

INEQUALITY, POWER AND THE RULE OF CAPITAL

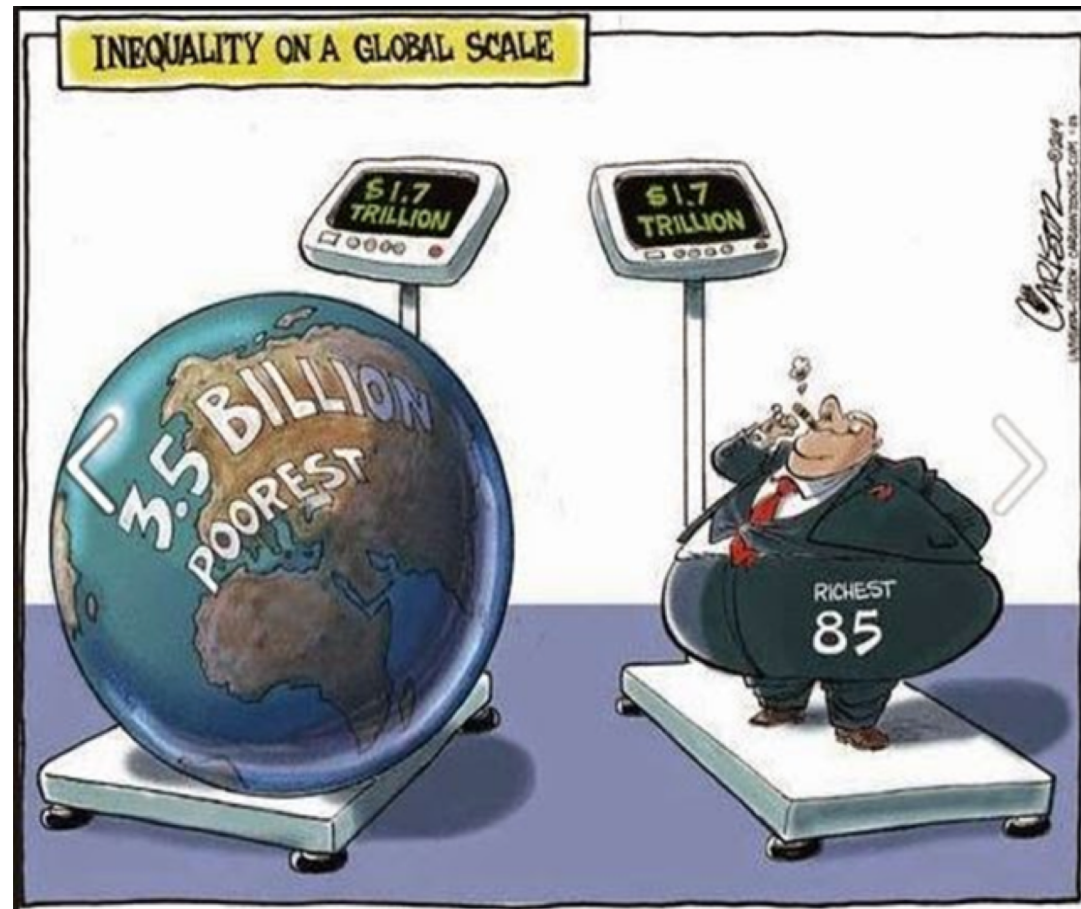
REFLECTIONS ON THE STATE OF THE GLOBAL POLITICAL ECONOMY

HENK OVERBEEK



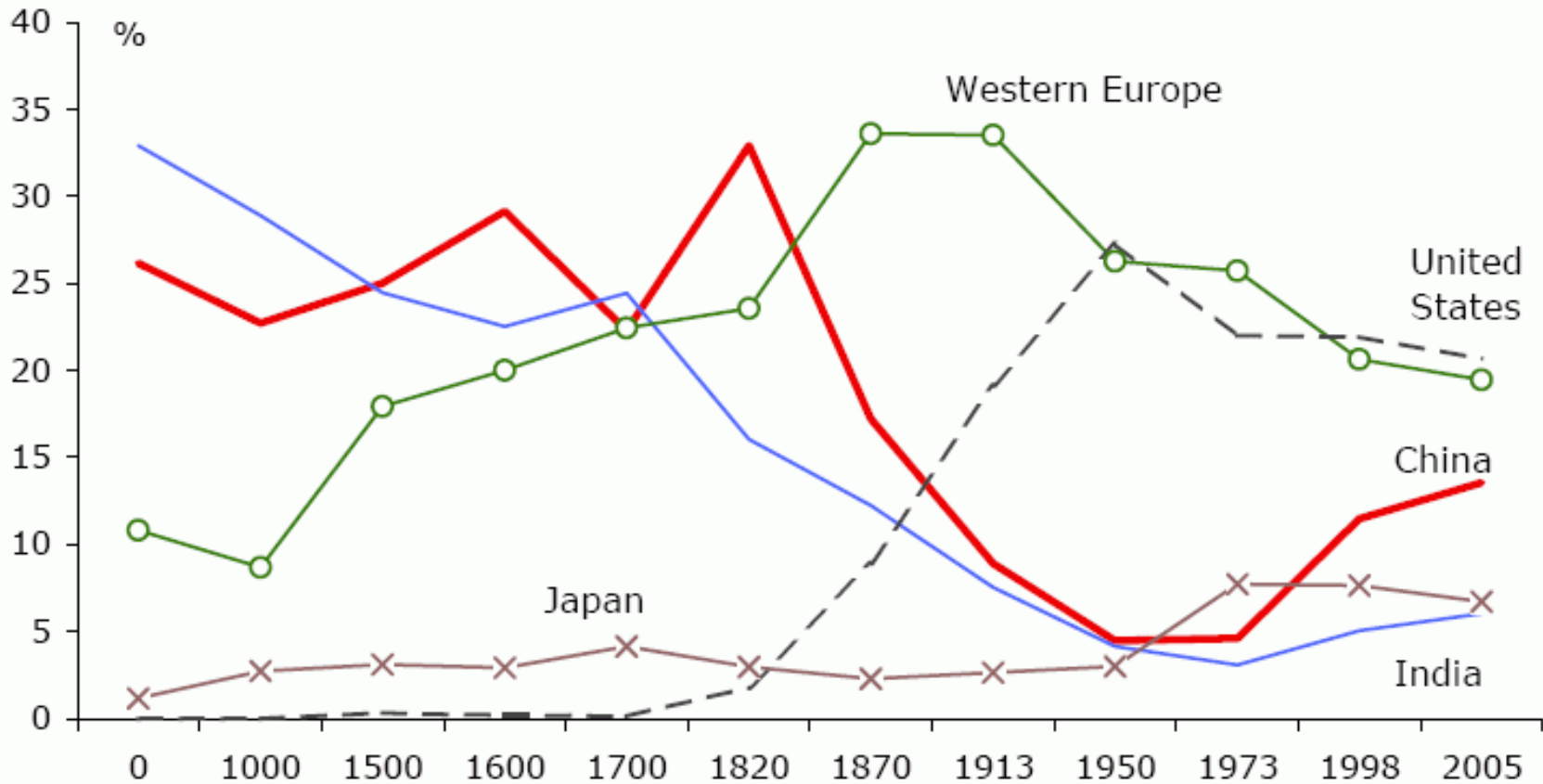
OVERVIEW

- Income inequality
- Wealth inequality
- Class power
- Neoliberalism
- Global order



LONG TERM GLOBAL INEQUALITIES

Chart 1: Major economies' share of global GDP, 0 - 2005



Based on data from Angus Maddison

INTERNATIONAL INCOME INEQUALITY

- Recent focus on inequality **within** countries
- But: compared to 19th century, the most important factor deciding one's life chances is the place where you are born: **location > class**
- Global income inequality at the end of the 20th century is at all-time historical high
- Global inequality (type-3 inequality for those in the know) is greater than in the most unequal countries like Brazil or South Africa

