. New York: Macmillan.
- Johnson. Chalmers (2000) *Blowback: The Costs and Consequences of American Empire*. New York: Metropolitan Books.
- Johnson. Chalmers (2004) *The Sorrows of Empire: Militarism, Secrecy, and the End of the Republic*. New York: Metropolitan Books.
- Johnson. Chalmers (2007) *Nemesis: The Last Days of the American Republic*. New York: Metropolitan Books.
- Johnston, David Cay (2005) 'Richest are leaving even the rich far behind', *New York Times*, 5 June.
- Keynes, John Maynard (1936) *The General Theory of Employment, Interest and Money*. London: Macmillan.
- Mennell, Stephen (2007) *The American Civilizing Process*. Cambridge: Polity.
- Mills, C. Wright (1956) *The Power Elite*. New York: Oxford University Press.
- Perucci, Robert and Earl Wyszog (2002) *The New Class Society: Goodbye American Dream*. Lanham, MD: Rowman & Littlefield.
- Piketty, Thomas (2003) 'Income Inequality in France, 1901–1998', *Journal of Political Economy*, 111: 5, pp. 1004–42.
- Piketty, Thomas (2014) *Capital in the Twenty-First Century*, trans. Arthur Goldhammer. Cambridge, MA: Harvard University Press.
- Piketty, Thomas and Emmanuel Saez (2003), 'Income inequality in the United States, 1913–1998', *Quarterly Journal of Economics*, 118: 1, pp. 1–38.
- Sennett, Richard (1998) *The Corrosion of Character*. New York: W. W. Norton.
- Swaan, Abram de (1988) *In Care of the State*. Cambridge: Polity Press.
- Turner, Adair [Lord Turner] (2009) interview in *Prospect*, 27 August 2009.
- US Supreme Court (2010) *Citizens United v. Federal Election Commission*, 130 S.Ct. 876.

Vidal, Gore (2004) *Imperial America: Reflections on the United States of Amnesia*. London: Clairview.

Williams, Francis (1962) *The American Invasion*. London, Anthony Blond, 1962.

Wilterdink, Nico (2000) 'The internationalization of capital and trends in income inequality in western societies', in Don Kalb, *et al.*, eds. *The Ends of Globalization*. Lanham, MD: Rowman & Littlefield, pp. 187–200.

Wolfe, Tom (1988) *The Bonfire of the Vanities*. London: Jonathan Cape.

Wolff, Edward N. (2002) *Top Heavy: The increasing inequality of wealth in America and what can be done about it*. New York: New Press.

Wolin, Sheldon (2008) *Democracy Incorporated: Managed Democracy and the Specter of Inverted Totalitarianism*. Princeton, NJ: Princeton University Press.

Notes

1. On the concept of 'phaseology', see Goudsblom (1996). [↗](#)
2. See especially Piketty's landmark *Capital in the Twenty-First Century* (2014). The following remarks are based mainly on earlier publications by Piketty and his colleagues. [↗](#)
3. Long ago, Lord Keynes (1936: chapter 12) wrote that 'Speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done'. But the ratio of purely speculative funds in world markets in relation to the actual requirements of trade and of investment in the 'real' economy has increased out of all recognition since he used the term 'casino'. [↗](#)
4. In earlier drafts, Eisenhower planned to speak of the 'military–industrial–congressional' complex. C. Wright Mills (1956: 198, 215) had pointed to it, but not named it, a few years earlier. [↗](#)
5. This can also be seen in Britain, the other main bastion of Anglo-Saxon casino capitalism, where for instance the City of London in the early years of the twenty-first century forced the break-up of one of the UK's major manufacturing corporations, ICI (Imperial Chemical Industries), with the result that now even the research centres of the old company have been expatriated to Scandinavia. It was Milton Friedman especially who provided the economic rationale for the pursuit of 'shareholder value' at the expense of any other consideration, thus giving an ideological justification for an amoral short-sightedness at odds with older business ethics (which often took into consideration other responsibilities, such as towards employees). [↗](#)
6. The term 'upwards identification' was suggested by Joop Goudsblom. This is not without precedent. At the height of British world power, Benjamin Disraeli in speech to the National Union of Conservative and Constitutional Associations at the Crystal Palace (24 June 1872) looked to the working class for the preservation of the British empire: 'the people of England, and especially the working classes of England, are proud of belonging to a great country, and wish to maintain its greatness – that they are proud of belonging to an Imperial country, and are resolved to maintain, if they can, the empire ...'. [↗](#)
7. The Congressional Budget Office has calculated that were the same trends to continue, by 2050 the US national debt would be 350 per cent of GDP. [↗](#)

