The "Anti-Neoliberal Left" Narrative

Politically Dangerous and Factually Flawed

Andrew Kliman
Pace University and MHI

The "Anti-Neoliberal Left" Narrative:

[It argues that supporters of] right-wing populists such as Trump and France's Marine Le Pen are motivated by a sense of economic insecurity in an increasingly unequal world; promise them a stronger welfare state … and they will flock to the left.
— Zack Beauchamp, *Vox,* Mar. 13, 2017

There were, in retrospect, clear signs of what was to come … the top income earners —**the "one percent"**—began taking bigger shares of our economy starting in the 1980s …. **Thomas Piketty** [warned] that the United States was suffering the worst income inequality in the developed world — and that it was not sustainable.

Above all, there was the drip-drip-drip social acid of **stagnating middle-class** income ….
— Michael Hirsh, *Politico Magazine*, February 28, 2016

The collapse of the neo-liberal world order …, generated by its own self-destructive logic[, is the cause of the] victory of Trump ….

No matter what the liberal pundits say, … [what] brought him the victory […was] the working class, who openly and, largely, in solidarity, made a stand against the Washington establishment. To a large extent his election campaign reproduced the ideas and slogans of the Left. … This really was an uprising of the forgotten and resentful provincial America against the spoiled people in California and the **cosmopolitan** officials from Washington, who comfortably exploit cheap labor of illegal migrants ….
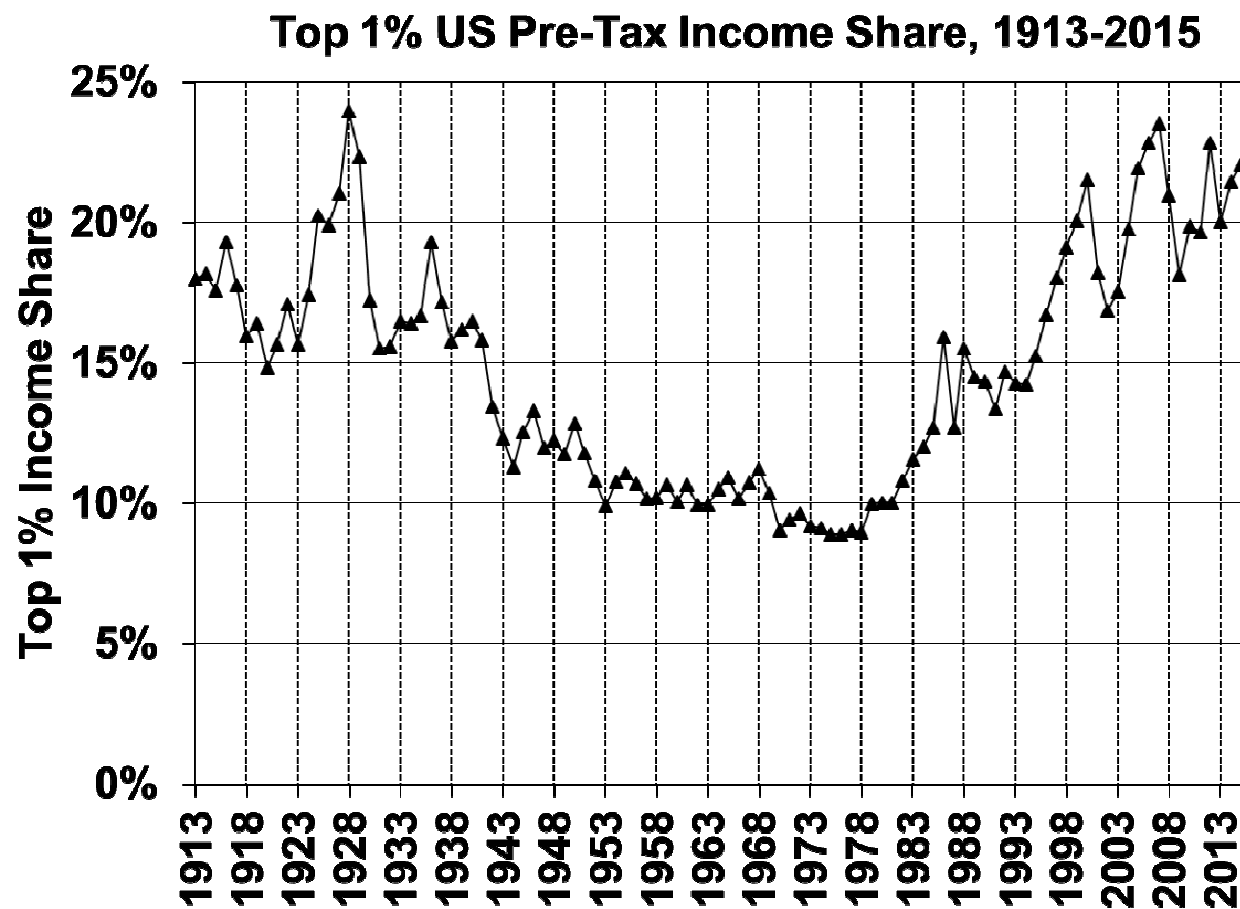
— Boris Kagarlitsky (alleged "Marxist theoretician"), *Real-World Economics Review*, March 2017

Factually Flawed

A. "stagnating middle-class income"

Piketty & Saez, 2003

"Income Inequality in the United States, 1913-1998"

Top 1% US Pre-Tax Income Share, 1913-2015

Source: Piketty and Saez, 2003 updated to 2015. Series based on pre-tax cash market income including realized capital gains and excluding government transfers.

