

# Nygaard Notes

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## The Social Health of the Nation

“How are we doing?” As a society, that is. That seems like a good question to ask, but it rarely seems to be asked—let alone answered—in the daily news stream. So let’s have a look at how we are doing: What is the current state of our Social Health?

Start with something that the UN Development Programme reported on May 20: “Global human development—which can be measured as a combination of the world’s education, health and living standards—could decline this year for the first time since the concept was introduced in 1990... . The world has seen many crises over the past 30 years, including the Global Financial Crisis of 2007-09. Each has hit human development hard but, overall, development gains accrued globally year-on-year,” said UNDP Administrator Achim Steiner. “COVID-19—with its triple hit to health, education, and income—may change this trend.”

In other words, the ongoing, year-to-year improvement in living standards that has long been taken for granted in the world’s wealthy countries is now being called into question. The Social Health of the world is declining.

Speaking specifically about the U.S. we see a similar trend. A January CNN story was headlined “Many

Millennials Are Worse off than Their Parents—A First in American History,” and it confirmed that “Millennials (those currently aged 24 to 40) are on track to be the first generation not to exceed their parents in terms of job status or income, studies show.”

It’s not just status and income. Millennials also have less wealth than previous generations, for a variety of reasons. Business Insider reports that “millennials have now racked up over US\$1 trillion of debt,” which is “more than any other generation in history.” In addition, fewer Millennials own their homes, and their rent burdens are higher.

The financial website MarketWatch.com reported in 2016 that, “For the first time in 130 years, young adults are more likely to live with their parents than with their partners...”

A 2019 poll asked “Do you feel confident or not confident that life for our children's generation will be better than it has been for us?” Two-thirds (67%) said “Not confident.” That number has been over 50 percent for the past 20 years.

The social health of the United States is failing, and most of us KNOW it’s failing. That’s a recipe for instability. ♦

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## Inequality and Resource Allocation

The think tank *Inequality.org* tells us that “People in the United States and around the world, researchers have found, significantly underestimate the extent of our contemporary inequality.” Just in case any Nygaard Notes readers are among the underestimators, let’s take a look at inequality in the U.S. and around the world in the year 2020.

“6 Facts about Economic Inequality in the U.S.” Here’s a summary of those facts.

### Fact 1

Over the past 50 years, the highest-earning 20% of U.S. households have steadily brought in a larger share of the country’s total income. In 2018, households in the top

Greetings,

In this issue of Nygaard Notes—The Big Crisis, Part 2—I highlight three components of The Big Crisis: the Crisis of Social Health, the Crisis of Inequality, and the Crisis of Capitalism. In the next Notes I take on the Crisis of Empire, the Crisis of Climate, and the Crisis of Democracy.

Let's get to it.

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### **Inequality** *from page 1*

fifth of earners (with incomes of \$130,001 or more that year) brought in 52% of all U.S. income, more than the lower four-fifths combined, according to Census Bureau data.

#### Fact 2

Income inequality in the U.S. is the highest of all the G7 nations [G7 = the world's wealthiest industrial economies: Canada, France, Germany, Italy, Japan, the United Kingdom and the United States], according to data from the Organization for Economic Cooperation and Development. To compare income inequality across countries, the OECD uses the Gini coefficient, a commonly used measure ranging from 0, or perfect equality, to 1, or complete inequality. In 2017, the U.S. had a Gini coefficient of 0.434. In the other G7 nations, the Gini ranged from 0.326 in France to 0.392 in the UK.

#### Fact 3

In the U.S., the black-white income gap has persisted over time, and in fact has held steady since 1970. The difference in median household incomes between white and black Americans has grown from about \$23,800 in 1970 to roughly \$33,000 in 2018 (as measured in 2018 dollars). Median black household income was 61% of median white household income in 2018, up modestly from 56% in 1970 – but down slightly from 63% in 2007, before the Great Recession, according to Current Population Survey data.

#### Fact 4

Overall, 61% of Americans say there is too much economic inequality in the country today, but views differ by political party and household income level. Among Republicans and those who lean toward the GOP, 41% say there is too much inequality in the U.S., compared with 78% of Democrats and Democratic leaners, a Pew Research Center survey conducted in September 2019 found.

#### Fact 5

The wealth gap between America's richest and poorer families more than doubled from 1989 to 2016, according to a recent analysis by the Center.

#### Fact 6

Middle-class incomes have grown at a slower rate than upper-tier incomes over the past five decades, the same analysis found. From 1970 to 2018, the median middle-class income increased from \$58,100 to \$86,600, a gain of 49%. By comparison, the median income for upper-tier households grew 64% over that time, from \$126,100 to \$207,400.

### **Around the World**

Inequality is a global phenomenon that affects us all. In January the United Nations Department of Economic and Social Affairs released the *World Social Report 2020: Inequality in a Rapidly Changing World*. Here are some comments made by the UN upon the release of the Report:

“More than two thirds of the world's population today live in countries where inequality has grown, and inequality is rising again even in some of the countries that have seen inequality decline in recent decades, such as Brazil, Argentina and Mexico.

“Highly unequal societies are less effective at reducing poverty, grow more slowly, make it more difficult for people to break out of the cycle of poverty, and close the door to economic and social advancement.

“UN Secretary-General António Guterres, writing in the foreword, said, ‘*The World Social Report 2020: Inequality in a Rapidly Changing World* comes as we confront the harsh realities of a deeply unequal global landscape. In North and South alike, mass protests have flared up, fueled by a combination of economic woes, growing inequalities and job insecurity. Income disparities and a lack of opportunities are creating a vicious cycle of inequality, frustration and discontent across generations.’”



