
DIFFERENTIAL ACCUMULATION, REDISTRIBUTION AND THE REBOUNDED 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

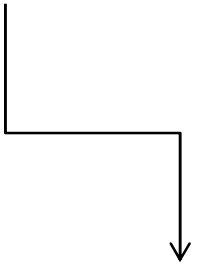
- Dominant capital and differential accumulation
 - From absolute to relative
 - From aggregate to disaggregate
- The centrality of private ownership
- A methodological note: the fusion of quantity and quality

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

ECONOMY	POLITY
Private	Public
Markets	States
Business	Government
Individual gain	Collective good
Consumers	Citizens
Pursuit of wealth	Pursuit of power
Employers and employees	Rulers and ruled
Competitive	Cooperative
Voluntary contracts	Coercive laws
Productive	Parasitic
Dynamic	Static
Realm of freedom	Realm of coercion
Natural law	Conventional law
Progressive	Necessary evil



The Dualism within the Economy
Real and Nominal

REAL	NOMINAL
Material	Immaterial
Utils (Utility)	Prices (Pecuniary)
Hedonistic terms: pleasure and pain	Business terms: gain and cost
Production and consumption	Finance and investment
Property, plant & equipment	Debt and equity
Capital wealth	Capital value

The Alien Dualism of Thorstein Veblen
Business and Industry

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

Accounting conventions, sociological categories
and distributional struggle

Revenue (minus) Expenses (equals) Profit

	<u>Social category</u>	<u>Redistribution</u>
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