NEVER MIND!

DISTRIBUTIONAL NATIONAL ACCOUNTS:
METHODS AND ESTIMATES FOR THE UNITED STATES

Thomas Piketty
Emmanuel Saez
Gabriel Zucman

Working Paper 22945
http://www.nber.org/papers/w22945

NATIONAL BUREAU OF ECONOMIC RESEARCH
1050 Massachusetts Avenue
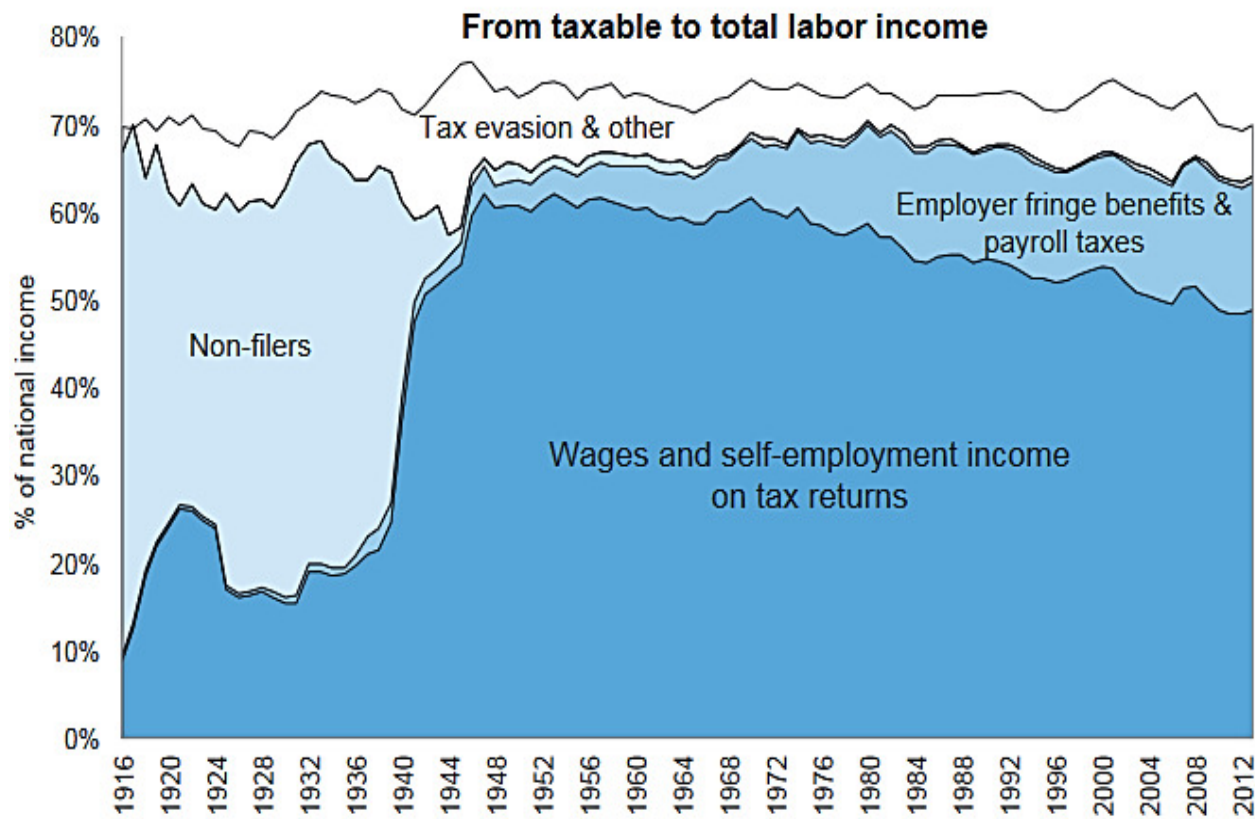Cambridge, MA 02138
December 2016

"**bottom 90% pre-tax income growth is significantly greater than that estimated using the Piketty and Saez (2003) data**, according to which average bottom 90% incomes has declined since 1980 …. The real income figures from **Piketty and Saez (2003) under-estimate the growth of bottom 90% incomes and exaggerate the share of growth going to top groups**."

Piketty-Saez-Zucman, Dec. 2016:

"There are three reasons **why middle-class growth has been stronger** than in the Piketty and Saez (2003) series."

1. It overstated inflation → understated income growth
2. It counted "tax units," not people → understated income growth per person
3. "**Last, and most importantly**, the tax-exempt income of bottom 90% earners [that Piketty and Saez ignored] has grown significantly since 1980."

