

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.”

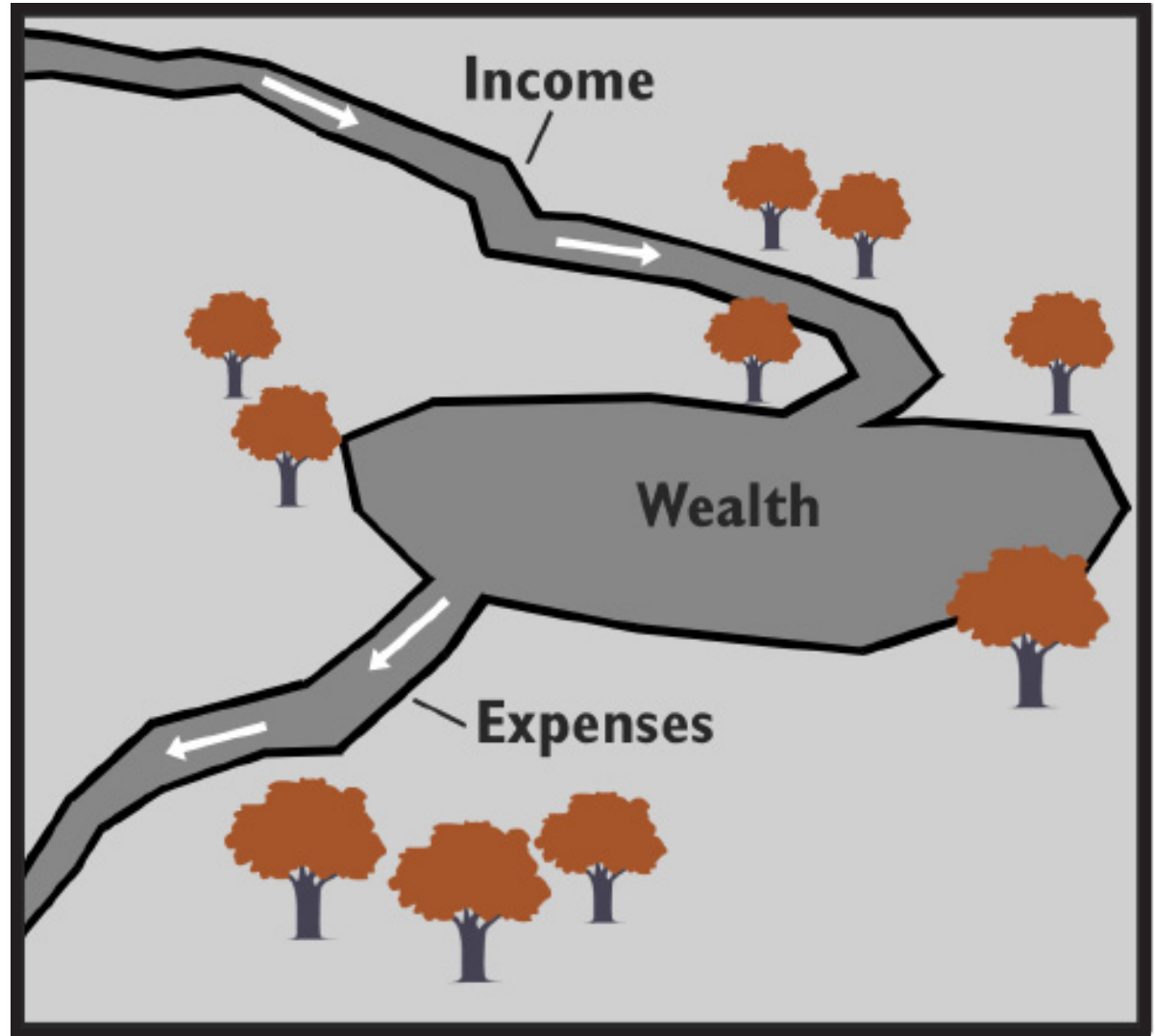
— Oxford English Dictionary



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%

60.2%

**Bottom
99%**

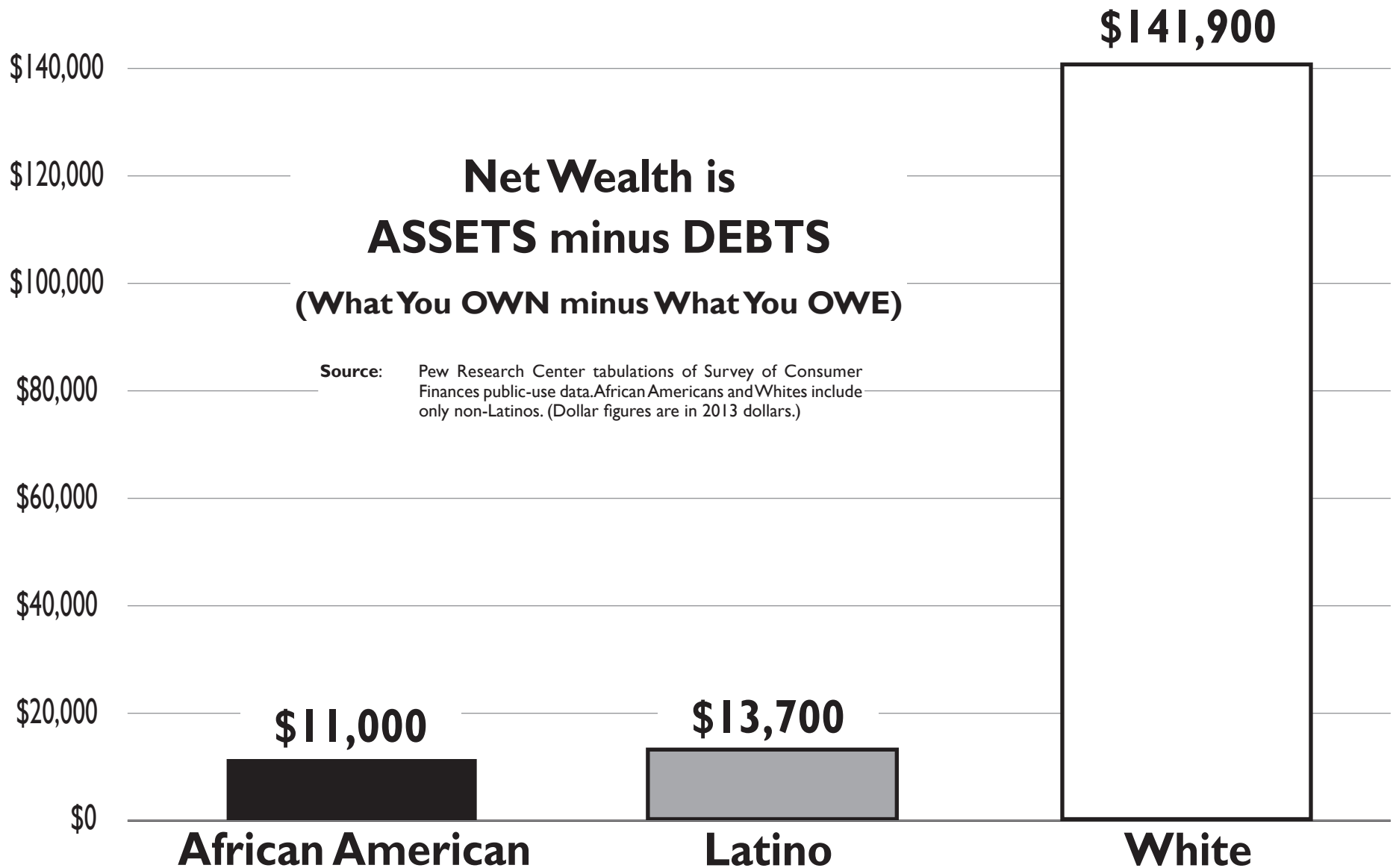


The total net worth of the
top 1% = \$21.9 Trillion

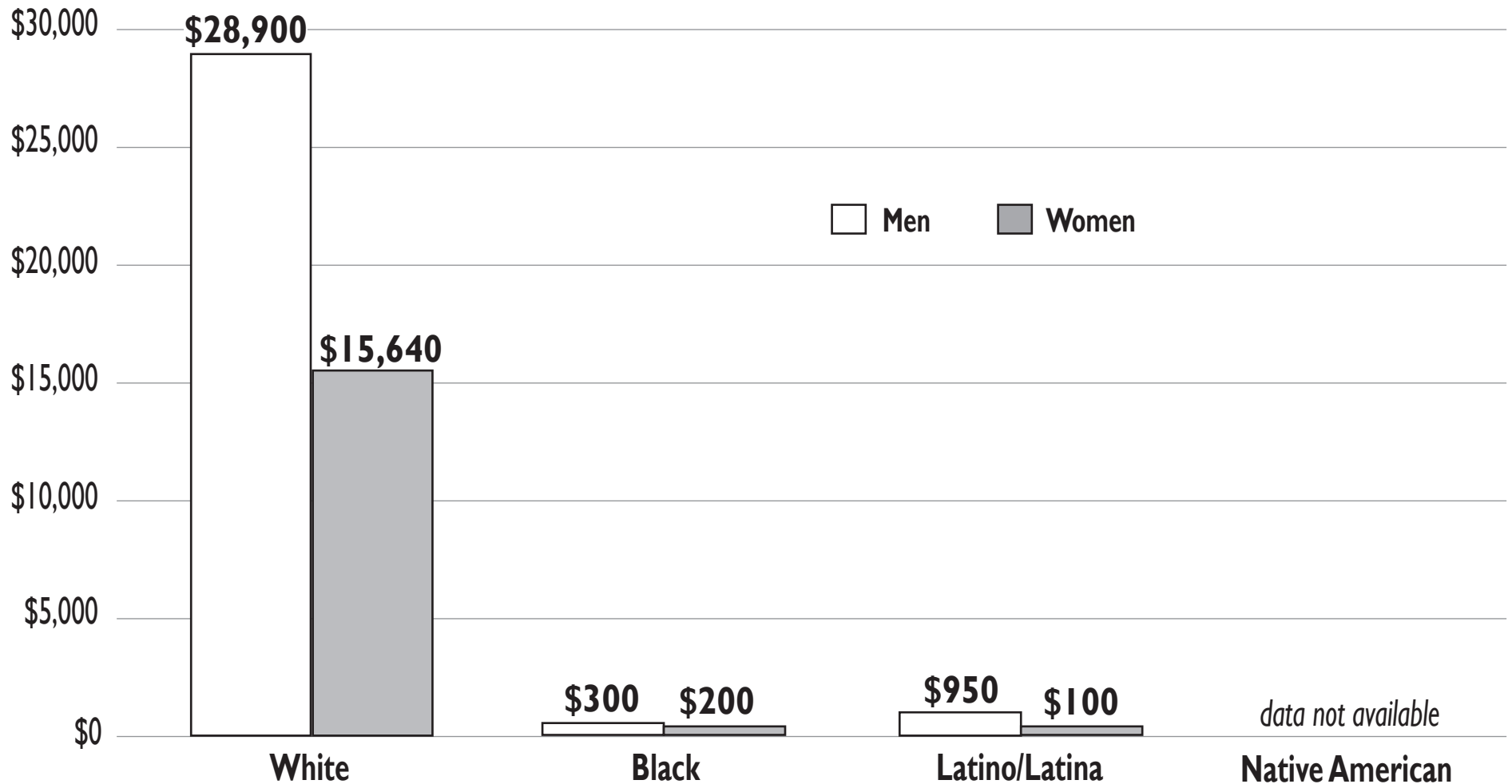
The total net worth of the
bottom 90% = \$18.4 Trillion

Source: Wealth distribution: Emmanuel Saez and Gabriel Zucman, March 2014. Total net worth: Edward N. Wolff, New York University, 2012.

Household Median Net Wealth by Race, 2013



Median Wealth of Single Women and Men by Race/Ethnicity, 2013



Sources: Mariko Lin Chang (2015), "Women and Wealth: Insights for Grantmakers." For single men and women ages 18-64.

