

CHAPTER 3

Capitalism: The Most Important of The Big Four



THE SOCIAL POWER OF CAPITAL

It is important to understand at the outset that capitalism is a *social system*. It is not only — or even mostly — an *economic* system, any more than slavery was. In fact, capitalist societies could not have come into being as either cause or consequence of *only* economic activities. Rather, they have been required to use and transform our cultural, political, social, military, and of course, economic existence.

To be sure, first and foremost, capitalists as a class are always chasing the money. But in order for that chase to begin and then continue to succeed, capitalists must rule over *much more* than what happens in the factories, fields, and mines. And they do. From their beginnings and increasingly as we approach the present, they have sought and found ways to rule over always more of the *entire social process*, in order to satisfy their always changing and increasing needs.

It would seem logical — one might intuit — that those who control production and jobs would, in the same process, also control a good deal more than what we do at work, including much of *what* we think about (and do not think about) and *how* we think and feel about things. Karl Marx made the connection in 1845, long before the age of mass communications:

The class which is the ruling *material* force of society is at the same time its ruling *intellectual* force. The class which has the means of material production at its disposal has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it. (*The German Ideology*)

Now, in this era of radio, TV, and film, that argument has even more strength — especially now, when a few giant companies own and control the newspapers, radio, TV, and film. Altogether, they shape our feelings, our thoughts, and our behavior both as consumers and voters. (See Ensenzberger, *The Consciousness Industry*.) Their powers are all the more striking when we recognize the role of

big money in elections, at all levels—local, state, and federal. (Herman and McChesney)

Except for mass media, the growing economic and noneconomic powers of *capital* were an essential part of how Britain became the first industrial, and thus the most powerful, capitalist nation. Its trading superiority, Britain's sea-going ability to draw valuable resources from its many colonies and, not least, its leadership in the buying and selling of slaves were always vitally dependent upon the political and legal support of the British Crown—backed by the world's strongest navy. "The sun never set on the British flag" was more than a slogan.

CAPITAL—WHAT IS IT?

The primitive accumulation of colonialism had provided the basis for capitalism; but vital although all of that was, it was not enough. The other factors needed for the solidification of capitalism were technological advance and a powerless working class.

Britain was the first to achieve both. It was able to take power from the working class through the same process at home that had been done in the colonies; that is, by effectively stealing the lands of hundreds of thousands of British farm families. Those families—men, women, and children—were thereby transformed into *human capital*. To survive they became *wage-slaves*. (See the Hammonds; Mantoux; Thompson.)

How do self-sufficient human beings get turned into groveling instruments of production? In answering that question, it is necessary first to explain what is meant by the *capital* of capitalism.

Already in the seventeenth century Britain (and the Dutch) had given birth to what was to become an established capitalist class. From then and through the eighteenth century, that class consisted of merchants and financiers—not industrialists—who owned and came to control their society's cultivable land and its financial capital.

Capital has different forms:

1. *The means of production* — All of the *nonhuman* elements of production (such land, mines, tools, raw materials, machinery, and buildings)
2. *Human capital* — A working class controlled and contained by its inability to survive without working for the owners of the means of production

3. *Finance capital* — Money (or credit) to pay for and control the means of production, the human capital, and trade

The capitalism that was emerging in the seventeenth and eighteenth centuries was based upon trade and finance. *Industrial* capitalism awaited the technological advance of the means of production and, vitally, the creation of human capital—that is, a powerless working class.

MARX'S ANALYSIS OF CAPITALISM

The first to undertake a critical analysis of capital and capitalism was Karl Marx. I have quoted him earlier and will do so again now and later. Because (in the USA, at least) Marx and his work have gotten a bad name in recent years, a note concerning him and his insights is important here.

Marx began his writings in the mid-nineteenth century, when industrial capitalism was in its youth. His analysis was focused upon *British* capitalism, because Britain then stood alone as *the* industrial capitalist society. Both capitalism and industry (and a lot more) have changed enormously since then; thus, much of Marx's analysis needs to be brought up to date. And much of it has been. (See *Part II*.)

Among many important changes, one is that Britain lost its superiority soon after Marx died in 1883. Britain is now a second- or even third-level economy (exceeded in gross production not only by the USA, Germany and Japan, but also by China [of which much more in *Part III*]). Even more important is that industrial capitalism and *almost everything else* have changed drastically since the nineteenth century.

Critiques of Marx

Still, better than anyone else, before or since, Marx saw into the brain, heart, and muscle of capitalism and, at least as much, understood and delineated its human costs. So why does he have a bad name?