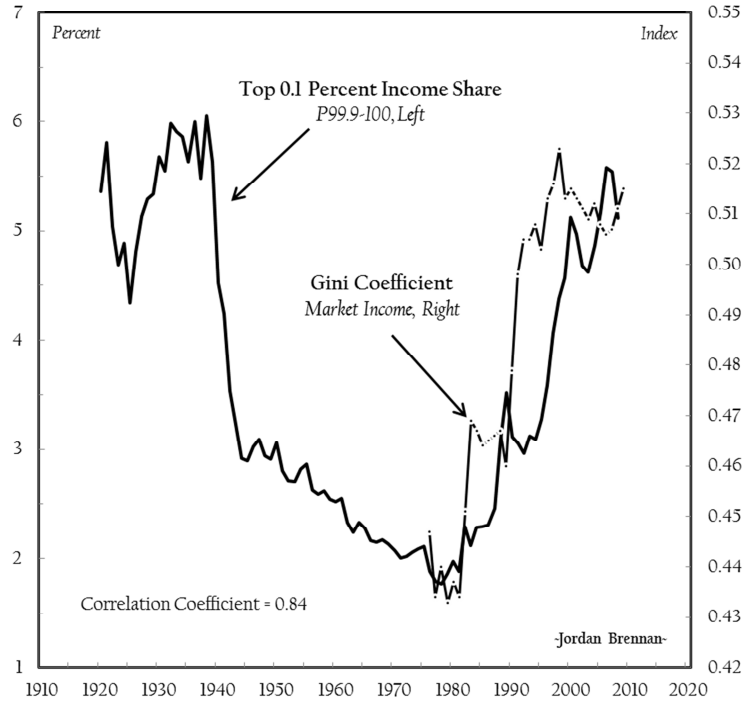


Figure 2
Capital-Labour Redistribution and the Top Income Share

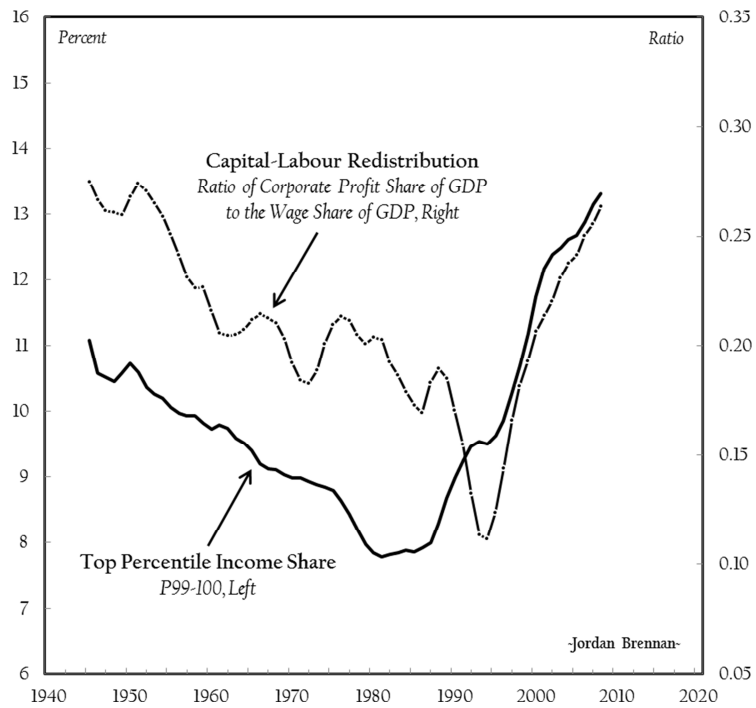


Figure 3
Organized Labour Strength and the National Wage Bill

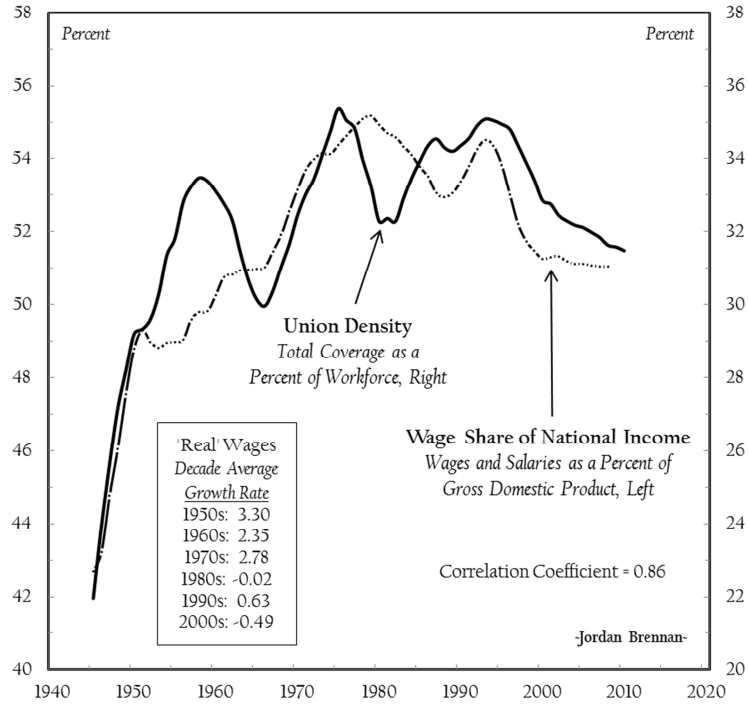


Figure 4
