

## The Present in History, 2021

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**I**n *The Eighteenth Brumaire of Louis Napoleon*, Karl Marx observed that class struggle can create circumstances and relationships that make “it possible for a grotesque mediocrity to play a hero’s part.”<sup>1</sup> Donald Trump can be viewed as one such grotesque mediocrity, inflated to “heroic” proportions by his reactionary followers. Unwilling to accept defeat, Trump attempted to seize power after losing the 2020 presidential election. His claim that victory was stolen from him by massive fraud, and his effort to encourage states under Republican control and his vice president to give him the office—all possible within the formal rules—set an ominous roadmap for Republican strategy in 2024.

Even before Trump’s inauguration, he tested positive for all four measures of the litmus test for autocrats, as outlined by Steven Levitsky and Daniel Ziblatt in *How Democracies Die*. The measures are: (1) a readiness to curtail the civil liberties of opponents, including the media; (2) a weak commitment to democratic principles, indicated in Trump’s case by his questioning of the authenticity of the electoral process and his unprecedented suggestion that he might not accept the results of the 2016 election; (3) the denial of the legitimacy of one’s opponents; and (4) the toleration or encouragement of violence (they reference the Blackshirts in Italy and the Brownshirts in Germany in the early days of fascist takeovers). “Authoritarian politicians,” Levitsky and Ziblatt write, “cast their rivals as criminals, subversive, unpatriotic, or a threat to national security or the existing way of life.” This was seen in Trump’s charges that Barack



Image credit: U.S. Senator Bernie Sanders speaking with attendees at the Presidential Gun Sense Forum hosted by Everytown for Gun Safety and Moms Demand Action at the Iowa Events Center in Des Moines, Iowa (August 10, 2019). [Gage Skidmore](#), Flickr.

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<sup>1</sup> ↪ Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte* (1851; repr. Marx/Engels Internet Archive, 1995).

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Obama was not born in the United States and thus was not a legitimate president, and that Hillary Clinton was a criminal who “has to go to jail.” Not only that, but Trump has explicitly incited violence at his rallies.<sup>2</sup> His 2020 charges—that Joe Biden and Obama should be jailed—offer further evidence. Levitsky and Ziblatt argue that, in meeting these four criteria,

Trump resembles the precursor to the democratic breakdown in Europe in the 1930s, referencing similar statements and actions by other contemporary leaders widely recognised as authoritarians.<sup>3</sup>

When the centre-right accedes to the temptation to form tactical alliances with the far right, their Faustian bargain can result in outmanoeuvring by a far-right takeover along with the destruction of essential democratic institutions. Mainstream conservatives, not the neofascist right, end up being the ones manipulated, as the modern-day leaders of the Republican Party have found. This happened in some of the countries that are now part of what might be thought of as an Authoritarian International, which includes the Hungary of Victor Orbán, the Poland of Jarosław Kaczyński, the Turkey of Tayyip Erdoğan, the Philippines of Rodrigo Duterte, the Brazil of Jair Bolsonaro, and the India of Narendra Damodardas Modi, among others.

It is clear that both major U.S. political parties have shifted their political stances in recent years. This is more evident in

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the case of the Republicans, who have moved to the far right in their support of an authoritarian leader and in their rejection of liberal-democratic norms. The Democrats under Biden have to some extent abandoned the neoliberal Clinton-Obama politics to embrace policies closer to earlier U.S. liberals in the

Keynesian era, exemplified by Lyndon Johnson’s Great Society (even if Biden’s Build Back Better falls short by that earlier measure).

How big a shift has taken place in this respect remains to be seen. Prompted by the surprising popularity of Bernie Sanders shown in his two campaigns for the Democratic presidential nomination, the Electoral College defeat of Hillary Clinton, the depth of the crisis of contemporary capitalism, and realistic fear of Republican electoral triumph in congressional contests in 2022 and retaking the presidency in 2024, the Democrats were forced to pay more attention to working-class constituencies.

Democratic presidents and presidential candidates prior to Biden had celebrated global neoliberalism as beneficial for workers in the United States. They spoke of upgrading the skills of U.S. workers while consigning standardised production to lower-cost producers elsewhere, with the consequential cheaper prices of these goods benefiting domestic consumers. However, over time, it became clear that working-class real income was stagnating, or falling, while inequality and economic insecurity were growing. Neoliberal policy makers in Democratic administrations stood by as finance metastasised in the economic body. Indeed, they favoured the deregulation of finance, presumably to increase the efficient allocation of capital. The neoliberal policies of wage austerity, shrinking government, deregulation, and

<sup>2</sup> ↪ See Jeffrey Isaac’s review of Steven Levitsky and Daniel Ziblatt’s *How Democracies Die*, in which he explores the politics of Trumpism and the political theory of democracy as it is understood by different thinkers in light of authoritarian and transformative demands. Jeffrey C. Isaac, “How Democracies Die and How They Live,” *Public Seminar*, January 31, 2018.