Piketty-Saez-Zucman, Dec. 2016:

From taxable to total labor income

TOTAL labor share of National Income

80%

70% — Tax evasion & other

60% — Employer fringe benefits & payroll taxes

50%

Non-filers

40%

30% — Wages and self-employment income on tax returns

20%

10%

0%

% of national income

1916 1920 1924 1928 1932 1936 1940 1944 1948 1952 1956 1960 1964 1968 1972 1976 1980 1984 1988 1992 1996 2000 2004 2008 2012

Source: Appendix Table I-S.A8b.

Piketty-Saez-Zucman, Dec. 2016:

Real income of the middle 40%: the role of transfers

Post-tax income

Transfers

Post-tax income excluding transfers

Source: Appendix Table II-C3b.
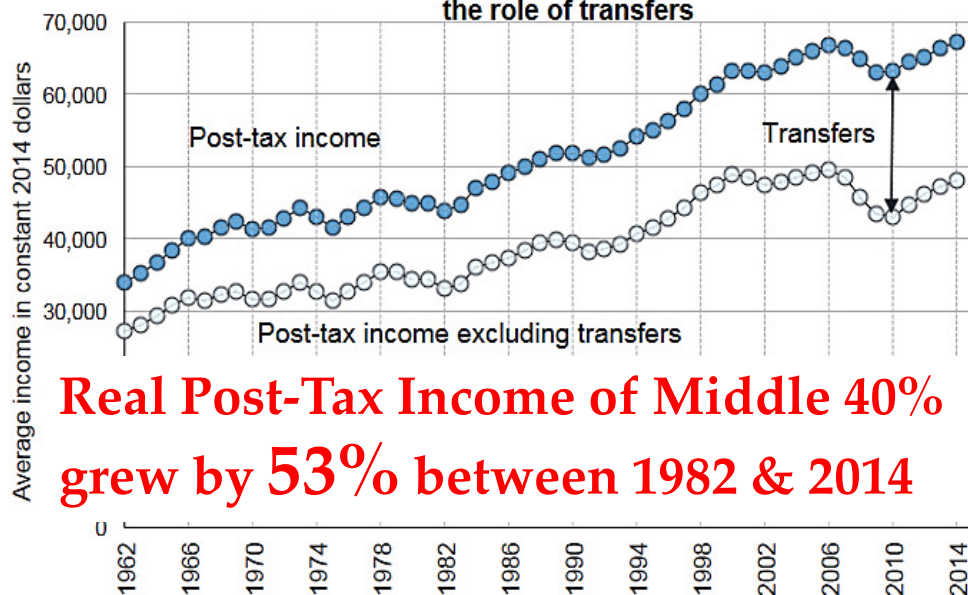
Real Post-Tax Income of Middle 40% grew by 53% between 1982 & 2014

Real income of bottom 50%: pre-tax vs. post-tax

Post-tax

Post-tax disposable

Pre-tax

Source: Appendix Tables II-B7, II-C7 and II-C3c.
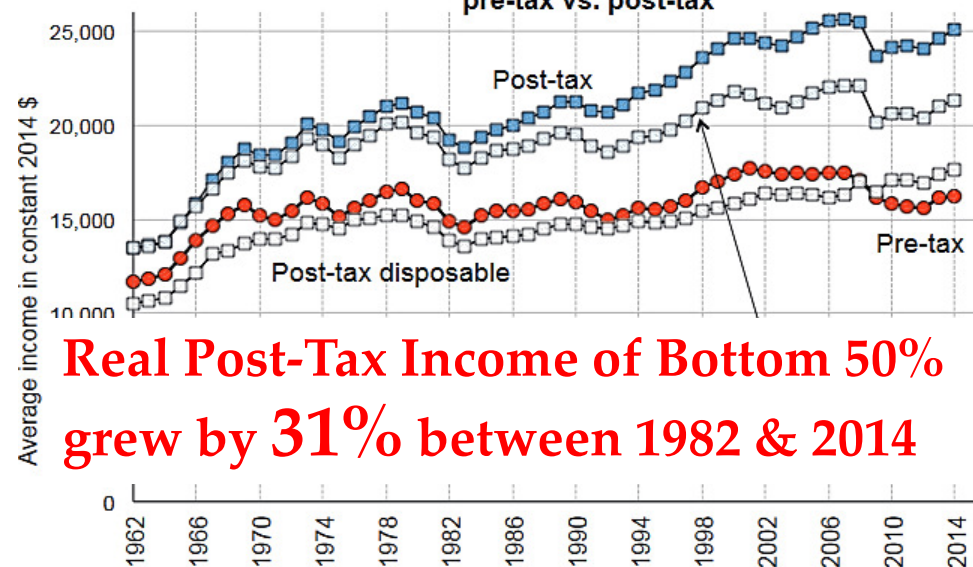
Real Post-Tax Income of Bottom 50% grew by 31% between 1982 & 2014

Factually Flawed

B. Trump's victory was "an uprising of the forgotten and resentful" working class against its "economic distress"

% Approve **% Disapprove**

no populist jobs plan

still no populist jobs plan

<u>still</u> no populist jobs plan

what populist jobs plan?