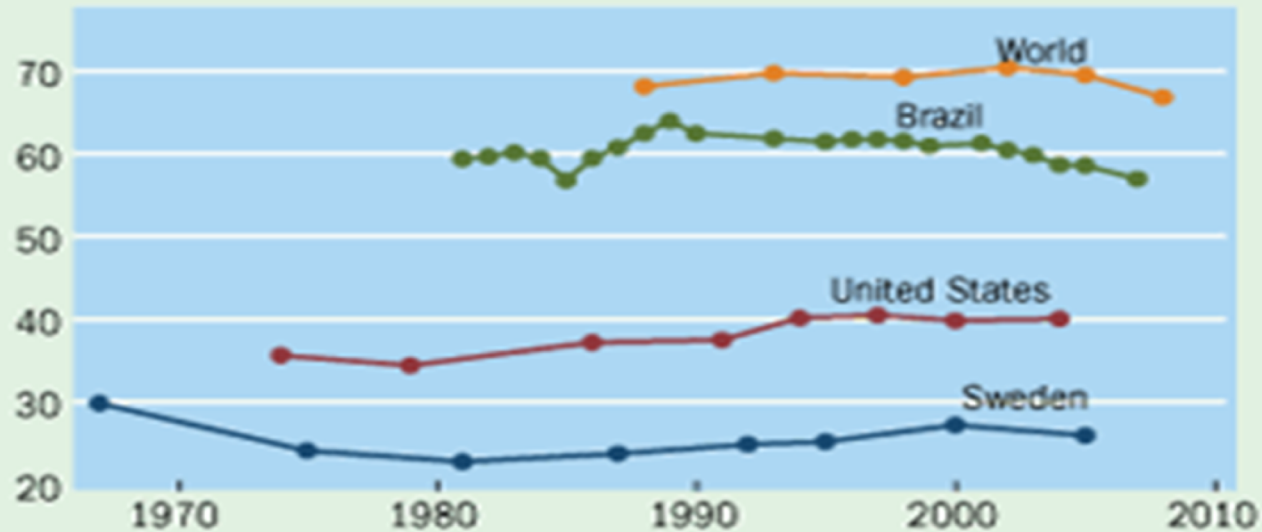
GLOBAL VS. NATIONAL INEQUALITY

Chart 1

Worldwide gaps

Global inequality—between world citizens—is higher than inequality within even the most unequal individual countries.