<sup>3</sup> ↪ Steven Levitsky and Daniel Ziblatt, *How Democracies Die* (New York: Crown, 2018), 61–67, 104.

regressive tax cuts created conditions such that the economic collapse of 2008 triggered the most unequal recession in modern U.S. history.

Recessions typically hit poorer households hardest, but this one did so on the worst scale in generations. The next serious downturn occurred during the COVID-19 pandemic, bringing crises in health and unemployment. “It’s an even more unequal recession than usual,” declared Ben Bernanke, who had led the Federal Reserve through the Great Recession.<sup>4</sup> While this was certainly the case, to place the blame on Trump, as many liberals did, is hardly sufficient or, from a longer-term perspective, accurate. The political preferences of both parties favor capital and, in many specifics, have reversed the egalitarian gains the working class made coming out of the Great Depression and the Second World War.

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The growth of inequality and working-class income stagnation and insecurity was a bipartisan project. During Bill Clinton’s administration in the 1990s, the 1 percent garnered 45 percent of the increase in disposable national income. The pattern accelerated in the 2000s under George W. Bush when the 1 percent received 73 percent. As Obama left office, the top 1 percent owned more private net wealth than the bottom 90 percent of Americans, after having received almost all of the pre-tax income gain during his presidency. Their income grew by 31 percent between 2009 and 2013, while the income of the bottom 99 percent increased by only 0.4 percent. According to Emmanuel Saez’s calculation, this top 1 percent captured 95 percent of the income gains in the first three years of the Obama recovery.<sup>5</sup> During that period, the government provided capital direct subsidies accompanied by selective enforcement of laws. In contrast, those who had lost homes and jobs received very little assistance. Indeed, the Obama administration gave the task of aiding those with underwater mortgages to the very banks and companies primarily responsible for originating the mortgages—which were then packaged as derivatives and sold to investors, who thus profited from the housing bubble and its collapse.<sup>6</sup> Rather than offering the help promised by Obama, they profited once again. It would not be unexpected to hear a “Thank you, Obama” among those cynical about his liberalism.

Inequality rose through both Democratic and Republican administrations for decades. When Ronald Reagan became president in 1981, the top 0.01 percent held 7 percent of the national wealth. By 2014, their share had tripled to 22 percent. Transnational corporations were allowed to minimize their taxes by shifting 40 percent of their foreign profits to lower tax jurisdictions.<sup>7</sup> Calculations by Thomas Piketty, Saez, and Gabriel Zucman demonstrate that, between 1980 and 2014, none of the growth in per-adult national income went to the bottom 50 percent; two-thirds went to the top 10 percent; and 36 percent to the top 1 percent. Income skyrocketed at the peak of the pyramid, rising 121 percent for the top 10 percent, 205 percent for the top 1 percent, and 636 percent for the top 0.001 percent. This very uneven distribution continued even as the economic recovery began in 2021. The total wealth of U.S. households is about a hundred trillion dollars, or more than three-quarters of a million dollars for every household if divided equally. In actuality, half of U.S. households have zero or negative wealth.<sup>8</sup> While whites in the lower-middle class were attracted to

<sup>4</sup> ↪ Heather Long, Andrew Van Dam, Alyssa Fowers, and Leslie Shapiro, “The COVID-19 Recession Is the Most Unequal in Modern US History,” *Washington Post*, September 30, 2020.

<sup>5</sup> ↪ Emmanuel Saez, “[Striking It Richer: The Evolution of Top Incomes in the United States \(updated\)](#),” University of California Berkeley, September 3, 2013; World Inequality Database, [wid.world](#).

<sup>6</sup> ↪ David Dayen, “Obama’s Foreclosure Relief Program Was Designed to Help Bankers, Not Homeowners,” *American Prospect*, February 14, 2015.

<sup>7</sup> ↪ Emmanuel Saez and Gabriel Zucman, *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay* (New York: W. W. Norton, 2019).