Institutional Racism

“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

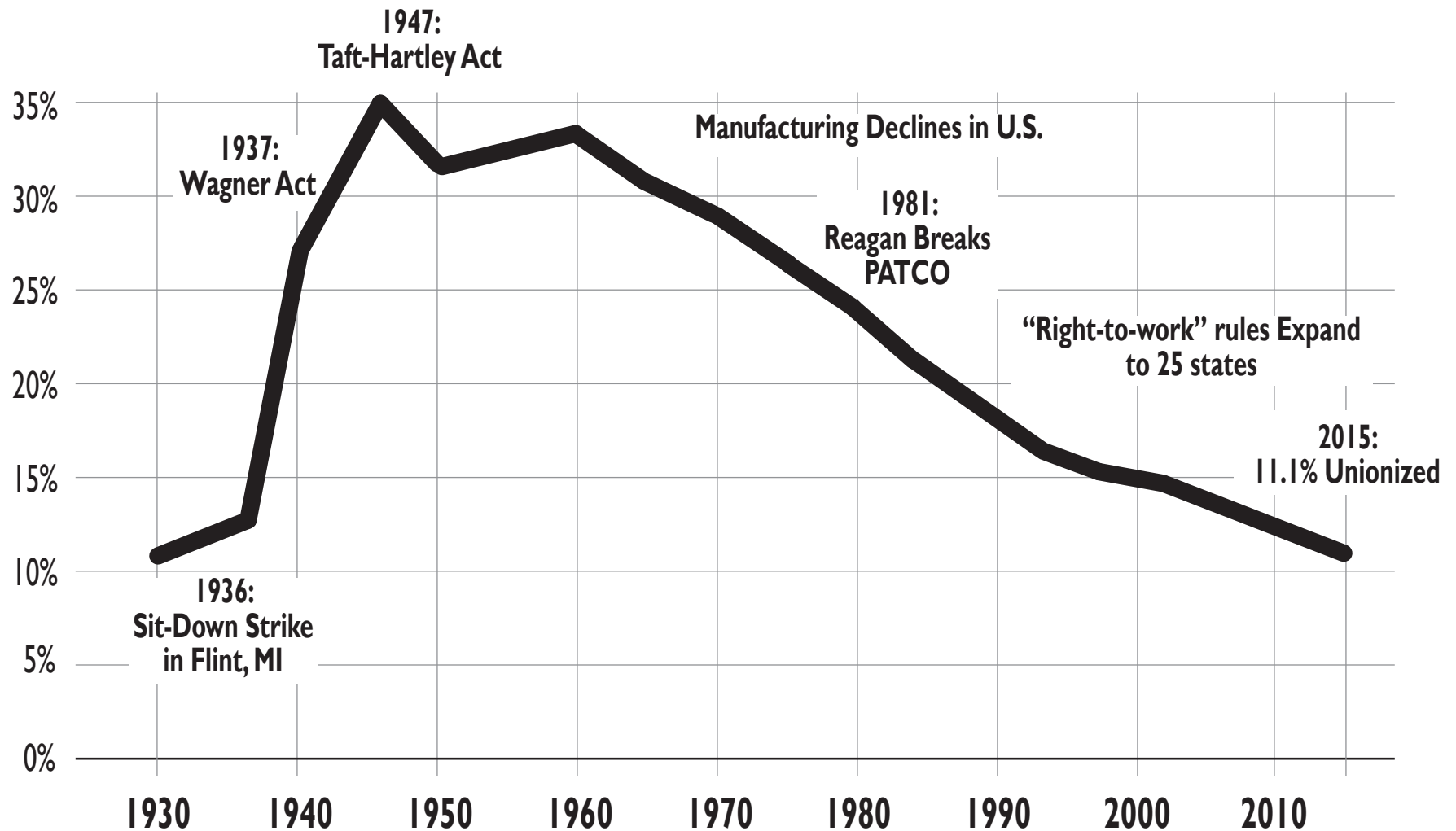
Rule Changes Since the 1970s

Policy changes reflect and reinforce the power shift.

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

Percentage of the Workforce in a Union, 1930-2015

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



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

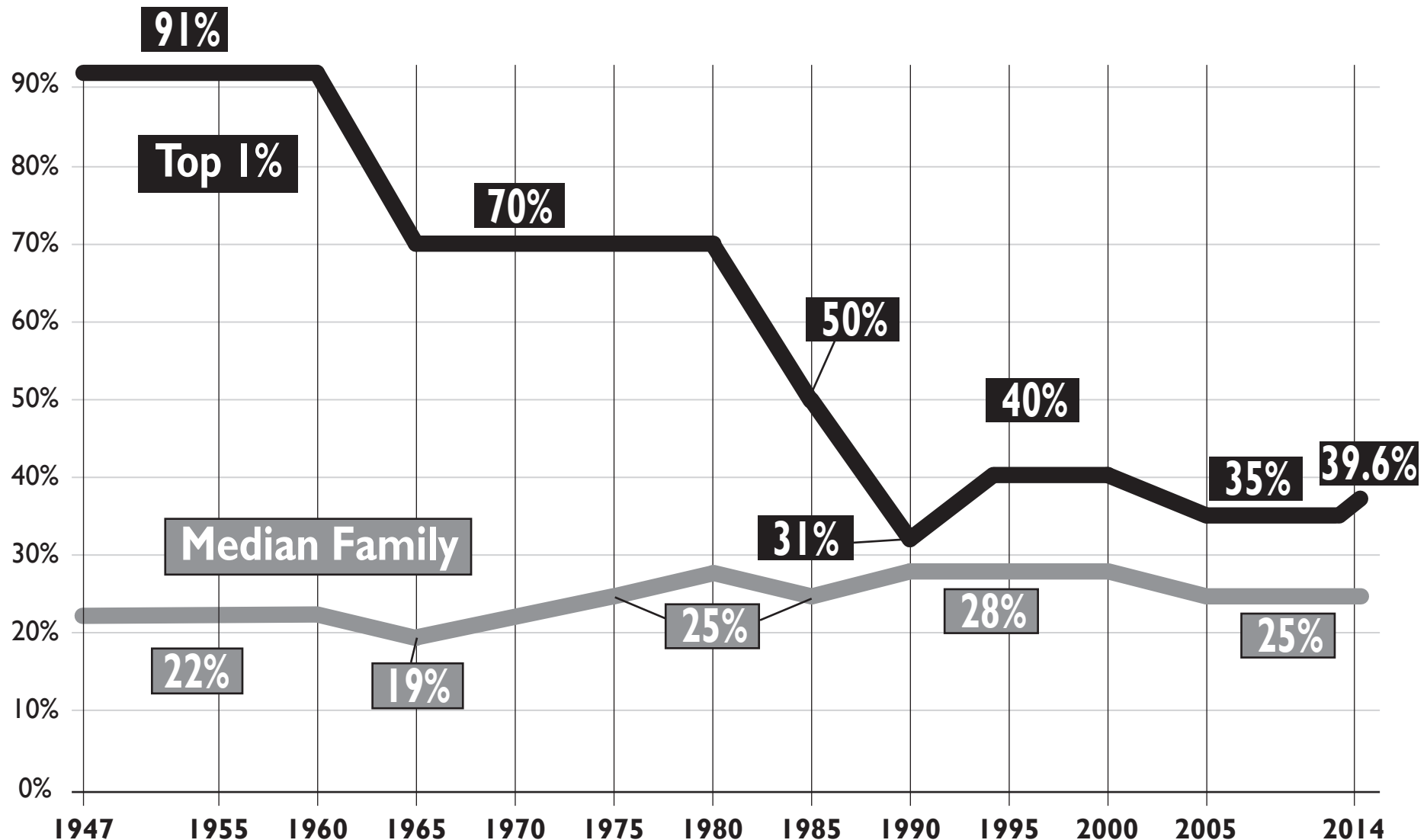
New trade & investment agreements, such as the
Trans-Pacific Partnership (TPP) ...