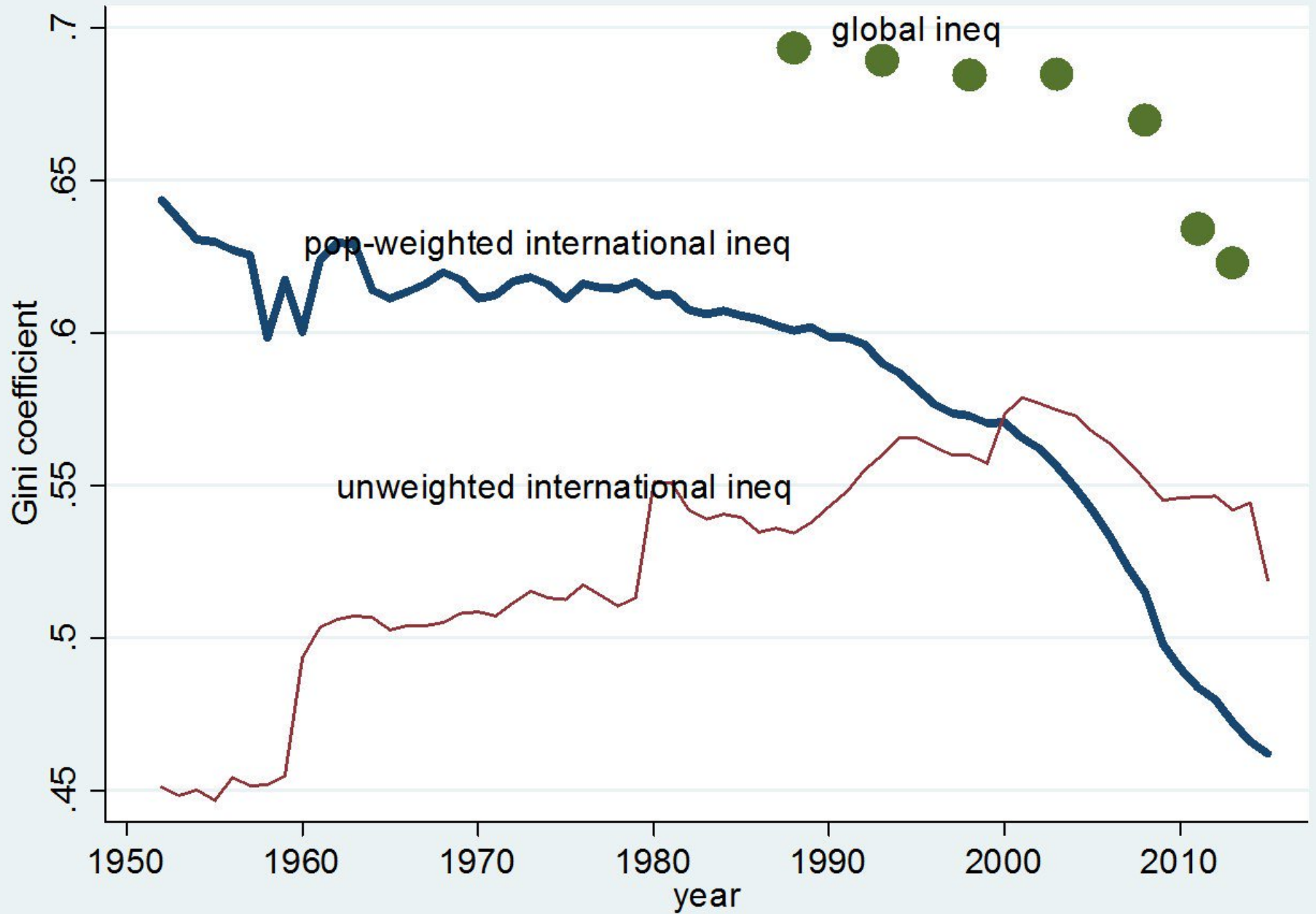
(Gini coefficient)



Sources: For United States and Sweden, Luxembourg Income Survey database; for Brazil, Socio-Economic Database for Latin America and the Caribbean (SEDLAC); for the world, Milanovic (forthcoming). The 2008 world Gini is a preliminary estimate.