<sup>8</sup> ↪ Thomas Piketty, Emmanuel Saez, and Gabriel Zucman, “Economic Growth in the United States: A Tale of Two Countries,” Washington Center for Equitable Growth, December 6, 2016.

extreme-right politics, working-class voters moved to support Sanders. This can be seen in the data on who contributed to which Democratic Party candidates.<sup>9</sup>

The significance of the growth of inequality in the United States is detailed in a study of the past five decades by researchers at the Organization for Economic Co-operation and Development (OECD) that estimates the causal effect of major tax cuts given to the wealthy over this period. Significant reforms reducing taxes on the rich, as might be expected, lead to greater income inequality, as measured by the share of pre-tax national income going to the top 1 percent. “The size of the effect is substantial” and “the effect holds in both the short and medium term.” Research has found that there

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is no benefit for economic performance of such regressive tax cuts. The trajectories of real GDP per capita (a measure widely used even as its significant shortcomings as a measure of progress are well known) and the unemployment rates for OECD nations were unaffected by significant reductions in taxes on the rich in both the

short and medium term.<sup>10</sup> This hardly means that elected officials beholden to those who finance their careers did not continue to favor them, or that the ideological underpinnings of such support will not continue to be powerful. But if Biden and the Democratic majority prevail in passing legislation that restores credibility to government, socialists need to offer a more radical and, for increasing numbers, a more desirable understanding of what is possible.

Biden was forced to move as far as he did because of the system’s loss of legitimacy and the widespread appreciation that major change was needed. The chief global strategist at Morgan Stanley Investment Management, Ruchir Sharma, explains that “over the past two decades, as the global population of billionaires rose more than fivefold and the largest

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fortunes rocketed past \$100 billion, I started tracking this wealth. Not for the voyeuristic thrill, but for warning signs. Rising inequality was becoming ever more of a political issue, threatening to provoke popular backlashes against capitalism itself. The pandemic has reinforced this trend.”<sup>11</sup> There is fear of U.S. fascism in some circles of capital, as Sharma’s

comment reflects—as well there should be.

Rather than take a class-struggle perspective on what was happening, the Democrats promised incremental reform and a

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seemingly equal chance to compete in a manifestly unequal system in which there are few winners and many losers. They did not inspire confidence with their wonky proposals. Meanwhile, the Republicans counted on the racism of many white voters and blamed elites (by whom they meant overeducated snobs who looked down on honest [white] working

people) and Democrats favouring Black people and immigrants. Trump rode to the White House on what had previously

<sup>9</sup> ↪ Vicente Navarro, “What Is Happening in the United States? How Social Class Influences Political Life,” *Monthly Review* 73, no. 2 (June 2021): 24–36.

<sup>10</sup> ↪ Stephen J. Macekura, *The Mismeasurement of Progress: Economic Growth and Its Critics* (Chicago: University of Chicago Press, 2020); David Hope and Julian Limberg, “The Economic Consequences of Major Tax Cuts for the Rich” (Working Paper 55, International Inequalities Institute, London School of Economics and Political Science, 2020), 21.

<sup>11</sup> ↪ Ruchir Sharma, “The Billionaire Boom: How the Super-Rich Soaked Up Covid Cash,” *Financial Times*, May 14

been dog-whistle appeals to racism with a full-throated white nationalism, xenophobia, and misogyny. The Democrats, supporting their funders, disregarded the growth of class inequalities that has been the cause of repeated financial crises and suffering. The angry, extreme right has seen the fading of the United States they remembered with fondness in cultural terms, even as the polarisation of U.S. politics is a result of two very different reactions to the changes in the economy that are not well understood by most voters in either party, although they were foreseen by Marx in the middle of the nineteenth century.

## The Concentration and Centralisation of Capital and Fictitious Capital

Although Marx's analysis of capitalism was developed assuming free competition to abstract from these matters, he was well aware that the logic of capitalist development would lead, due to economies of scale and other inherent tendencies in the development of the economic system, to a concentration and centralisation of capital that holds down the living standard of workers.<sup>12</sup> The concentration of capital refers to the accumulation of surplus value—the value created over and above the value of workers' labor power, appropriated by the capitalist as profit. The centralisation of capital refers to the increase in capital as a result of the combination of several individual capitals, which he saw as the frequent outcome of bankruptcies and economic crises. The tendencies he foresaw have accelerated in our time.

Over half of all public firms have disappeared over the last twenty years, according to a study by Credit Suisse: “between 1996 and 2016, the number of publicly-listed stocks in the U.S. fell by roughly 50%— from more than 7,300 to fewer than 3,600—while rising by about 50% in other developed nations.”<sup>13</sup> Mergers and acquisitions are the major cause for this delisting. New listings lag because there are fewer initial public offerings. Successful startups find it difficult to grow and even survive when faced with already established giants who either buy or destroy them by copying their innovations and incorporate the offerings on established large-volume platforms.

The result of such increased concentration and centralisation, financialisation, and the crises in our time is evident. From 2007 through 2016, stock repurchases (the buying back of their own shares) by 461 companies listed on the S&P 500 totalled \$4 trillion, an amount equal to 54 percent of their profits. These companies also declared \$2.9 trillion in dividends, 39 percent of their profits. To finance these takeovers, they increased corporate debt and used the targets' cash reserves as collateral to borrow in order to make the purchase and finance payouts to investors. They lay off employees, cut wages, and sell divisions of the target company.

