DIFFERENTIAL ACCUMULATION, REDISTRIBUTION AND THE REBOUNDING FORTUNES OF THE CANADIAN ESTABLISHMENT

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PRESENTATION OUTLINE AND CHART BOOK

Wherever there is great property, there is great inequality. For one very rich man, there must be at least five hundred poor, and the affluence of the few supposes the indigence of the many.
- Adam Smith, The Wealth of Nations (1776)

ABSTRACT
Three pieces of research have been published in recent years, the joint significance of which has yet to be grasped. The first is Wilkinson and Pickett’s The Spirit Level (2009), which demonstrates that less relative inequality, even in a society with lower absolute wealth, produces better social outcomes. The second is the collective effort of economists from all over the world to map domestic top income shares over the last century. This collaborative research, compiled in The World Top Incomes Database, shows that rising income inequality over the last generation is being driven by the top percentile. If the evidence suggests that less relative income inequality is better for everyone then we require a satisfactory explanation for why income inequality has surged over the last generation. The third piece of research, Nitzan and Bichler’s Capital as Power (2009), may be of some assistance in this regard. They argue that capital is best thought of as a broad power institution, and by implication, that distribution is ultimately a power process. Using tools from Capital as Power and radical institutionalism this paper will contrast income inequality and differential business performance in Canada across two periods: the post-war ‘golden age’ (1945 to the 1980) and the new ‘gilded age’ (1980-2008). It will argue that there is a strong link between the dramatic shift in the top income share and the rising differential power of capital.
PRESENTATION CHECK POINTS

The Neoliberal *Nomos* and the Good Life
- Inequality and social pathology (figure 1)
- Top income shares over the twentieth century

The Conventional Dualisms of the Social Sciences
- Economics and politics
- Real and nominal
- The measure and meaning of capital
  - The marginal productivity theory of distribution

The Alien Vision of Thorstein Veblen
- The immaterial equipment
- Business and Industry
- Absentee ownership, strategic sabotage and the Natural Right of Investment

Capital as Power: Stepping Stones
- Gardiner Means and the administered prices thesis
- Michal Kalecki’s degree of monopoly

Capital as Power: Conceptual Infrastructure
- Dominant capital and differential accumulation
  - From absolute to relative
  - From aggregate to disaggregate
- The centrality of private ownership
- A methodological note: the fusion of quantity and quality

Differential *Investiture* and Redistribution in Canada
- Social struggle and redistribution (figures 2-3)
- Aggregate concentration (figure 4)
- Differential accumulation and the top income share (figures 5-6)
- The degree of monopoly (figure 7)
- Pricing from power (figure 8)
- The markup, social struggle and redistribution (figures 9-10)
- Trade and investment liberalization and redistribution (figure 11)
The Conventional Dualism of the Social Sciences  
Economics and Politics

<table>
<thead>
<tr>
<th>ECONOMY</th>
<th>POLITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>Public</td>
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<tr>
<td>Markets</td>
<td>Government</td>
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<tr>
<td>Business</td>
<td>Citizens</td>
</tr>
<tr>
<td>Individual gain</td>
<td>Collective good</td>
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<tr>
<td>Consumers</td>
<td>Citizens</td>
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<tr>
<td>Pursuit of wealth</td>
<td>Pursuit of power</td>
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<tr>
<td>Employers and employees</td>
<td>Rulers and ruled</td>
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<tr>
<td>Competitive</td>
<td>Cooperative</td>
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<tr>
<td>Voluntary contracts</td>
<td>Coercive laws</td>
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<tr>
<td>Productive</td>
<td>Parasitic</td>
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<tr>
<td>Dynamic</td>
<td>Static</td>
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<tr>
<td>Realm of freedom</td>
<td>Realm of coercion</td>
</tr>
<tr>
<td>Natural law</td>
<td>Conventional law</td>
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<tr>
<td>Progressive</td>
<td>Necessary evil</td>
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The Dualism within the Economy  
Real and Nominal