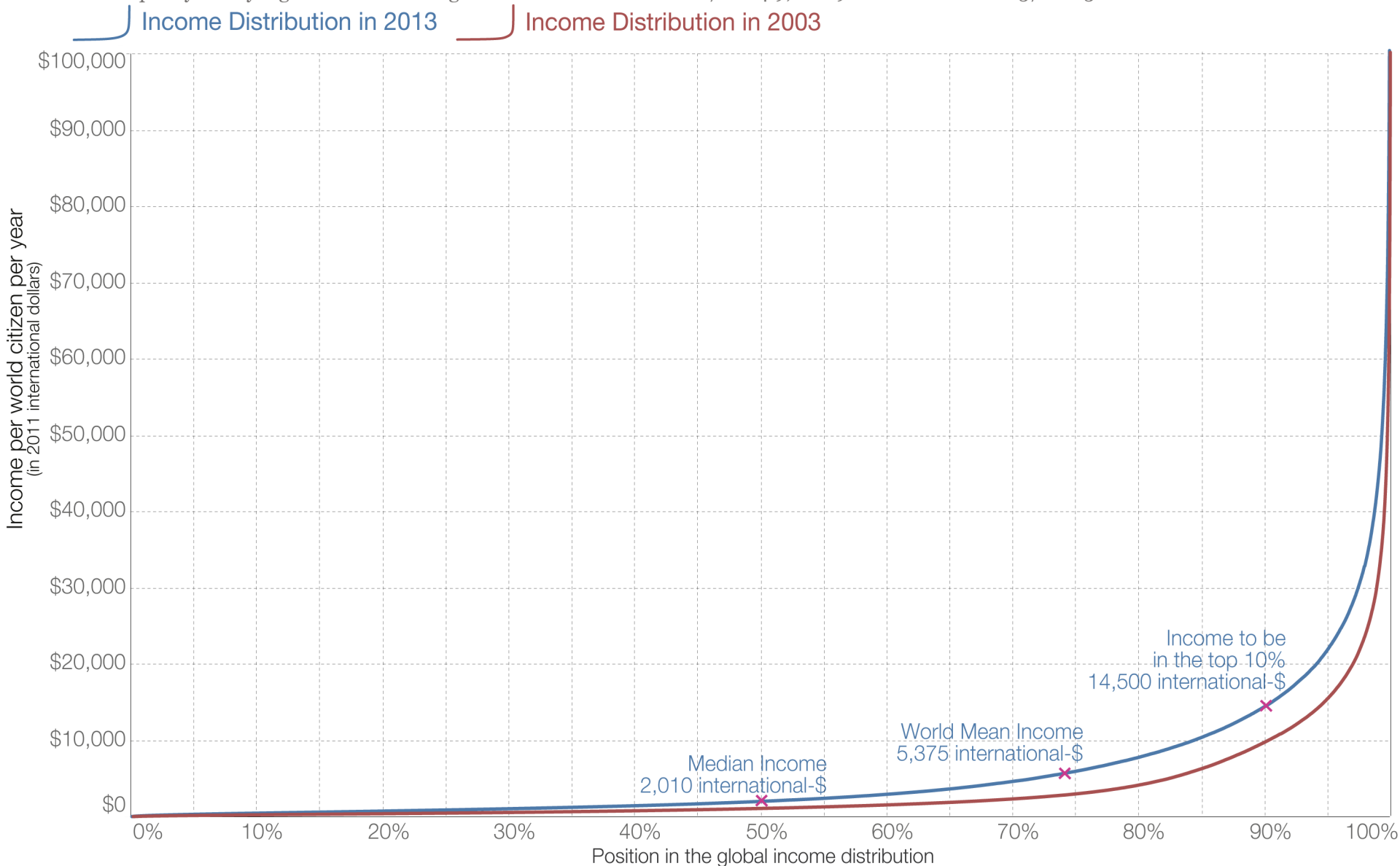
Note: Gini based on disposable income.

<http://www.imf.org/external/pubs/ft/fandd/2011/09/milanovic.htm>



The global income distribution in 2003 and 2013

Incomes are adjusted for price changes over time and for price differences between countries (purchasing power parity (PPP) adjustment). Global inequality is very high but it is declining: The Gini declined from 68.7 to 64.9; The 90:10 ratio fell from 37.6 to 30.2.