Profits in U.S. capitalism are not directed to expanding output, but rather, in large measure, to purchasing company shares, which inflates the wealth of the group at the top that overwhelmingly owns corporate stock.<sup>14</sup> This includes senior management, who received most of their compensation in the form of stock options. Their investment strategies are timed to upticks in the value of their holdings, influenced by their announcements and policies that inflate short-term growth at the expense of the long-term health of their company. Stock options, which allow top executives to buy stock at some point in the future at prices established in the present, provide gain without risk for the executive, along with tax deductions for the firm as a business loss. Often, companies that engaged in greater buybacks proved more vulnerable when the downturn comes. As William Lazonick and Ken Jacobson explain, “having wasted billions on buybacks, many

<sup>12</sup> ↪ William K. Tabb, “Financialization: A Key Contradiction of the Neoliberal Social Structure of Accumulation,” in *Handbook of Social Structure of Accumulation Theory*, ed. Terrence McDonough, David M. Kotz and Cian McMahon (Cheltenham: Edward Elgar, 2022).

<sup>13</sup> ↪ Michael J. Mauboussin, Dan Callahan, and Darius Majd, “The Incredible Shrinking Universe of Stocks,” Credit Suisse, March 22, 2017.

<sup>14</sup> ↪ William Lazonick, “Innovative Business Models and Varieties of Capitalism: Financialization of the US Corporation,” *Business History Review* (2010): 700; William Lazonick, “The Functions of the Stock Market and the Fallacies of Shareholder Value” (Working Paper No. 58, Institute for New Economic Thinking, 2017).

of them incurred huge losses and required mass layoffs to avoid bankruptcy.” They argue that if Congress and regulators “do not take action to rein in buybacks, the rampant economic inequality that already afflicts the United States will only get worse.”<sup>15</sup> Indeed, it has.

Buybacks drive the stock market higher at the expense of financing dividends, internal growth, long-term investment, and job creation. CEO compensation came to be dominated by stock options on the theory that this strategy gives the

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executives incentive to maximise owners’ equity value. Their compensation grew to more than half (53 percent) in 2009 and greater than three-quarters of total compensation (77 percent) in 2015. By 2017, the fissure between executive compensation and employee pay had grown

dramatically; it was largely driven by the stock market, since about 80 percent of CEO compensation was then in stock options, and corporate buybacks were a major contributor to the increase of stock prices and income inequality. The CEOs of the top 350 companies each earned an average of almost \$19 million a year, or 312 times the median pay for employees in their industries. In 1960, the comparable ratio was 20 to 1.<sup>16</sup> Lazonick found that 93 percent of all the profits of the Fortune 500 from 2007 to 2016 went to buybacks and dividends. After the Republican tax cut of 2017, Rick Wartzman and Lazonick calculated that major corporations were planning to spend more than thirty times what they were allocating to worker pay to buy back their own stock. This would benefit the CEOs and the 10 percent of Americans who owned 84 percent of all household-held stock.<sup>17</sup> The tax cut did not pay for itself through faster growth—a claim Republicans make each time they cut taxes for “job creators.” In fact, it never happens.

Long-time observers were appalled by the extent to which the Fed went even further in 2020 than it had in the 2007–09 financial crisis in subsidising the financial sector. Indeed, the evaluation by Peter Coy, senior economics writer of Bloomberg Businessweek, was that the central bank decided to get creative—“more creative, in fact, than any Fed leaders since the birth of the central bank in 1913.”<sup>18</sup> The “creativity” amounted to making trillions of dollars of free money available. Interest rates were already in the range of 0 to 0.25 percent, so lending trillions of dollars that were available on any quality collateral, and making loans directly to companies, exposed the Fed to absorbing any losses in order to try to return the market back to the way it had been. This credit expansion, quantitatively far larger than any other rescue assistance, assured speculators that they would be rescued again the next time. This exposes the Fed to the likelihood of needing still greater credit creation in the future. Little of this was understood by the U.S. public or by many of their representatives in Congress.

Larry Kudlow, Trump’s national economic council director, insisted on a number of occasions that whether or not a new stimulus occurred, there would be a “self-sustaining, strong, V-shaped recovery.”<sup>19</sup> But overall growth remained slow and uneven. Economists and pundits talked of a “K-shaped recovery,” in which the well-off recovered quite nicely, the upward line of the K, while the less fortunate moved downward to lower incomes, insecurity, and poverty—the downward leg of the K. The unwillingness of the Republicans to assist people in need became clearer against the background of the serious damage wrought by the economic downturn. “The damage from COVID-19 is concentrated

<sup>15</sup> ↪ William Lazonick and Ken Jacobson, “End Stock Buybacks, Save the Economy,” *New York Times*, August 23, 2018.

