The Characteristics & Consequences of a Capitalist Economy
Defining Capitalism

“An economic system in which a country’s trade and industry are controlled by private owners for profit, rather than by the state.”

— Oxford English Dictionary
What’s the Difference Between Income & Wealth?

Think of a running stream that flows through a lake.

- **Income** is the money & assets that flow into the lake.
- **Expenses** are the money & assets that flow out.
- If there’s anything left over, that’s your **Net Wealth**.
Ownership of Household Wealth in the U.S., 2012

Top 1%

39.8%

Bottom 99%

60.2%

The total net worth of the top 1% = $21.9 Trillion

The total net worth of the bottom 90% = $18.4 Trillion

Household Median Net Wealth by Race, 2013

Net Wealth is
ASSETS minus DEBTS
(What You OWN minus What You OWE)

Source: Pew Research Center tabulations of Survey of Consumer Finances public-use data. African Americans and Whites include only non-Latinos. (Dollar figures are in 2013 dollars.)
Median Wealth of Single Women and Men by Race/Ethnicity, 2013

“Institutional racism refers specifically to ways in which institutional policies and practices create different outcomes for different racial groups. The institutional policies may never mention any racial group, but their effect is to create advantages for whites and oppression and disadvantages for people from groups classified as non-white.”

Source: Maggie Potapchuk, Sally Leiderman, Donna Bivens and Barbara Major. Flipping the Script: White Privilege and Community Building
The Power Shift Since the 1970s

On the Rise

- Big Campaign Contributors
- Corporate Lobbyists
- Corporations
- Big Asset Owners
- CEOs
- Wall Street

In Decline

- Popular Political Movements
- Voters
- Labor Unions
- Wage Earners
- Employees
- Main Street
### Rule Changes Since the 1970s

*Policy changes reflect and reinforce the power shift.*

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<th><strong>Minimum Wage:</strong></th>
<th>Not raised to keep up with inflation &amp; increased cost of living.</th>
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<td><strong>Unions:</strong></td>
<td>Anti-union climate weakens the power &amp; voice of workers.</td>
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<td><strong>Trade:</strong></td>
<td>Global treaties benefit corporations, not workers or communities.</td>
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<td><strong>Taxes:</strong></td>
<td>Taxes shifted from big investors and corporations to workers.</td>
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<td><strong>Budget:</strong></td>
<td>Public services cut. Corporate subsidies expand.</td>
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<td><strong>Privatization:</strong></td>
<td>Government outsourcing plus no-bid contracts hurts taxpayers, workers, and public safety.</td>
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<td><strong>Criminalization:</strong></td>
<td>People of color targeted, keeping racial wealth divide in place.</td>
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Percentage of the Workforce in a Union, 1930-2015

Anti-union policies weaken the power & voice of workers.

1930: 19.37%
1940: 29.6%
1950: 34.1%
1960: 32.5%
1970: 26.1%
1980: 20.1%
1990: 17.7%
2000: 11.4%
2010: 11.9%
2015: 11.1%

1937: Wagner Act
1947: Taft-Hartley Act
1950: Manufacturing Declines in U.S.
1968: Reagan Breaks PATCO
1981: "Right-to-work" rules Expand to 25 states
2015: 11.1% Unionized

Source: Bureau of Labor Statistics
“Free” Trade Treaties Help Corporations, Not Workers or Communities

The aim of treaties such as NAFTA is to reduce “barriers” to trade. The worldwide result:

- Jobs shifted to low-wage countries
- Lower wages and living standards
- Weakened worker rights
- Environmental damage
- Weakened economies in developing nations
- Cuts in social safety nets
- Rise in poverty

New trade & investment agreements, such as the Trans-Pacific Partnership (TPP) . . .

- permit foreign corporations operating in the U.S. to ignore U.S. laws that protect the environment and workers’ rights;
- threaten laws that protect community lending, health and safety, pay equity, pro-human rights government purchasing rules, public control of water & education, etc.
Federal Tax Rates for the Top 1% and the Median Family 1947-2014

Big tax breaks for the wealthy - No tax relief for working families

Note: In 2013, the Bush tax cuts were made permanent for all taxpayers except individuals earning $400,000 or more and families earning $450,000 or more.
Percent of Federal Tax Collections from Individuals & Corporations

Taxes have shifted from corporations to individuals.


The federal minimum wage does not keep pace with the rising cost of living.

Sources: Living wage is calculated by dividing that year’s poverty threshold for a family of four by 2080 hours (52 weeks x 40 hours). Poverty thresholds for 1968 and 1979 from U.S. Census Bureau, Historical Poverty Tables, Table 1. Poverty thresholds for 2015 from the U.S. Census Bureau, Poverty thresholds by Size of Family and Number of Children.
Privatizing Public Services Helps Investors, Hurts Consumers and Workers
U.S. State and Federal Prison Population, 1925-2014

Incarceration has increased substantially...

U.S. Incarceration Rates by Race, 2010

People of Color are 26% of the U.S. population yet are roughly 60% of those in prison!

Number of people incarcerated per 100,000

Sources: Prison Policy Initiative calculated from the Bureau of Justice Statistics.
Deportations from the U.S., 1900-2013

Thousands

Source: Department of Homeland Security
Boosts on the Escalator to the Middle Class

- G.I. Bill: Free College
- FHA Loans
- Social Security
- Homesteading Laws
- Home Mortgage Interest Deduction
Blocks on the Escalator to the Middle Class

Predatory Lending
Redlining
Immigration Quotas
G.I. Bill: Free College
Racist Images
FHA Loans
Bracero Program
Social Security
Jim Crow Laws
Homesteading Laws
Slavery
Loss of Land
Our Theory of Change: Social Movements
Principles of a Fair Economy

★ Equity in all dimensions (race, class, ethnicity, gender, etc.)

★ Solidarity and Cooperation

★ Political & Economic Democracy

★ Sustainability

★ Pluralism and Diversity

★ Accountability

★ Respect & Dignity for People and Planet