☠ AHCA I

☠ AHCA II

70%

60%

50%

40%

30%

2/3/2017   2/17/2017   3/3/2017   3/17/2017   3/31/2017   4/14/2017   4/29/2017   5/14/2017   5/28/2017

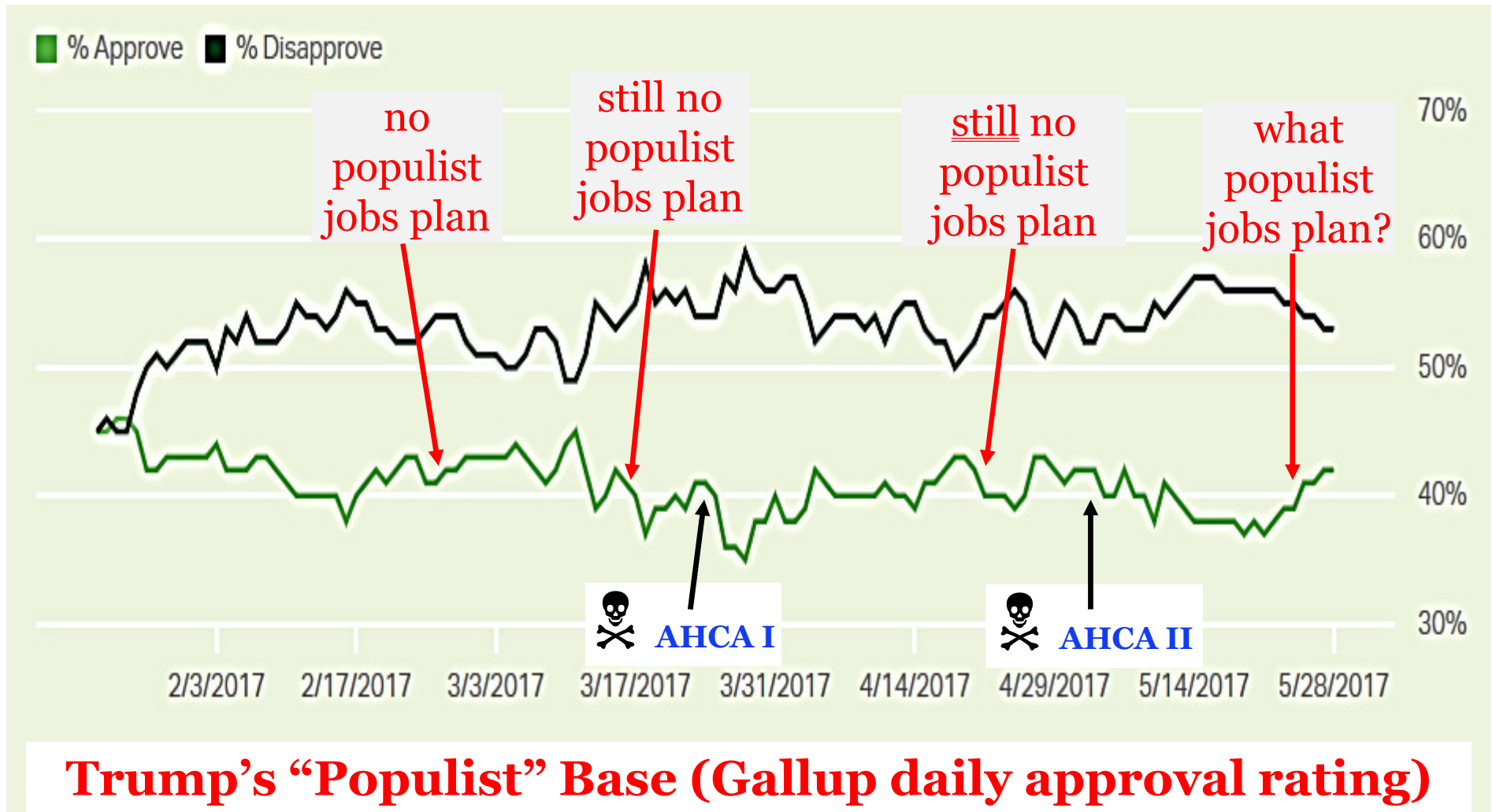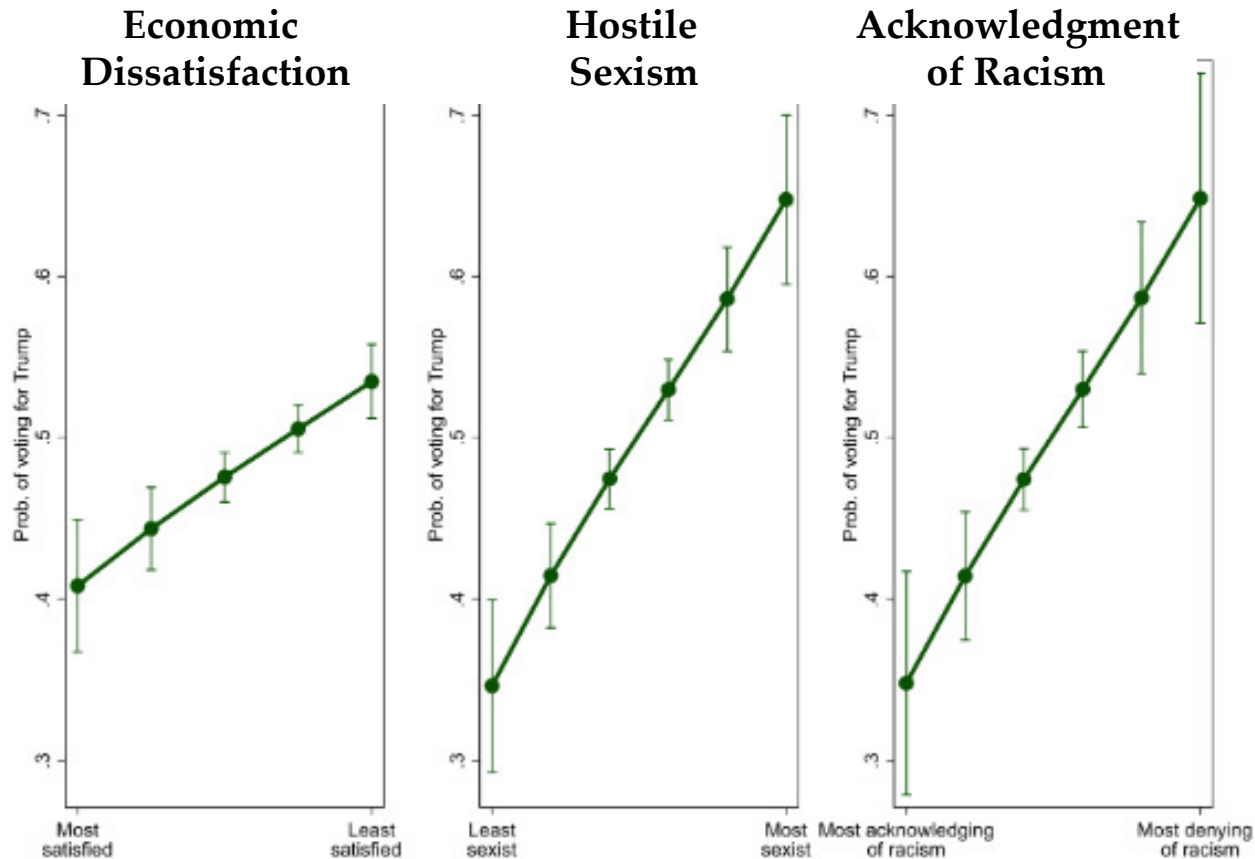**Trump's "Populist" Base (Gallup daily approval rating)**