<sup>16</sup> ↪ Lawrence Mishel and Jessica Schieder, “CEO Compensation Surged in 2017,” Economic Policy Institute, August 16, 2018.

<sup>17</sup> ↪ Rick Wartzman and William Lazonick, “Don’t Let Pay Increases Coming Out of Tax Reform Fool You,” *Washington Post*, February 6, 2018.

<sup>18</sup> ↪ Peter Coy, “The Fed Loves Main Street as Much as Wall Street This Time,” *Bloomberg Businessweek*, April 20, 2020.

<sup>19</sup> ↪ “Larry Kudlow: US in ‘Self-Sustaining Recovery,’” *Fox Business*, September 4, 2020.

among already challenged groups,” Federal Reserve governor Lael Brainard argued in a speech in early January 2021. “The K-shaped recovery remains highly uneven, with certain sectors and groups experiencing substantial hardship.”

At a time when the national unemployment rate was 6.7 percent, Fed economists estimated the jobless rate for the lowest quartile of earners to be “likely above 20%.”<sup>20</sup> More importantly, the definition of unemployment was too narrow;

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for instance, many people defined as temporarily not in the labor force would not be called back to jobs on cruise ships and other travel-oriented and other jobs. Many who had given up looking for work were not counted as part of the labor force, rather than unemployed; many worked part-time but wanted full-time work. Many others refused

to go back to unsafe jobs for low pay. The pandemic economy led to a reconsideration of how a full-employment economy should be defined.<sup>21</sup> But the economy has seemed too complicated. Those on the right have sought to deny the declining share of the national income that goes to labor, instead calling “lazy” those who do not work on terms offered by capital and seeing unemployment benefits as a disincentive to supply and demand. Actually, when employers raise wages and improve working conditions, they find employees.

It is not that what has been happening should be hard to understand. Jim Cramer, host of CNBC’s Mad Money, which

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provides stock picks and interviews with finance industry insiders, offers the remarkable statement (given the source) that the coronavirus pandemic has produced “one of the greatest wealth transfers in history.” He surmised that “the bigger the business, the more it moves the major averages, and that matters because this is the first recession where big business...

is coming through virtually unscathed.” He continues, “I think we’re looking at a V-shaped recovery in the stock market, and that has almost nothing to do with a V-shaped recovery in the economy.”<sup>22</sup> Indeed, the government allowed speculators to win at the expense of the public, instead of replacing the structure of finance with government initiatives

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to channel the nation’s economic surplus into socially productive services to preserve the system, as indeed Biden and the left-wing Democrats are advocating to an extent. However, there was hesitance to forbid the continued expansion of synthetic financial products that endangered the system. Even with significant pressure from the left, Biden

is unlikely to take on finance capital at the level that is needed, or even to recognise the dominant position that finance has attained.

In the absence of a forthright attack on finance capital, as Martin Wolf, senior economics writer for the Financial Times, noted, rentier capitalism “means an economy in which market and political power allows privileged individuals and

<sup>20</sup> ↪ Jeff Cox, “The Unemployment Rate Is Above 20% for the Lowest-Paid Workers, Fed’s Brainard Says,” CNBC, January 13, 2021.

<sup>21</sup> ↪ John Komlos, “[The Actual U.S. Unemployment Rate in 2019 Was Twice the Official Rate, and the Phillips Curve](#),” *Challenge* 64, no. 1 (2021).

<sup>22</sup> ↪ Tyler Clifford, “Jim Cramer: The Pandemic Led to ‘One of the Greatest Wealth Transfers in History,’” CNBC, June 4, 2020.

businesses to extract a great deal of such rent from everybody else.”<sup>23</sup> Such an evaluation deters neither the financiers designing and selling such products nor the investors buying them, even as the increase in paper value is greater than the actual value produced. The money to be made before any collapse is too great to be prematurely cautious. Yet, such Ponzi financing invites a Hyman Minsky moment of recognition that expected gains are not forthcoming and the game can no longer go on, with the collapse becoming inevitable. This is because, as Paul Sweezy wrote in 1994, “financial capital, once cut loose from its original role as a modest helper of a real economy of production to meet human needs, inevitably becomes speculative capital geared solely to its own self-expansion.” As Sweezy tells us, “in earlier times no one ever dreamed that speculative capital, a phenomenon as old as capitalism itself, could grow to dominate a national economy, let alone the whole world. But it has.”<sup>24</sup> Decades later, the phenomena should be far more obvious and understood as more dangerous.