→→ “The Report found that inequalities concentrate political influence among those who are already better off, which tends to preserve or even widen opportunity gaps. ‘Growing political influence among the more fortunate erodes trust in the ability of Governments to address the needs of the majority.’

“The growing inequalities are benefitting the wealthiest. Top income tax rates have declined in both developed and developing countries, making tax systems less progressive. In developed countries, the top income tax rates fell from 66 percent in 1981 to 43 percent in 2018.”

If you look beyond the headlines—any headlines, at any point in time including the present—usually you’ll find that what we are fighting about is: Who Gets What? And that means not only who gets what “stuff,” but who gets to decide who gets what.

Inequality in the United States is a two-tier problem. One tier is the obvious one: Our nation’s fabulous wealth is distributed in a way that produces a few billionaires and millions of people who don’t have enough to live. The second tier is less obvious: The people with money make the rules. That is, in the dry words of the UN report above, “inequalities are

benefitting the wealthiest.” Thus is created a vicious cycle in which wealth begets power and power is used to protect wealth.

And thus does rising inequality demand that we choose between two paths. One path is the one laid out by our current globalized system of financialized capitalism, in which money makes money (that’s the financialized part) and the power to make the rules rests in fewer and fewer hands.

The other path leads to a society that places life at the center rather than profit. This path leads to a post-capitalist world. The possibility of changing directions is what is bringing people into the streets; this is what is meant by “systemic change” in the largest sense. The post-WWII generation that has been in charge for generations doesn’t think it is possible to build such a world, but the new and diverse generation coming up speaks with the voice of the poor and the previously voiceless.

Inequality—increasingly grotesque and growing—is the outcome of an economic system that is designed to reward some by exploiting others. The name of that system is Capitalism. To which we now turn. ♦

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## Capitalism, and Faith in Capitalism, Declining

Scholars have been talking about the decline of capitalism for years. The late, great world systems theorist Immanuel Wallerstein said in 2014, “The modern world-system, which is a capitalist system, is in structural crisis. Capitalists themselves no longer want the system. This crisis began in the 1970s and will continue for another 20-40 years, when we shall enter a new historical system.”

John Bellamy Foster, writing last year in *Monthly Review*, says much the same thing in different words:

“Less than two decades into the twenty-first century, it is evident that capitalism has failed as a social system. The world is mired in economic stagnation, financialization, and the most extreme inequality in human history, accompanied by mass unemployment and underemployment, precariousness, poverty, hunger, wasted output and lives, and what at this point can only be called a planetary ecological ‘death spiral.’ ... The

institutions of liberal democracy are at the point of collapse, while fascism, the rear guard of the capitalist system, is again on the march, along with patriarchy, racism, imperialism, and war.”

### Doubting Capitalism

It’s one thing for a bunch of lefty intellectuals to talk about the decline of capitalism. But faith in capitalism is declining—and support for socialism is growing—among the general public, most especially among younger people.

The headline of an October story on the news website *Axios* read, “70% of Millennials Say They'd Vote for a Socialist.” Millennials are those currently aged 24-39.

The business website *MarketWatch* reported last month, “In recent years, socialism has won the sympathies of

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**Capitalism** *from page 3*

Millennials, and now that generation has been riveted by two great traumas—the financial crisis and coronavirus recessions—that profoundly impair their careers, ability to purchase homes, and raise children. Living with our system’s broken promises—stints at college that bequeathed burdensome debt, too few decent career opportunities and an Affordable Care Act that encouraged private monopolization of key health care markets—depression-like conditions will make them even more receptive to the ideological heirs of Sen. Bernie Sanders.”

Back in November the Gallup Poll people told us that “since 2010, young adults' overall opinion of capitalism has deteriorated to the point that capitalism and socialism are tied in popularity among this age group. This pattern was first observed in 2018 and remains the case today.”

The change in consciousness is international. A Reuters headline in January read “Capitalism Seen Doing 'More Harm than Good' in Global Survey.” The article reported that “The study’s authors said that earlier

surveys showing a rising sense of inequality prompted them to ask [over 34,000 people in 28 countries] whether citizens were now starting to have more fundamental doubts about the capitalist-based democracies of the West. ‘The answer is yes,’ said David Bersoff, lead researcher on the study produced by U.S. communications company Edelman. ‘People are questioning at that level whether what we have today, and the world we live in today, is optimized for their having a good future.’”

Dialectics tells us that things change both quantitatively and qualitatively. That is, things can become more or less of what they already are, OR they can be transformed into something else entirely.

As capitalism becomes more of what it is, conditions become ripe for transformation. How soon? How fast? We don’t know, but we do know that the actions we take now will shape the future. So let’s get to work. ♦

*In the next Nygaard Notes we'll have a look at three more crises: the Crisis of Empire, the Crisis of Climate, and the Crisis of Democracy. Stay tuned.*

## “Quote” of the Week: “A Proposed New Departure”

It is painful to observe the chaotic actions of the Trump administration as they try to resist the currents of change that threaten to sweep them away. In a sense, this multi-part series that I am calling The Big Crisis is aimed at making the case that — painful as it is to watch — the frantic nature of the administration's actions should give us solace. And that's because most of the policies and initiatives put forth by the Trump administration can be seen as "rearguard actions." That's why this week's "Quote" of the Week is the Merriam-Webster definition of "rearguard action." They say that a "rearguard action" is:

*“An effort put forth by means of preventive or delaying measures or tactics and usually against great odds in defense of a threatened existing order or situation or in opposition to a proposed new departure.”*

This is not to deny the great pain and suffering that we can expect in the short and medium-term. But, in the longer term, the reactionary program is a losing one.

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