- 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



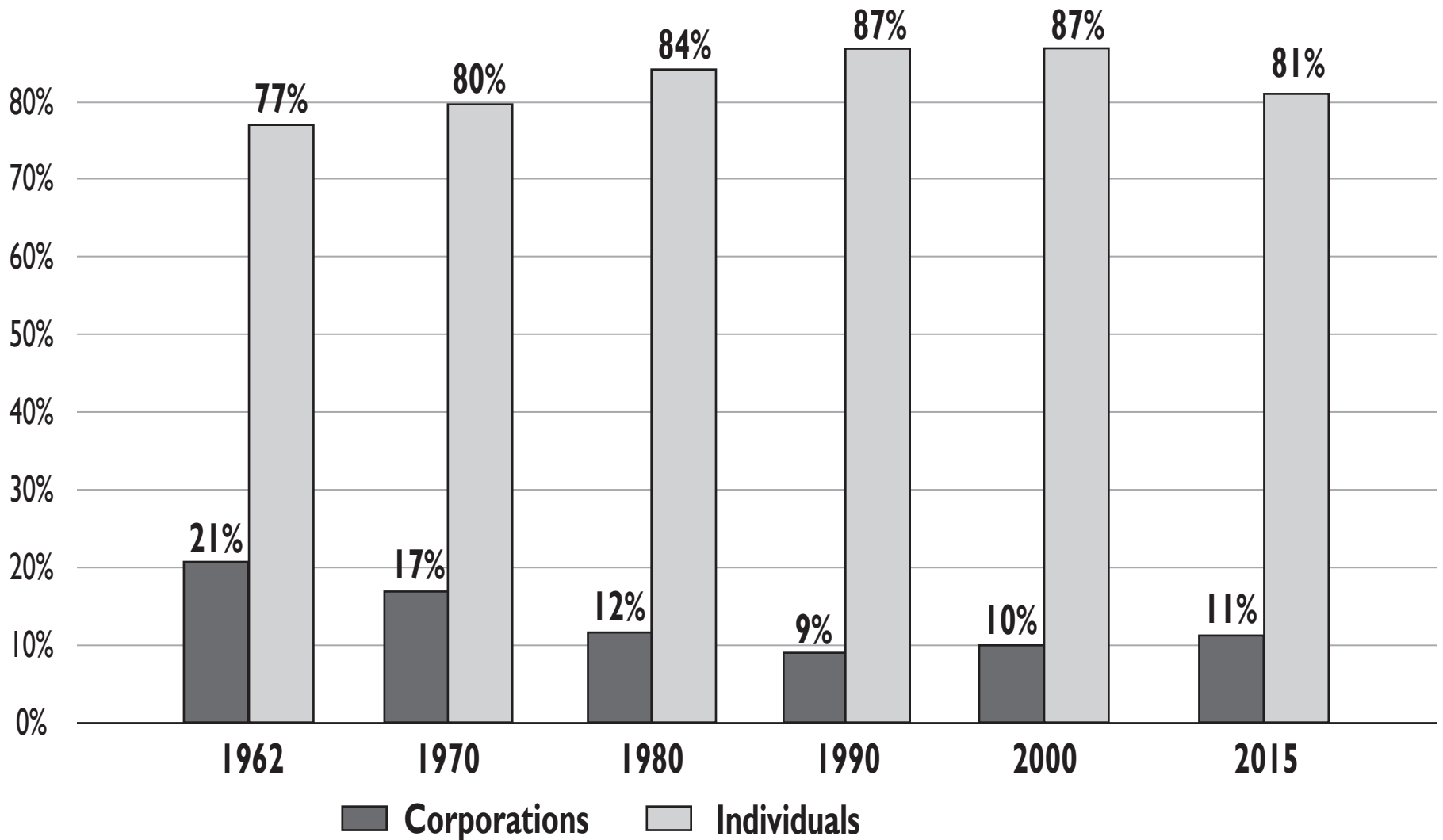
Source: Tax Foundation <<http://www.taxfoundation.org/files/federalindividualratehistory-200901021.pdf>>.

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

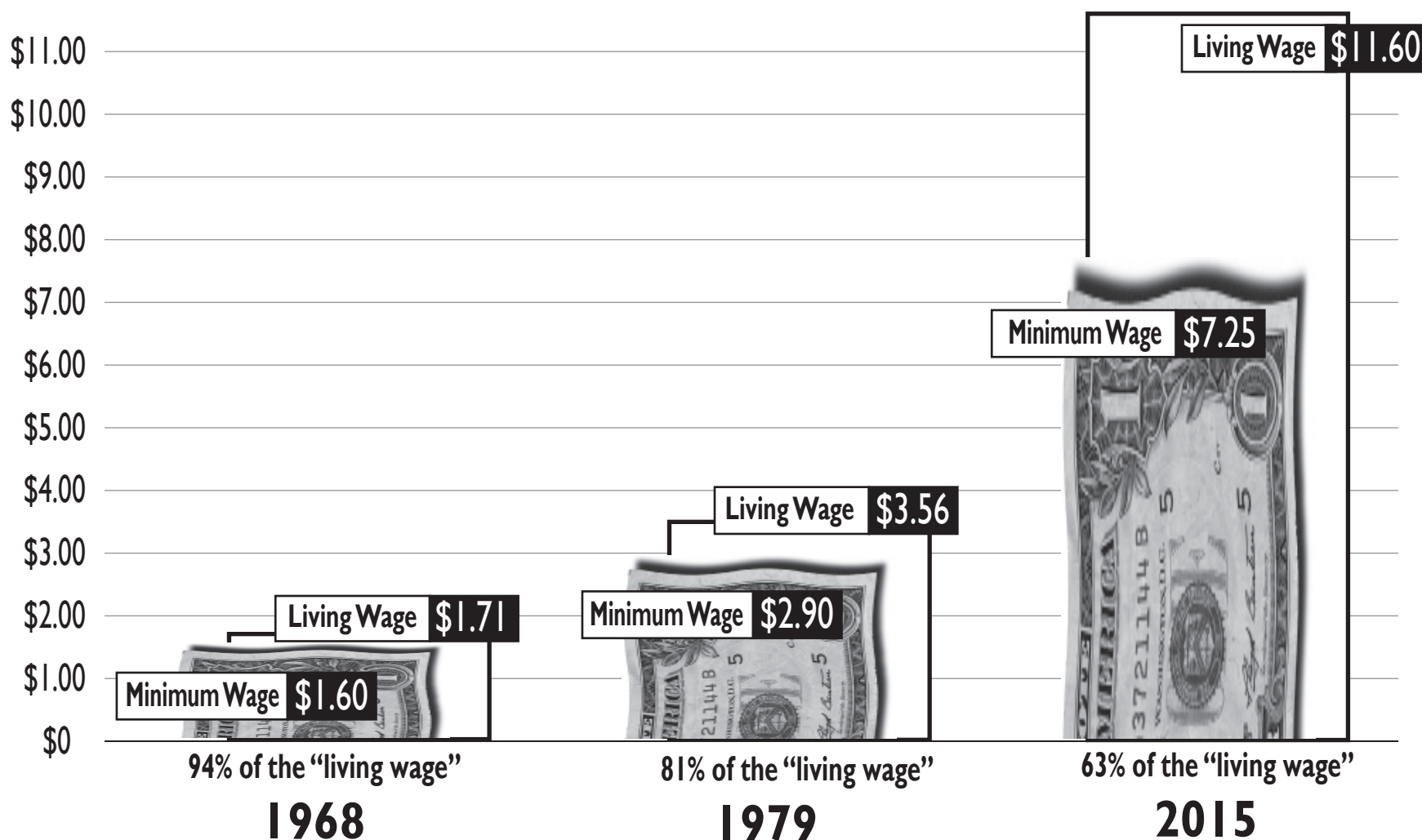
Taxes have shifted from corporations to individuals.