<table>
<thead>
<tr>
<th>REAL</th>
<th>NOMINAL</th>
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<tbody>
<tr>
<td>Material</td>
<td>Immaterial</td>
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<tr>
<td>Utils (Utility)</td>
<td>Prices (Pecuniary)</td>
</tr>
<tr>
<td>Hedonistic terms: pleasure and pain</td>
<td>Business terms: gain and cost</td>
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<tr>
<td>Production and consumption</td>
<td>Finance and investment</td>
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<tr>
<td>Property, plant &amp; equipment</td>
<td>Debt and equity</td>
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<tr>
<td>Capital wealth</td>
<td>Capital value</td>
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</table>

The Alien Dualism of Thorstein Veblen  
Business and Industry

<table>
<thead>
<tr>
<th>BUSINESS</th>
<th>INDUSTRY</th>
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<tbody>
<tr>
<td>Ownership and acquisition</td>
<td>Workmanship &amp; production</td>
</tr>
<tr>
<td>Control and power</td>
<td>Serviceability &amp; need</td>
</tr>
<tr>
<td>Individual gain</td>
<td>Communal welfare</td>
</tr>
<tr>
<td>Salesmanship and vendibility</td>
<td>Manufacture &amp; usability</td>
</tr>
<tr>
<td>Intangible capitalized wealth</td>
<td>Tangible material wealth</td>
</tr>
<tr>
<td>Owners and managers</td>
<td>Engineers and workman</td>
</tr>
<tr>
<td>Ruling elites</td>
<td>Obedient masses</td>
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<tr>
<td>Pecuniary/monetary terms</td>
<td>Industrial/mechanistic terms</td>
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<tr>
<td>Parasitic and predatory</td>
<td>Productive and cooperative</td>
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<td>Distribution</td>
<td>Production</td>
</tr>
<tr>
<td>Exploitation and struggle</td>
<td>Functionality and harmony</td>
</tr>
<tr>
<td>Control of human beings</td>
<td>Control of natural world</td>
</tr>
<tr>
<td>Absentee ownership</td>
<td>Technological inheritance</td>
</tr>
</tbody>
</table>

Accounting conventions, sociological categories  
and distributional struggle

Revenue (minus) Expenses (equals) Profit

Revenue:  
Owners vs. owners  Market share  
Owners vs. non-owners  Price inflation

Expenses:  
Owners vs. workers  Wage in/deflation  
Workers vs. workers  Wage location

Profits:  
Owners vs. owners  Distributive share  
 Owners vs. workers  Distributive share  
Owners vs. non-owners  Distributive share
Figure 1
Income Inequality and the Top 0.1 Percent Income Share

- Top 0.1 Percent Income Share
  P99.9-100, Left
- Gini Coefficient
  Market Income, Right

Correlation Coefficient = 0.84

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Figure 2
Capital-Labour Redistribution and the Top Income Share

- Capital-Labour Redistribution
  Ratio of Corporate Profit Share of GDP to the Wage Share of GDP, Right

- Top Percentile Income Share
  P99-100, Left

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Figure 7
The 'Degree of Monopoly'

Markup of the Top 60 Firms
Profit Share of Revenue

Markup of the Corporate Universe
Profit Share of Revenue

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Figure 8
Relative Firm Size and Pricing Power

Markup of the Top 60 Firms
Profit Share of Revenue, Right

Equity Capitalization
Top 60 Firms/Entire TSX, Left

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Figure 9
Markup of the Top 60 Firms and Capital-Labour Redistribution

Capital-Labour Redistribution
Ratio of the Corporate Profit Share of GDP to the Wage Share of GDP, Right

Markup of the Top 60 Firms
Profit Share of Revenue, Left

Correlation Coefficient = 0.72

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Figure 10
Institutional Strength: Big Business vs Organized Labour

Union Density
Total Coverage as a Percent of Workforce, Right

Markup of the Top 60 Firms
Profit Share of Revenue, Left

Correlation Coefficient = -0.66

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SELECT BIBLIOGRAPHY