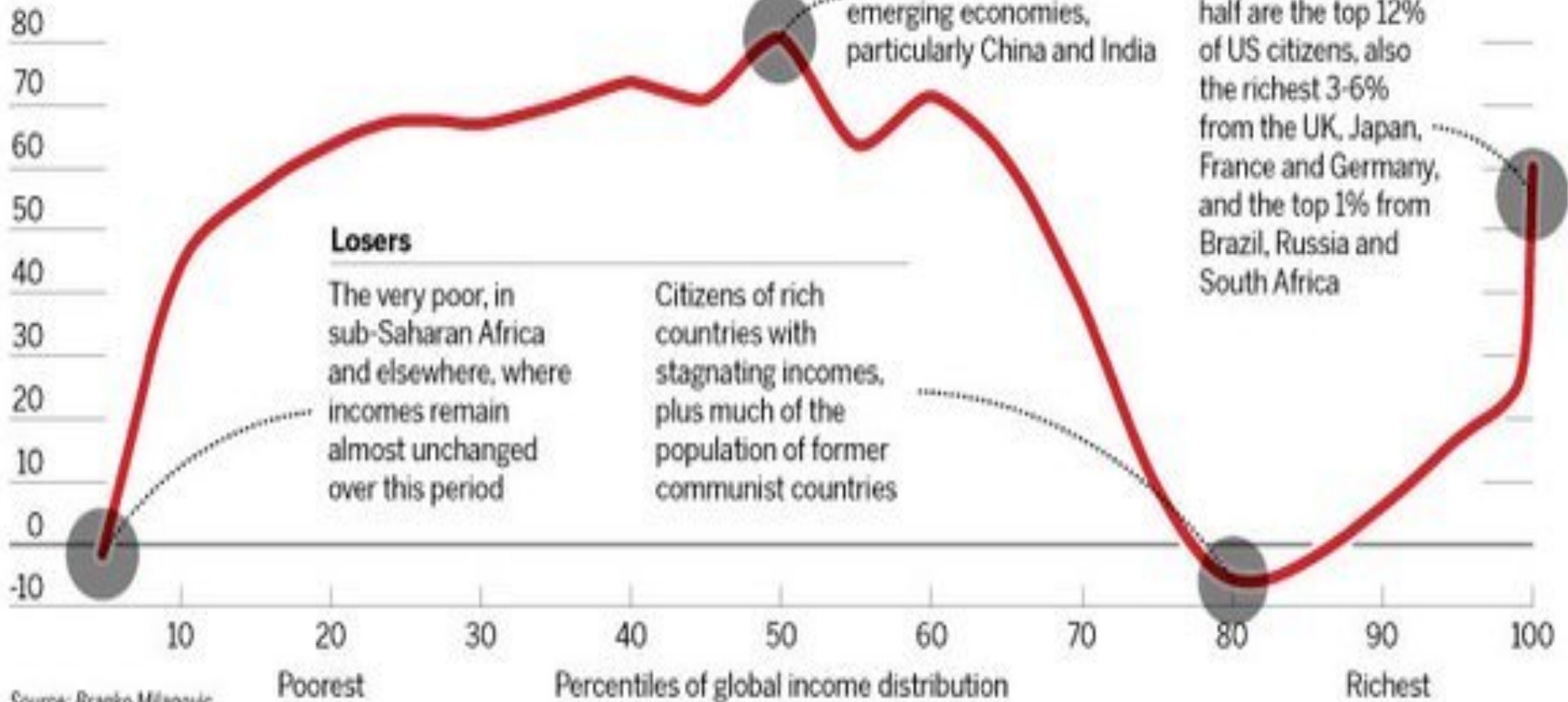


Data source: Tomáš Hellebrandt and Paolo Mauro (2015) – The Future of Worldwide Income Distribution, working paper. The data visualization is available at OurWorldinData.org. There you find the raw data and more visualizations on this topic.