Figure 3: Predicted probability of voting for Trump based on values of economic dissatisfaction, racism, and sexism
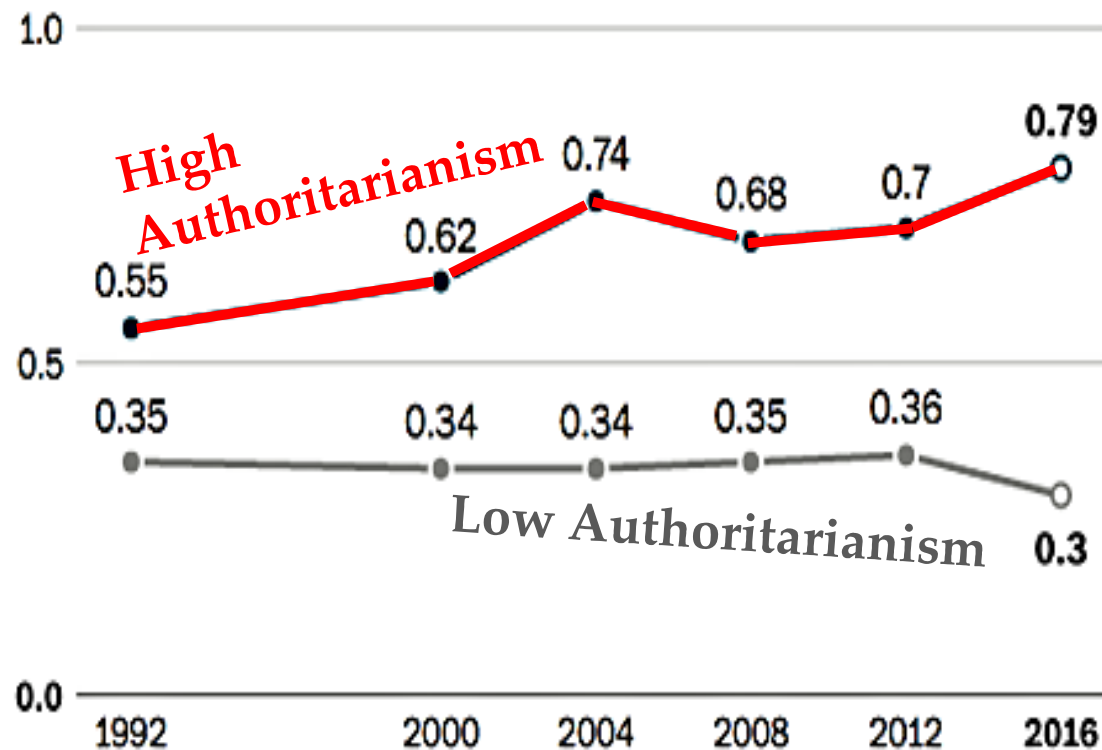

Probabilities after controlling for age, education, income, gender, race, party, and ideology.