Aggregate Concentration

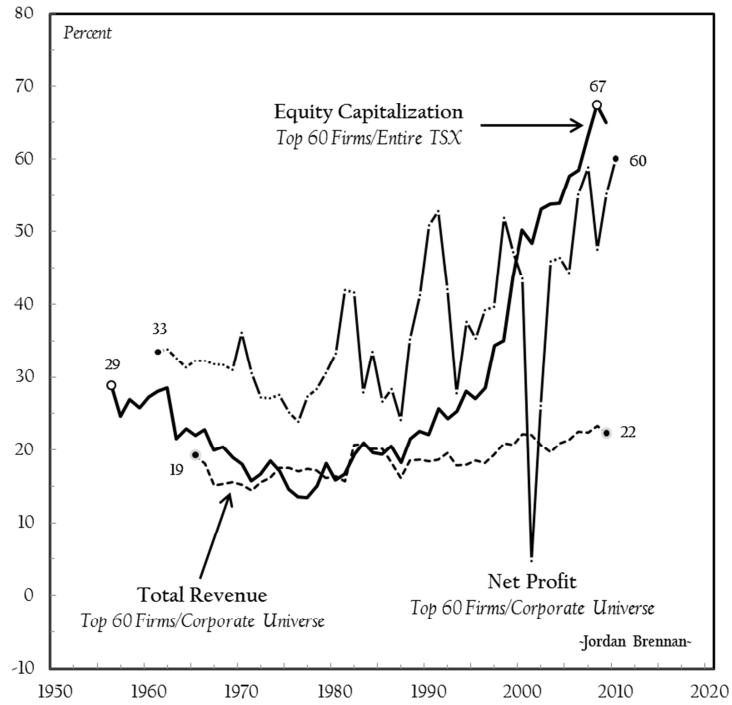


Figure 5
 Differential Accumulation and the Top Income Share I



Figure 6
 Differential Accumulation and the Top Income Share II

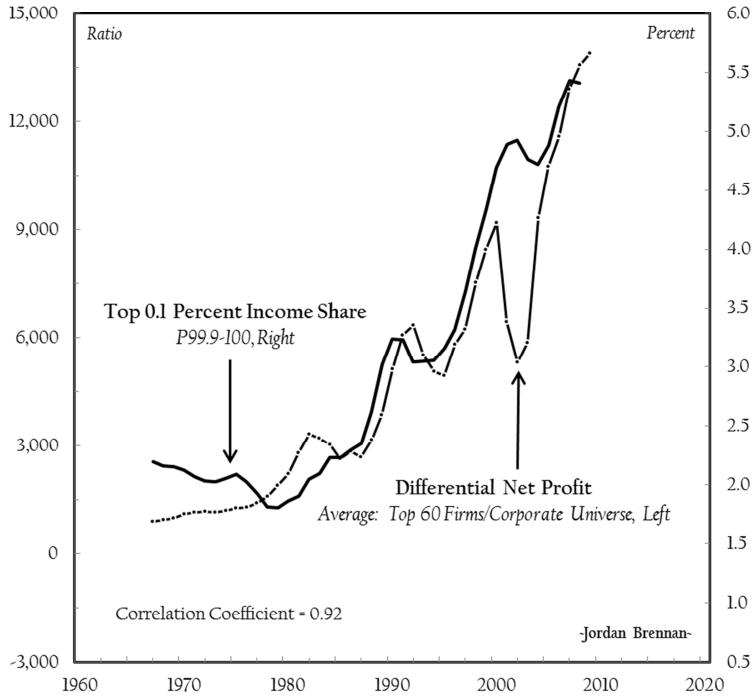


Figure 7
The 'Degree of Monopoly'