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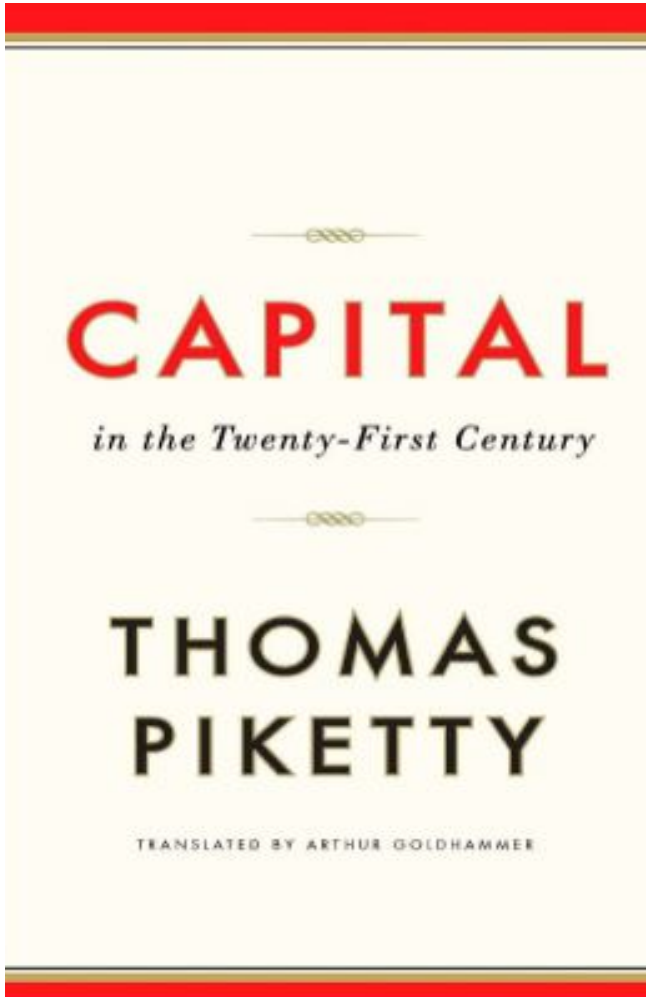
Winners and losers

Change in real income, at purchasing power parity, between 1988 and 2008 (%)



Source: Branko Milanovic

PIKETTY COMES TO TOWN



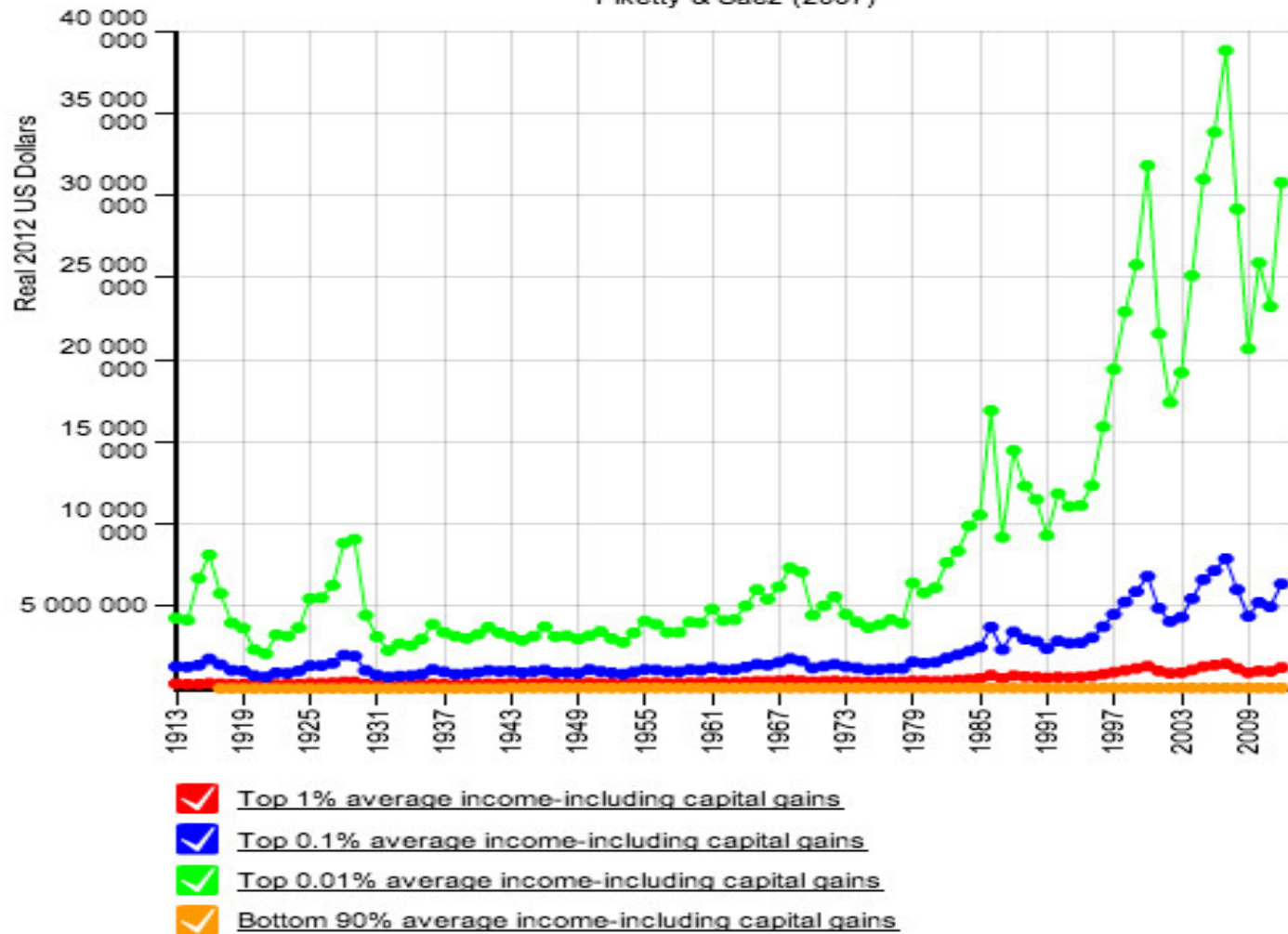
700 pages of poppycock: A bestseller arguing capitalism doesn't work - and the only answer is eye-watering taxes, reveals MAX HASTINGS