Source: Schaffner-MacWilliams-Nteta, Jan. 2017

Presidential voting is increasingly correlated with an index of authoritarianism

Predicted probability of voting for the Republican presidential candidate

High Authoritarianism

Low Authoritarianism

Probabilities after controlling for age, education, income, gender, and religiosity.
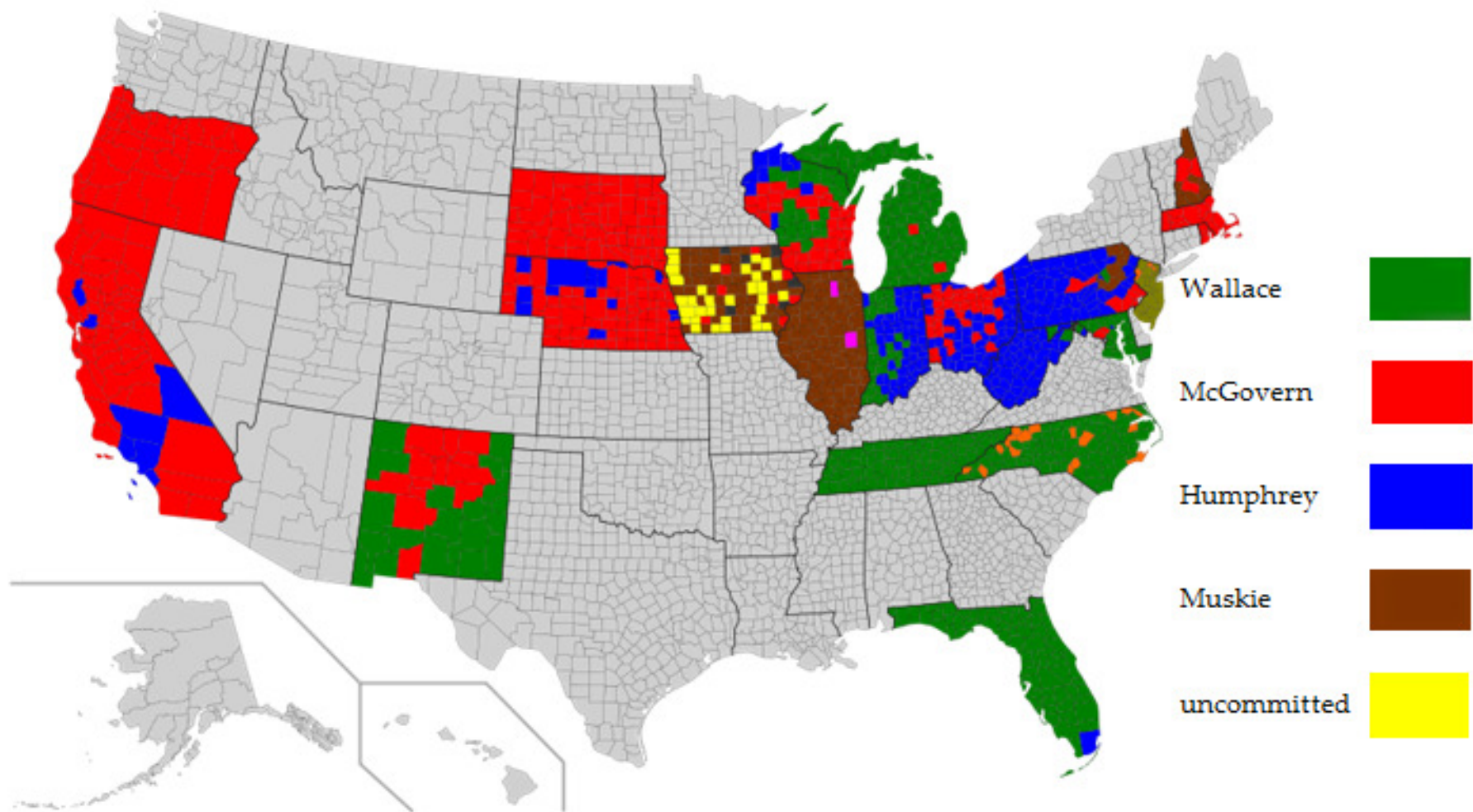
Sources: American National Election Study, *WaPo* Monkey Cage