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While Marx detailed the many mechanisms of exploitation inherent in the process of capital accumulation, he was also critical of the appropriations of financial capital. Financial instruments that do not have a direct material role in the economy and are created in a “fictitious” way, such as a promissory note or a bond, can expand beyond the capacity of future profit to manifest as real capital, a factor that in the contemporary period has become the cause of a number of serious financial crises. Marx was aware of the way that bank failures caused by speculative excess caused economic crises.<sup>25</sup>

The instruments designed for speculation, such as collateralised debt obligations and credit default swaps, may be new, but in their essence, they would not have seemed strange to Marx, who wrote: “With the development of interest-bearing capital and the credit system, all capital seems to double itself, and sometimes treble itself, by the various modes in which the same capital, or perhaps even the same claim on a debt, appears in different forms in different hands. The greater portion of this ‘money-capital’ is purely fictitious.”<sup>26</sup> The sudden repricing of assets used in overnight repurchase agreements are well reflected in Marx’s description of an abrupt collapse of price “acting like a feather which when added to the weight of the scales, suffices to tip the oscillating balance definitely.”<sup>27</sup> This is certainly not an inaccurate representation of more recent events. Surely, the key point Marx makes is about fictitious capital: that claims to future income need not be—or as the inflating bubbles that lead to crises certainly are not—related to productive activity.

Marx deploys the concept of fictitious capital—paper claims on future earnings that may not be realised—to explain what we now know as the John Maynard Keynes-Minsky understanding of business cycles. According to Marx, when the extent of fictitious capital so exceeds the potential valuations that people begin to doubt their plausibility, the prices of assets can suddenly and dramatically fall. Fictitious capital thus does not have an assured material basis in commodities or productive activity. Instead, it relies on the anticipated future value created to justify its exchange. This optimism prompts the extension of credit and, as Keynes, and before him Marx, explained, uncertainty is always present. The

<sup>23</sup> ↪ Martin Wolf, “Why Rigged Capital is Damaging Liberal Democracy,” *Financial Times*, September 17, 2019.

<sup>24</sup> ↪ Paul M. Sweezy, “The Triumph of Financial Capital,” *Monthly Review* 46, no. 2 (June 1994).

<sup>25</sup> ↪ William K. Tabb, “What Marx Anticipated That Is, or Should Be, Central to Political Economy Today,” in *Anthem Companion to Karl Marx*, ed. David Fasenfest (London: Anthem Press, 2022); William K. Tabb, “Marx and the Long Run,” in *Reconstructing Political Economy: The Great Divide in Economic Thought* (New York: Routledge, 1999).

<sup>26</sup> ↪ Karl Marx, “Banking Capital’s Component Parts,” chap. 29 in *Capital*, vol. 3 (London: Penguin, 1981).

<sup>27</sup> ↪ Marx, “Banking Capital’s Component Parts.”



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buying and selling of claims to wealth can become a process of self-levitation in which, as prices of paper claims rise, the assets can be used as collateral to borrow for the purchase of more assets, driving prices still higher in a seemingly endless loop. It is of course only endless until it unceremoniously ceases, leaving many disappointed players who thought they

would be able to sell and get out before the collapse. The more naïve are left holding devalued assets and facing severe losses.

The combination of concentration and centralisation in our time of the structures that encourage the vast creation of fictitious capital, speculative excess, and financial collapse are understood at some level by many Americans and other

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investors (speculators) as harmful. But they need the tools and analysis of Marxism to understand the system and that reform will not address the danger, but only lead to another round of “why lessons from the last time weren’t learned.” If Democrats limit their proposals to the reform of monopoly-finance capital, and if Republicans continue to resist additional economic stimulus and

denounce re-regulation, then politics is reduced to culture wars and polarised rhetoric. There will be scant understanding of the growing contradictions of the economic system that have created the anger and sense of betrayal driving recent politics.

Data from the pre-election 2016 American National Election Studies, the gold standard for political science, reveal that a significant proportion of white Americans embraced authoritarian populism. More than a third of whites endorsed a strong leader even if he bent the rules; half wanted a leader who would “crush evil” and return to the “true path”; and a

*The warnings of the danger of a U.S. fascism have grown, coming from respected establishment sources.... Trump defines the truth for his party. There is a word for a political organisation in which the prime duty of members is absolute loyalty to a leader who defines what is true and right: Führerprinzip (‘leadership principle’)."*

near majority urged the authorities to get rid of the “rotten apples” who were ruining everything. As of 2016, a fifth of such respondents thought that Trump should shut down Congress and govern alone. Twice as many (38 percent) believed that, under some circumstances, an unelected government is preferable to an elected one. A similar proportion agreed that there are circumstances that would justify a military takeover of the U.S. government. Almost

half (45 percent) of white Americans opined that the media have too much freedom in expressing political views, and more than half (55 percent) would like a leader with an iron fist.<sup>28</sup>