Source: Congressional Budget Office, "Revenues by Major Source, 1962 to 2004." For 2013: Center for Budget & Policy Priorities <<http://www.cbpp.org/cms/?fa=view&id=3822>>.

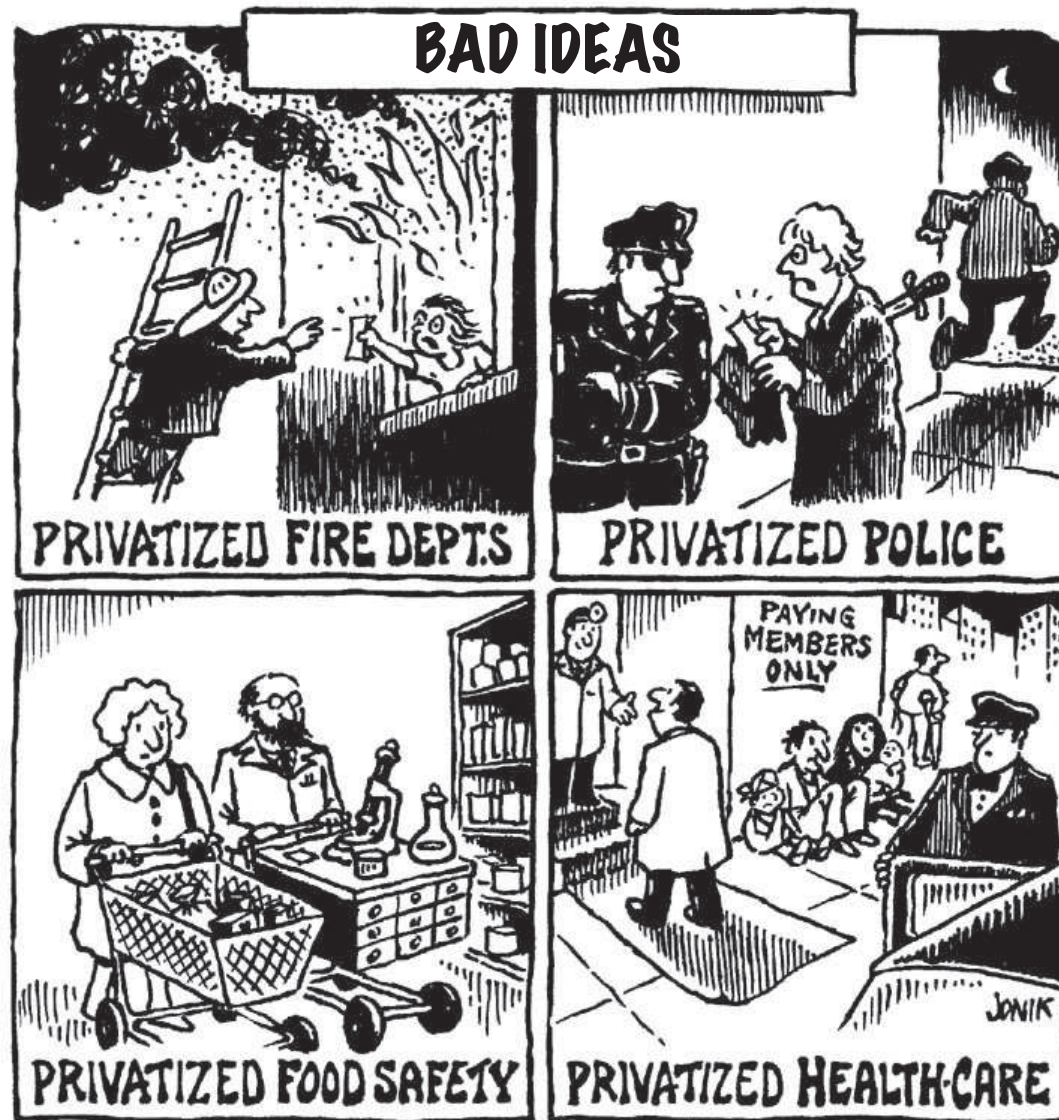
The Minimum Wage and the “Living Wage,” 1968-2015