In 1972, **BEFORE** "neoliberalism"
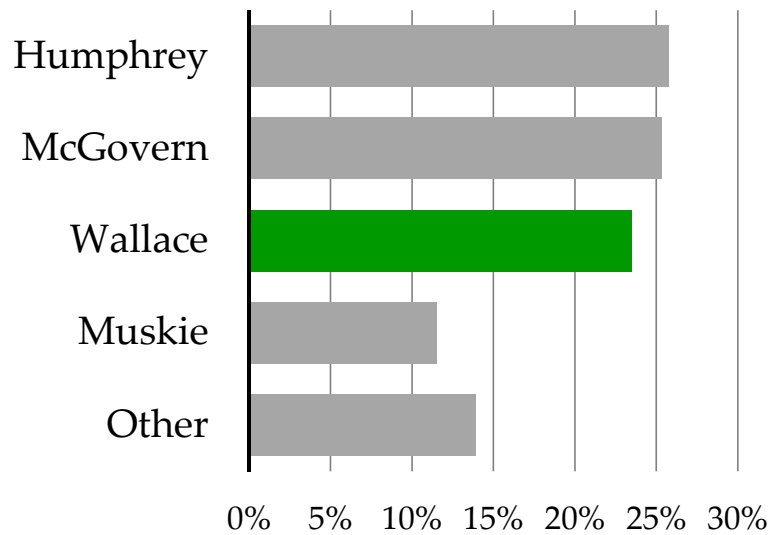**BEFORE** "financialization"
BEFORE "globalization"
there was the authoritarian, racist, right-wing primary campaign of Alabama governor George Wallace
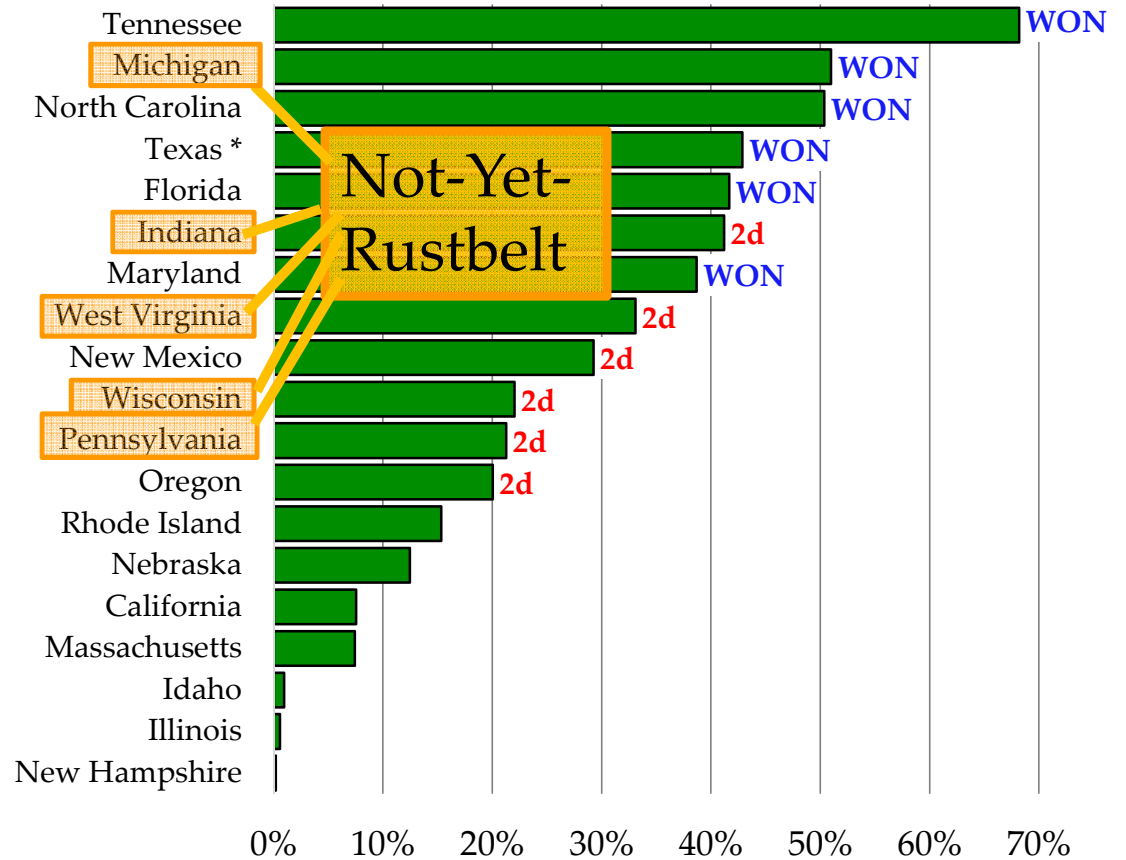

SEND THEM A MESSAGE

WALLACE in 72

Wallace

McGovern

Humphrey

Muskie

uncommitted

1972 Democratic Party Primaries
% of Nationwide Popular Vote

Humphrey	
McGovern	
Wallace	
Muskie	
Other	

0%   5%   10%   15%   20%   25%   30%

Wallace's Share (in all 19 states he competed in)

State	Result
Tennessee	WON
Michigan	WON
North Carolina	WON
Texas *	WON
Florida	WON
Indiana	2d
Maryland	WON
West Virginia	2d
New Mexico	2d
Wisconsin	2d
Pennsylvania	2d
Oregon	2d
Rhode Island	
Nebraska	
California	
Massachusetts	
Idaho	
Illinois	
New Hampshire	

Not-Yet-Rustbelt

0%   10%   20%   30%   40%   50%   60%   70%

* Caucus state; percentage of all pledged delegates

How well would Wallace have done in 1972 if he had

- Run as a Republican?
- Not been a professional politician?
- Been a TV star with 100% name recognition?
- 24/7 media attention & right-wing / fake news?
- Billions of dollars?