The warnings of the danger of a U.S. fascism have grown, coming from respected establishment sources. Commenting on the stakes at risk, Wolf has written that “one of the main American parties has become unambiguously anti-democratic. This is now a struggle between two old men for the fate of liberal democracy in the U.S.” Trump had “tried to turn the U.S. into an autocracy,” Wolf indicates, explaining “what is news is that, even shorn of public office, Trump

<sup>28</sup> ↪ David Norman Smith and Eric Hanley, “The Anger Games: Who Voted for Donald Trump in the 2016 Election, and Why?,” *Critical Sociology* 44, no. 2 (2018); “2016 Time Series Study,” American National Election Studies, accessed September 30, 2021.

defines the truth for his party. There is a word for a political organisation in which the prime duty of members is absolute loyalty to a leader who defines what is true and right: Führerprinzip ('leadership principle')." Wolf is hardly alone in saying that the future of democracy is at stake.<sup>29</sup>

Writing for a U.S. audience, Jochen Bittner, political editor for the widely respected German newspaper Die Zeit, explained that his country's embrace of authoritarianism in the 1930s was a consequence of economic depression, a loss

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of faith in its institutions, social humiliation, and the political blunders of the ineffectual Weimar government. The German people were in collective shock, the economy was causing widespread pain, the political system was not working, and the government favoured the wealthy, with the elite enjoying life at the expense of citizens who saw little hope for themselves. Bittner thus highlights a widening cultural gap in the 1930s between "the tradition-oriented working and middle classes and the cosmopolitan avant-garde—in

politics, business and the arts." The conservative parties and the nobility believed that "the little hothead [Adolf Hitler] could serve as their useful idiot, that as chancellor he would be contained by a squad of reasonable ministers."<sup>30</sup>

Bittner referred to the German yearning for a leader who would restore the nation, reviving its national pride and greatness.<sup>31</sup> The deprivation of livelihood in the wake of the First World War defeat and the reparations demanded by the victors, combined with the nation's loss of respect in the world, led people to support the Nazis, who promised to make Germany great again. It proved relatively straightforward to encourage Germans to embrace a strong leader. This was Hitler's understanding as well. As he explained, "I will tell you what has carried me to the position I have reached. Our political problems appeared complicated. The German people could make nothing of them.... I, on the other hand...

*A "potent mix of grievance and religious fervor has turbocharged the support among Trump loyalists, many of whom describe themselves as participants in a kind of holy war." As the Frankfurt School and feminists have theorised, the authoritarian personality is a product of the patriarchal family—the basis of evangelical life.*

reduced them to the simplest terms. The masses realised this and followed me."<sup>32</sup> The Nazi call to expel noncitizens from the country was part of a nationalist protest movement against globalisation in the 1920s and '30s. Shifting the blame to Jews found a contemporary echo in the 2018 Charlottesville, Virginia, neofascist rally in the chant of "Jews will not replace us." The chant, however, was aimed at the Jews ostensibly leading the movement to replace white

Christian Americans with dark skinned non-Christians, who would vote Democratic and give over the United States culturally and politically to critical race theory and Marxism.

The decline of white Protestant political dominance in the United States has been widely discussed.<sup>33</sup> So has the movement to "take back America for God."<sup>34</sup> White evangelicals display attitudes about issues such as immigration and race that differentiate them from other religious groups. It is these views that have made them the most reliable bloc of

<sup>29</sup> ↪ Martin Wolf, "The Struggle for the Survival of US Democracy," *Financial Times*, May 11, 2021.

<sup>30</sup> ↪ Jochen Bittner, "Is This the West's Weimar Moment?" *New York Times*, May 31, 2016.

<sup>31</sup> ↪ Jochen Bittner, "Merkelism vs. Trumpism," *New York Times*, September 22, 2020.

<sup>32</sup> ↪ Sheri Berman, "Can It Happen Here? Madeleine Albright Examines Fascism Then and Now," *New York Times*, April 20, 2018.

<sup>33</sup> ↪ Robert P. Jones, *The End of White Christian America* (New York: Simon & Schuster, 2016).

<sup>34</sup> ↪ Andrew Whitehead and Samuel L. Perry, *Taking America Back for God: Christian Nationalism in the United States* (Oxford: Oxford University Press, 2020).