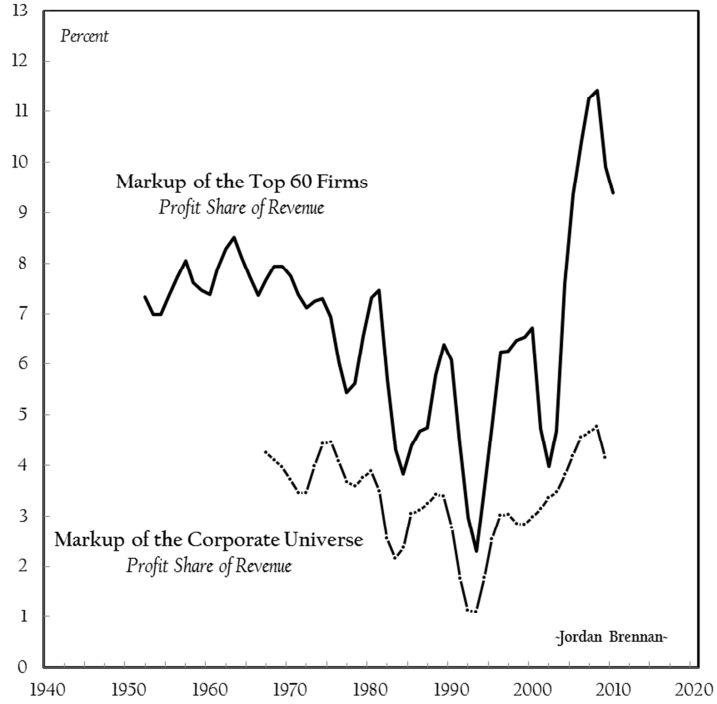


Figure 8
Relative Firm Size and Pricing Power

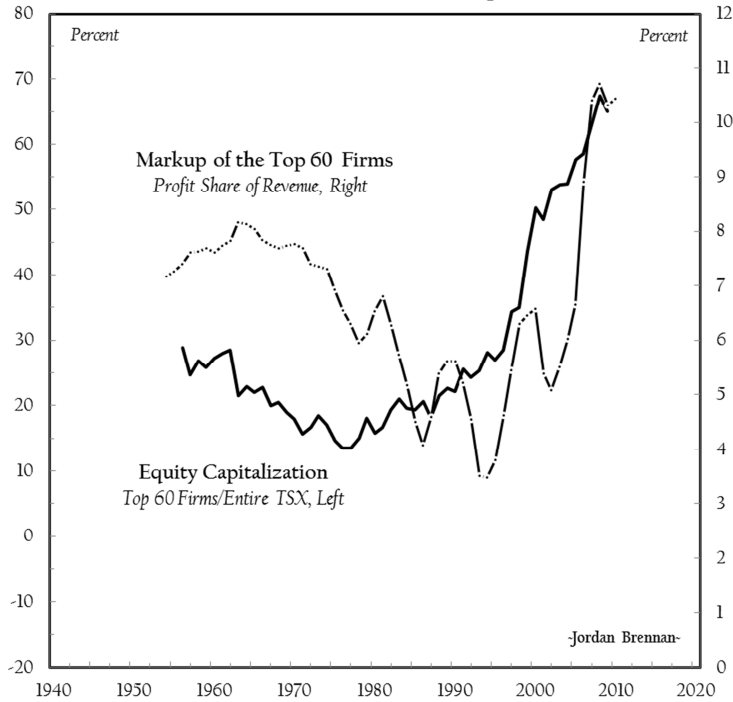


Figure 9
Markup of the Top 60 Firms and Capital-Labour Redistribution

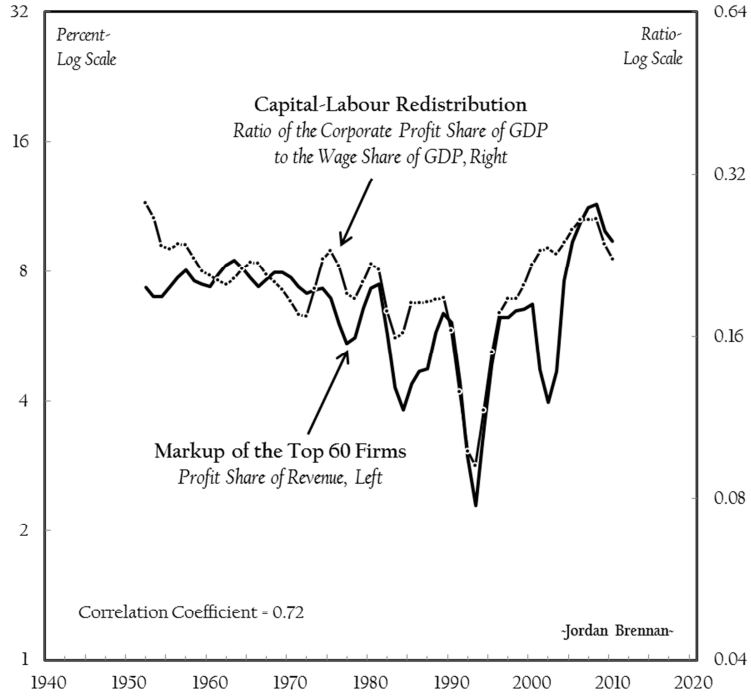


Figure 10