SEND THEM A MESSAGE

WALLACE in 72

TAKE BACK OUR COUNTRY

WALLACE in 72

the Trumpite base is

- not new

- not a reaction to "neoliberalism," globalization, etc.

- has been there all along

What was new in 2016 is that the base was able,
for the 1st time, to vote for a Trump, not a regular
Republican, in the general election

Politically Dangerous

Obsessed with **one form** of capitalism —"neoliberalism" — the "anti-neoliberal Left"

- caught unawares by the rise of Trumpism

- <u>still</u> won't accept that Trumpism & xenophobic right pose a much greater threat than "neoliberalism"

- peddles a line that dovetails with and is redolent of Trumpism:

  > Make America great again by getting rid of rule by elite neoliberals and financial interests, and putting different people in charge of the system.

Tens of millions of people —
including the <u>real</u> Left — despise,
fear, and fight Trumpism.

So why is the "anti-neoliberal Left"
so eager to accommodate it?

1. False equivalences for purity's sake:

I wanted to be free of the guilt of the sins of both parties.

… had Hillary Clinton won, we would anticipate the inevitable— the "neoliberal"candidate behaving exactly how we thought she would— and I could glibly sit in my pure-politics corner and say "told you so." …

Humans are abysmal at judging risk, and in this instance my foresight was catastrophic. It was selfish."   — Prestyr John, *With Sober Senses*, May 4, 2017

- **Cool mea culpa, but many others are doubling down!**

2. Genuine agnosticism vis-à-vis "neoliberalism" and proto- /neo- fascism, or preference for the latter

3. "Left First" political strategy

NOT pro-working class

- don't call for common people to emancipate <u>themselves</u> and govern society
- don't favor freedom struggles from below, independent of "the Left"
  - deep suspicion of Women's Marches & the Resistance

Want <u>themselves</u> —"the Left" — to govern; so:

- regard common people as "constituency" to win over in their quest for political power, so:
- **offer an alternative version of "populism" that (it hopes) Trump's authoritarian white-nationalist base will find appealing**
  - won't fight its authoritarianism, racism, sexism, etc. head on

But …

Just how is elitist/vanguardist "left"-populism that's soft on authoritarianism, racism, sexism, etc. <u>better than</u> "neoliberalism"?

Why should the authoritarian white-nationalist base hand power to Henwood, Kagarlitsky, and co. when they've already got the <u>real deal</u> — @realDonaldTrump, @realVladPutin, @realMarineLePen?

Authoritarians worship the strong & powerful. They recoil from weakness and defeat.

Hitler & Mussolini enjoyed strong support as long as they held power. … Afterward, not so much.

So the idea of **first** winning over Trump's authoritarian base, and **then** defeating Trumpism, is a pipe-dream.

We must **first** hand Trumpism a crushing, humiliating defeat; **then** his base will abandon him.
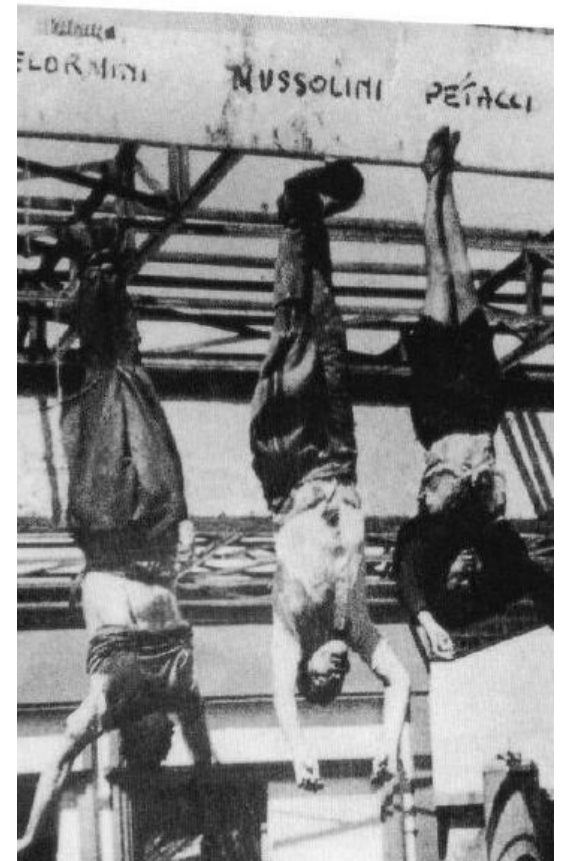
Mussolini hanging out
in Piazzale Loreto, Milan