Republican voters.<sup>35</sup> The presence of Christian rituals, symbols, and language on January 6 at the capitol was

*In giving qualified support to Biden in a united front against U.S. fascism, the left needs to be far more aware that the programs and expenditures he favours do not only help working people, but also far-sighted capital.*

unmistakable. There was a mock campaign banner, “Jesus 2020,” an “Armour of God” patch on a man’s fatigues, and a white cross declaring “Trump won” in capital letters. Elizabeth Dias and Ruth Graham suggest that a “potent mix of grievance and religious fervor has turbocharged the support among Trump loyalists, many of whom describe themselves as participants in a kind of holy war.”<sup>36</sup> As the Frankfurt School and feminists have theorised, the authoritarian personality is a product of the patriarchal

family—the basis of evangelical life.

In giving qualified support to Biden in a united front against U.S. fascism, the left needs to be far more aware that the programs and expenditures he favours do not only help working people, but also far-sighted capital. His spending on things like health, child, and elder care does not challenge the capital that benefits from greater public subsidies to an essentially private health care system. Biden’s choice was to cover such expenses by subsidising private insurance companies rather than cutting them out and installing a single-payer system in which the government could control

*Socialists wanting to move beyond the Biden agenda need to ask a series of questions in advocating non-reformist reforms.*

costs. Investments in infrastructure are supported by the Chamber of Commerce and others, just not the taxes they are asked to pay to help finance them. Making the United States more competitive through industrial policy is a taxpayer subsidy to private businesses. While seemingly radical, the form of public-private partnerships, in which the public pays and receives little or nothing of the return on their investment, is a gift to capitalists, not a partnership in which the public shares in the benefits it makes possible.

Socialists wanting to move beyond the Biden agenda need to ask a series of questions in advocating non-reformist reforms. Peter Marcuse suggests six criteria for assessing system transformation projects that can guide such evaluations: (1) Does the proposal redress the power relations that cause and maintain the problem being addressed? (2) Is the proposal deep enough to go to the root of the problem or does it merely address its symptoms? (3) Is the proposal broad enough, taking into account all of the pertinent factors affecting the desired outcome? (4) Does the proposal guarantee

*There is support for the kind of non-reformist reforms that are needed.... The old mole of revolution is coming “very close to the surface,” in a world where capitalist crises have become more frequent and the system has lost legitimacy in the eyes of so many, in which the center does not hold, and socialism or barbarism becomes a realistic choice.*

that the basic needs addressed by the issue are met before resources are devoted to, or distributed according to, other criteria, i.e., contribution or merit? (5) Does the proposal give priority to human use values over economic market values, and does it respect the natural environment? (6) Does the proposal provoke still other questions and call for legitimate actions that go outside of the existing framework of laws and institutions?<sup>37</sup>

Marcuse’s questions highlight the distinction between system-maintaining reforms and radical non-reformist reforms that promote transformative ends.

<sup>35</sup> ↪ Seth Dowland, “American Evangelicalism and the Politics of Whiteness,” *American Century*, June 19, 2018.

<sup>36</sup> ↪ Elizabeth Dias and Ruth Graham, “How White Evangelical Christians Fused with Trump Extremism,” *New York Times*, January 11, 2021.

<sup>37</sup> ↪ Peter Marcuse, “[Blog #10—The Changing Character of Occupy and the Right to the City](#),” March 25, 2012.

The job of socialists is to engage with public policy from a class perspective, informed by a Marxist understanding of contemporary capitalism, not to reform it, but to abolish it. There is support for the kind of non-reformist reforms that are needed. The Democratic Party of necessity has moved left. It is the job of the left to push it further in ways that reveal the contradictions of capitalism as a system, most importantly explaining all that must change for a Green New Deal to succeed and make the planet safe for all living things. The change required is beyond capitalism. This suggests, as Noam Chomsky does, that “Marx’s old mole is right beneath the surface. If there’s an opportunity to think about it, to recognise the possibility that you don’t have to be subject to a master, you can run your own life, you can run your own enterprises, that keeps coming very close to the surface.”<sup>38</sup> The old mole of revolution is coming “very close to the surface,” in a world where capitalist crises have become more frequent and the system has lost legitimacy in the eyes of so many, in which the center does not hold, and socialism or barbarism becomes a realistic choice.

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<sup>38</sup> ↩ Noam Chomsky interviewed by David Barsamian, “Marx’s Old Mole is Right Beneath the Surface,” *Alternative Radio*, March 15, 2021.

❖ **About Jus Semper:** The Jus Semper Global Alliance aims to contribute to achieving a sustainable ethos of social justice in the world, where all communities live in truly democratic environments that provide full enjoyment of human rights and sustainable living standards in accordance with human dignity. To accomplish this, it contributes to the liberalisation of the democratic institutions of society that have been captured by the owners of the market. With that purpose, it is devoted to research and analysis to provoke the awareness and critical thinking to generate ideas for a transformative vision to materialise the truly democratic and sustainable paradigm of People and Planet and NOT of the market.

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