Institutional Strength: Big Business vs Organized Labour

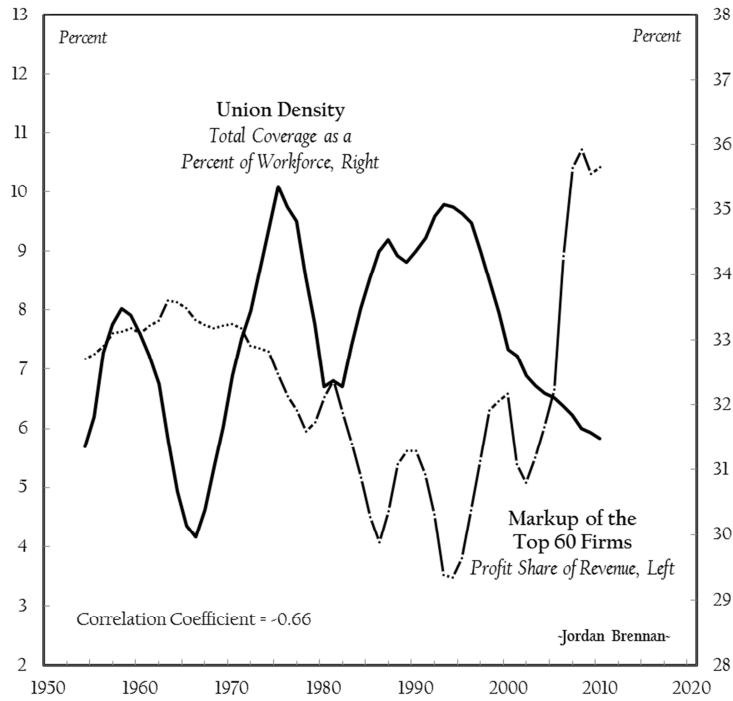
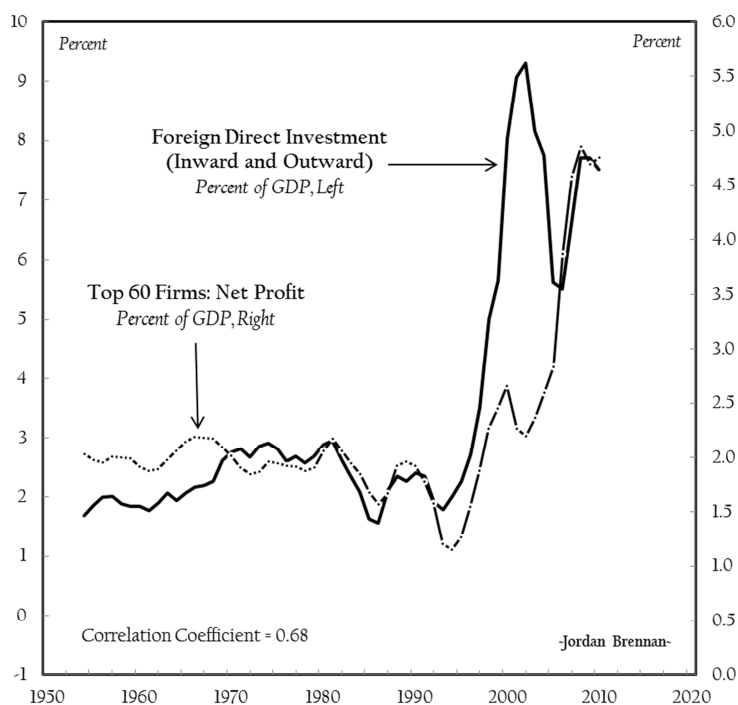


Figure 11
Foreign Direct Investment and the Profit Share of the Top 60 Firms



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