Daily Mail, 3 May 2014

DEVELOPMENT OF INCOMES IN US 1913-2012

Average incomes. United States. 1913-2012

Sources: The World Top Incomes Database. <http://topincomes.g-mond.parisschoolofeconomics.eu/>
Piketty & Saez (2007)



SOME PROBLEMS IN PIKETTY'S APPROACH

- Piketty's understanding of 'class'
- Role of the extremely rich
- The nature of the 1930-1980 period as an historically unique interlude
- The historical significance of 'really existing socialism'

THE LIFE CYCLE OF COMPREHENSIVE CONCEPTS OF CONTROL

- ❖ Deconstruction
- ❖ Construction
- ❖ Consolidation
- ❖ Maturation
- ❖ Delegitimation

NEOLIBERALISM DEFINED AS

- ❖ Ideology
- ❖ Political project
- ❖ Institutional mode of regulation
- ❖ Particular historical mode of global accumulation

HISTORICAL SUCCESSION OF COMPREHENSIVE CONCEPTS OF CONTROL

- ❖ Liberal internationalism (a hegemonic global order)
1815 – 1870 / 1914
- ❖ State Monopoly Tendency (era of rival imperialisms)
1914 – 1945
- ❖ Corporate Liberalism (hegemonic global order)
1945 – 1975 / 1980
- ❖ Neoliberalism (hegemonic global order)
1980 – 2008 / 2012

WHY DID NEOLIBERALISM SURVIVE THE CRISIS?

- Ideational dimension?
- Agency dimension?
- Institutional dimension?
- Structural dimension?

FOUR DEFINING DIMENSIONS OF CAPITAL ACCUMULATION IN THE NEOLIBERAL AGE

- ❖ Knowledge-based accumulation, informational capitalism
- ❖ Flexible accumulation, fragmented production process
- ❖ Structural power of finance, discipline of debt
- ❖ Globally integrated labour market

CONTRADICTIONS OF NEOLIBERALISM

- ❖ Secular stagnation
- ❖ Rise of nationalism
- ❖ Integration of global value chains
- ❖ Growing need for public investment
- ❖ Emergence of new global order of rival imperialisms