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



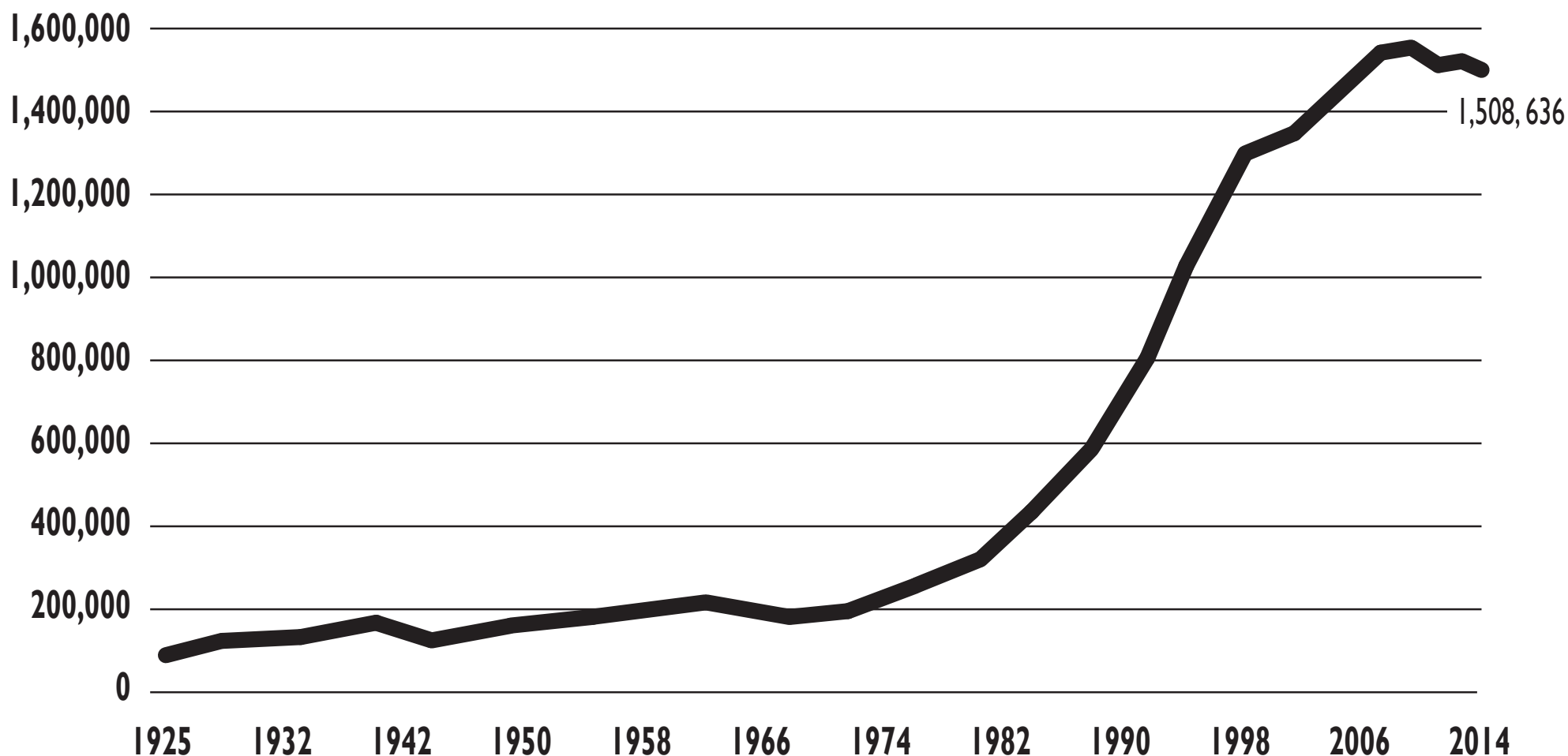
Sources: Living wage is calculated by dividing that year's poverty threshold for a family of four by 2080 hours (52 weeks x 40 hours). Poverty thresholds for 1968 and 1979 from U.S. Census Bureau, Historical Poverty Tables, Table 1. Poverty thresholds for 2015 from the U.S. Census Bureau, Poverty thresholds by Size of Family and Number of Children.

Privatizing Public Services Helps Investors, Hurts Consumers and Workers



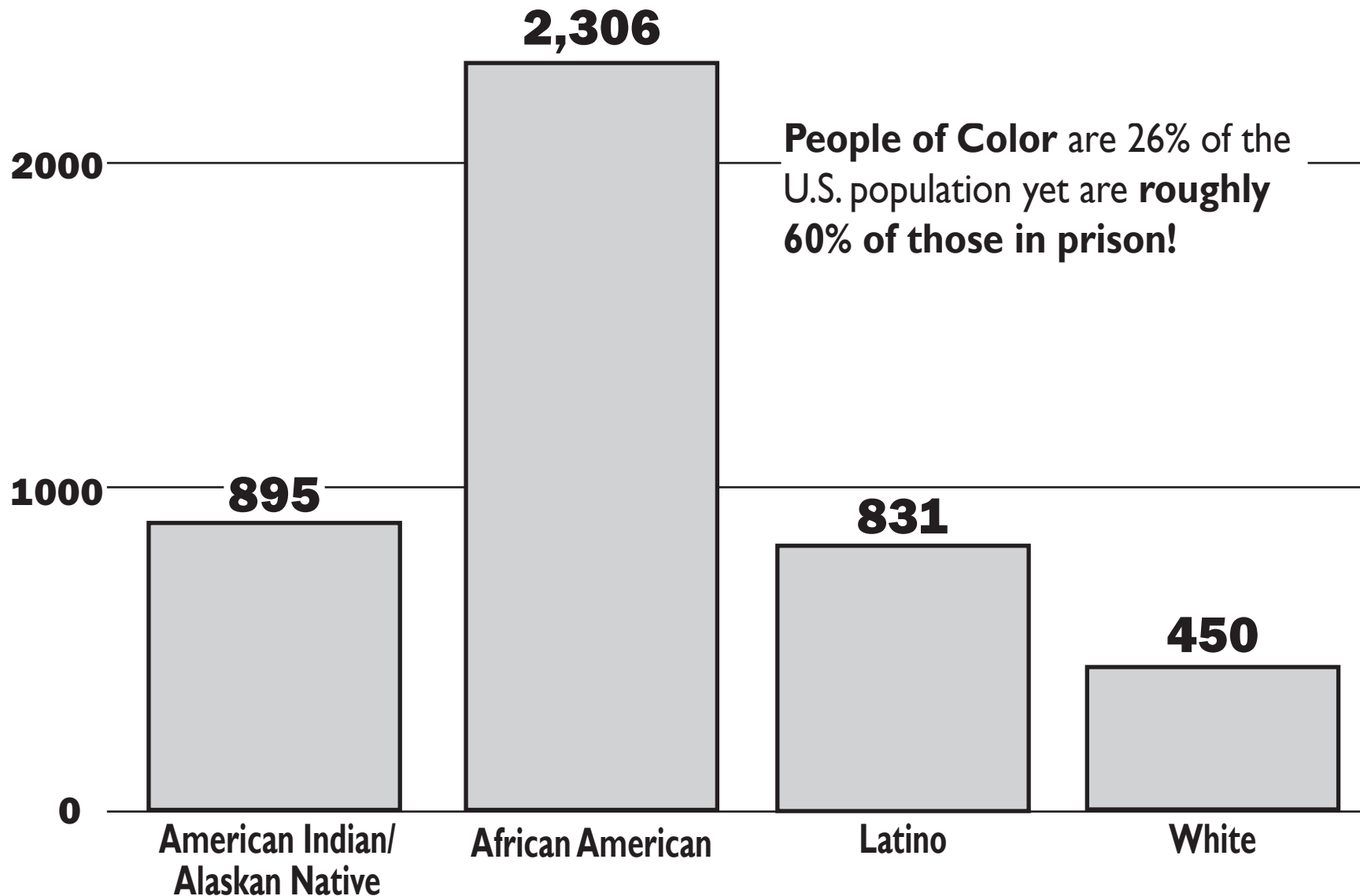
U.S. State and Federal Prison Population, 1925-2014

Incarceration has increased substantially...



Source: The Sentencing Project. Fact Sheet: Trends in U.S. Corrections < <http://sentencingproject.org/wp-content/uploads/2016/01/Trends-in-US-Corrections.pdf>>

U.S. Incarceration Rates by Race, 2010



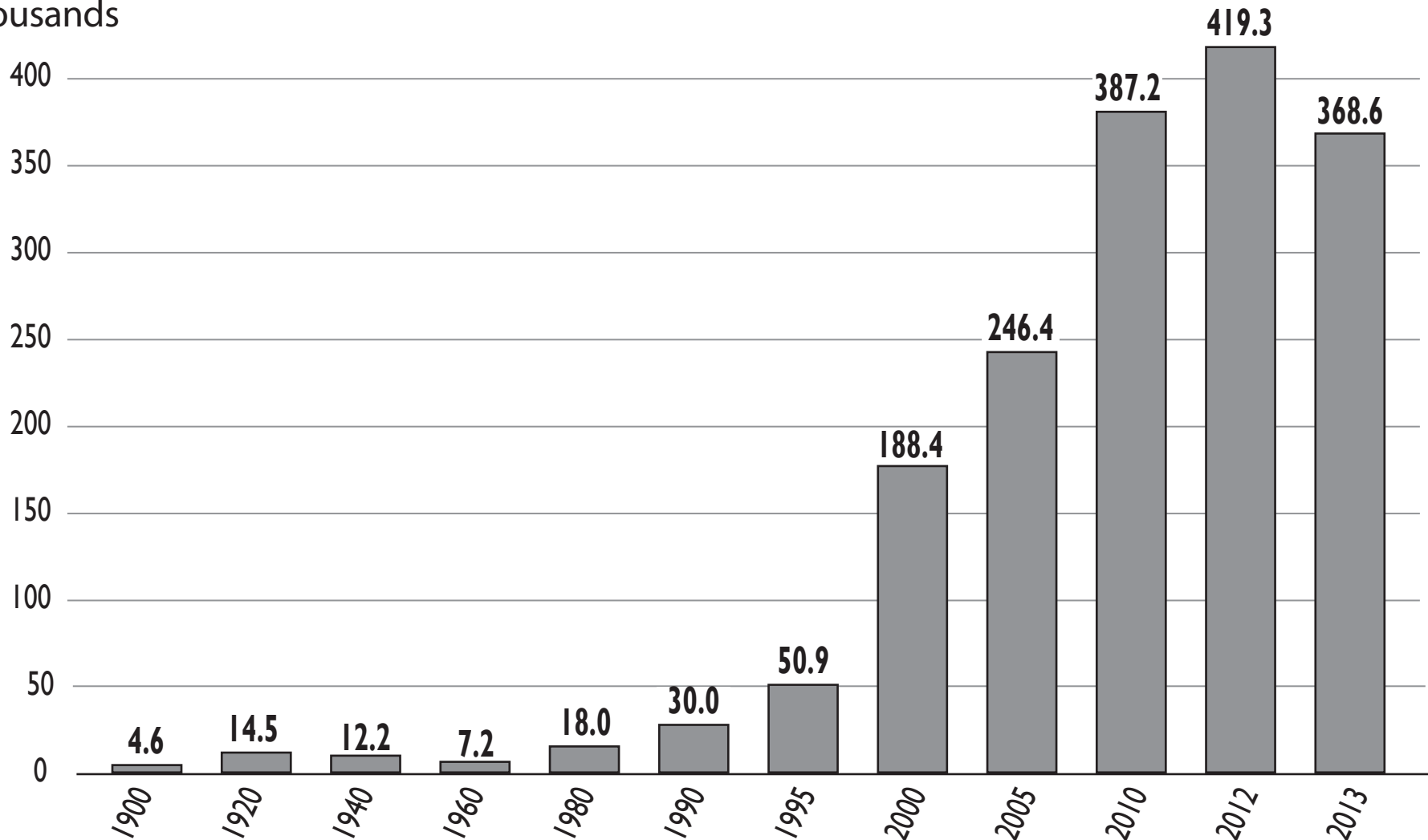
Number of people incarcerated per 100,000

Sources: Prison Policy Initiative calculated from the Bureau of Justice Statistics.



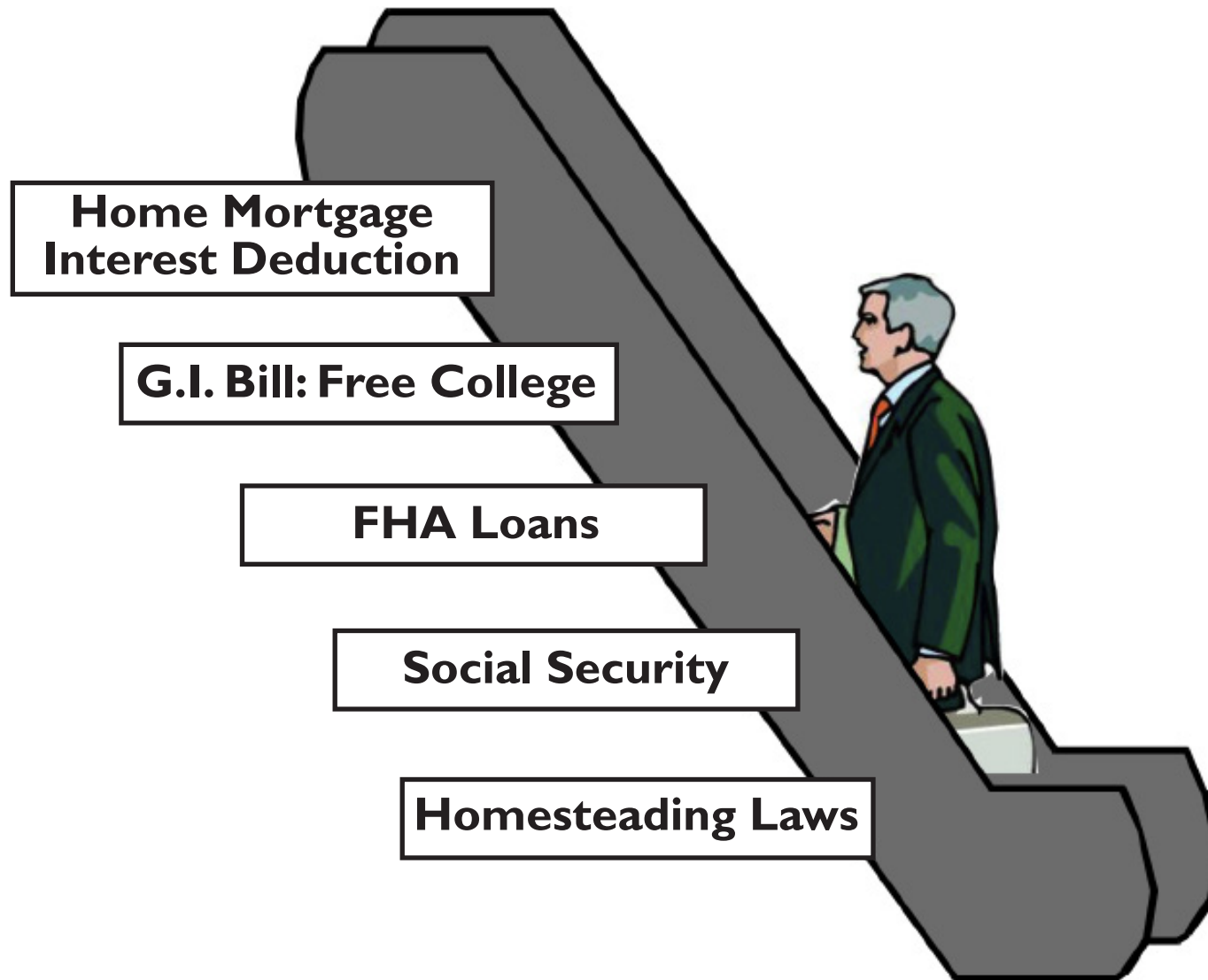
Deportations from the U.S., 1900-2013

Thousands

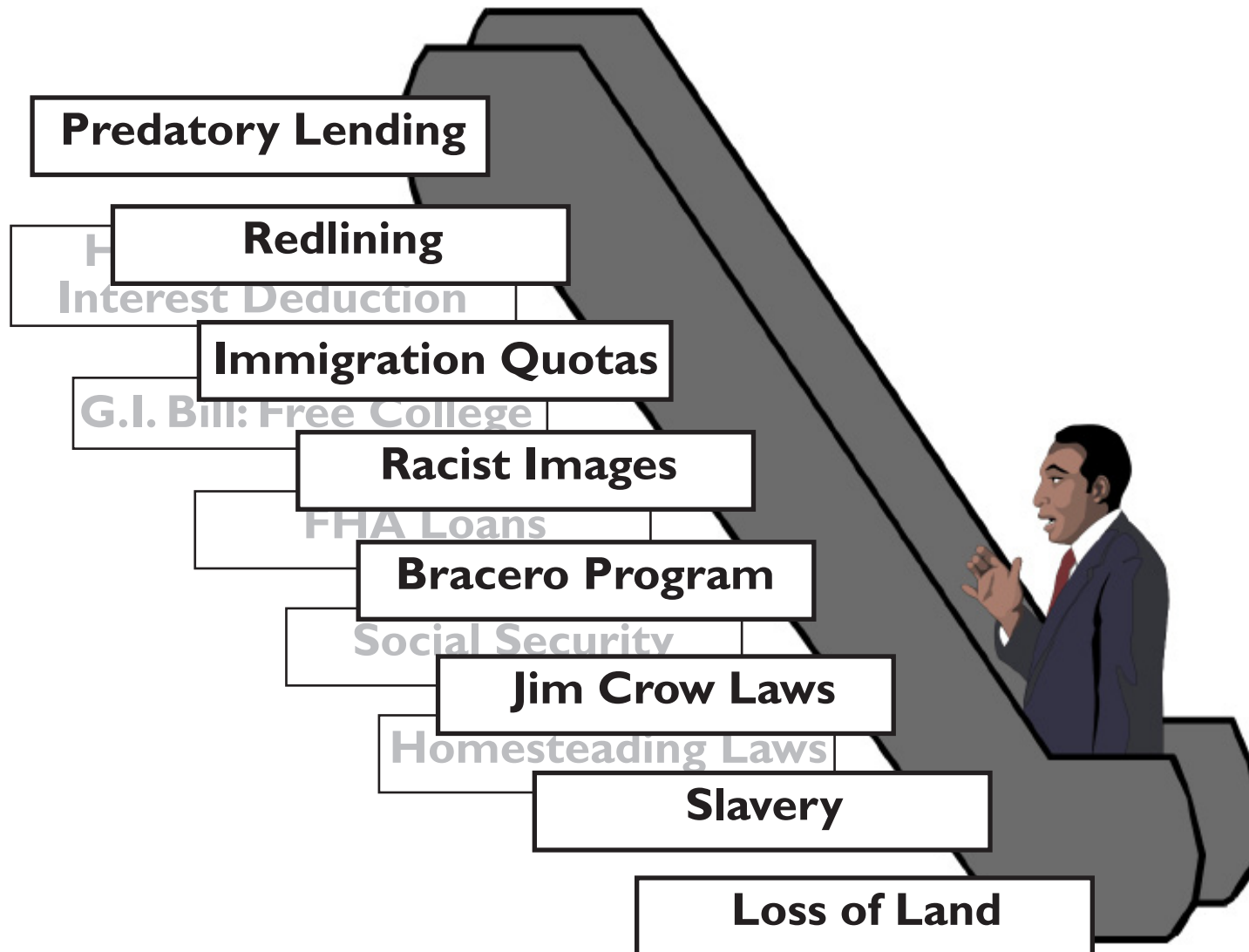


Source: Department of Homeland Security

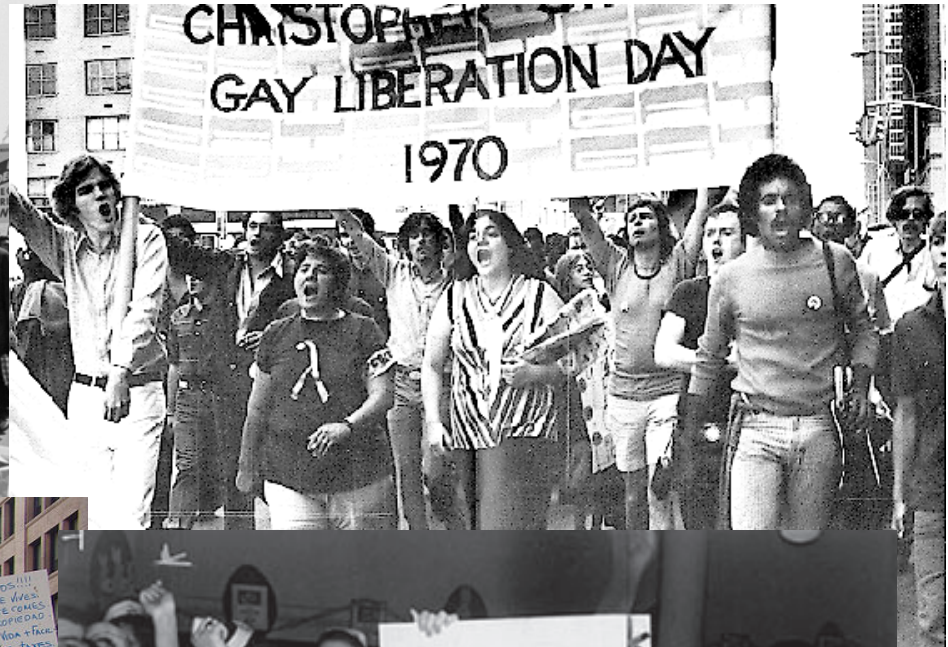
Boosts on the Escalator to the Middle Class



Blocks on the Escalator to the Middle Class



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