There are at least two big reasons. First, in the twentieth century there were many revolutionary movements led by their nation's Communist Party; most importantly, those in Russia and China. (See *Parts II* and *III*.) In both cases Marxists were important for the evolution of their respective parties. In neither case, however, did Marxism have much—or indeed, *anything*—to do with the programs and realities of what were called Communist nations. In both Russia and China new political elites held power, and in both were utterly intolerant of dissenters, murdering or imprisoning them.

Marx himself never formulated plans for a socialist society. In fact, he once remarked he had neither the desire nor the ability “to provide kitchen recipes for the future.” Also, importantly and mistakenly, he had expected socialist revolutions in the *advanced* industrial capitalist countries (Britain and the USA, for example). But Russian and China were not advanced; both pre-industrial and pre-modern. (See below and *Part III* for China, *Part II* for Russia.)

Another and different set of critiques of Marx see his analysis as outdated. Were he still alive, Marx in reply would roar, “Well, *of course*, they’re outdated!” In the *Communist Manifesto* (1848), he (along with Engels) foresaw the need for an always-changing analysis—because capitalism means

uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation . . . [where] all fixed, fast-frozen relations . . . are swept away, all new-formed ones become antiquated before they can ossify. All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real condition of life and his relations with his kind.

Marx knew better than most that the evolution of industrial capitalism would require an ongoing, constant broadening and deepening of social understanding. He, more than anyone, would not expect his analysis to survive—*much less survive 150 years*—without modification.

The Heart, Brain, and Muscle of Capitalism

However, what would not change—and has not changed—are Marx’s three *imperatives* (what I called “the heart, brain, and muscle” above) and the list as the abc’s below. They are essential for a profitable and enduring capitalist society:

- a. *The heart*—The endless uninhibited *exploitation* of both workers and the land
- b. *The brain*—Continuous national economic and geographic expansion
- c. *The muscle*—The ability of the capitalist class to rule over the economic, political, and social life of its society

Those abc’s have not changed, but their ways and means have both changed greatly.

There are also many important differences among different capitalist societies—for example, among Britain, Germany, Japan, the USA and, especially, China—but all of them are more similar than different in living by the fundamental abc’s. (These differences will be discussed later.)

It is fair to say that *capitalism cannot be understood without Marx’s analyses*. To that assertion, one must add that neither can contemporary capitalism be

understood *only* with Marx: His is a necessary analysis, but not a sufficient one. Which is saying a lot.

Delineating the most important differences between Marx's Britain and post-World War II USA was the theme of an important book by the U.S. Marxists Baran and Sweezy. It is *Monopoly Capital: An Essay on the American Economic and Social Order*. (1966) (See *Part II*.) Note the words *monopoly*, *American*, and *social*. All three of those terms point to major differences with Marx's *Capital*; but, as Baran and Sweezy point out, monopoly capitalism lives by Marx's abc's even more than did British capitalism.

THE CREATION OF A POWERLESS WORKING CLASS IN BRITAIN

To exist, capitalism must take more than it gives back. Among other things, it needs a working class to use for profit. And Britain's working class was consciously created. Marx will set the scene, with his insistence on capitalism's dependence upon exploitation of both human beings and of Mother Nature and the resulting destruction of both our humanity and the fertility of the land:

[A]ll progress of capitalist agriculture is a progress in the art, not only of robbing the laborer, but of robbing the soil; all progress of increasing the fertility of the soil for a given time, is a progress towards ruining the lasting sources of that fertility. The more a country starts its development on the foundation of modern industry, like the United States, for example, the more rapid is this process of destruction—and the sapping of the original sources of all wealth: the soil and the laborer. (*Capital*)

That's only part of the story. It is, however, no coincidence that the first steps for an industrial technology were invented in the same period in which the working class was created; both were critical.

Serfs, Lords, and Freeholders

In medieval times, those who farmed the land in England were *serfs*. Neither they nor their *lord* owned the land they farmed; the land was *held*. (The term land tenure comes from the Latin word for *holding*.) Since it was not owned, the held land could not be bought or sold.

In the medieval (or *feudal*) period, both the serfs and their lords were allowed to live and work on, or rule over, a landed estate — in exchange for certain services. The serfs were to farm a certain number of acres (and do whatever else was demanded of them) and to get to keep some of the product for themselves,

with the rest taken by the lord. The feudal lord's obligation was to protect both the serfs and the higher lord (the emperor, prince, or king) from other feudal kingdoms. Conflict and outright warfare were frequent.

As the medieval era evolved and the military situation became more stabilized, England slowly began the process of freeing the serfs, who simply stayed on the land and kept its product.

Families held a modest amount of land, usually in many separated strips of an estate. The resulting *free yeomanry* still did not own their land, *but they did control it*—for themselves and their descendants. Hence the term *freeholders*. But things were about to change.

The Enclosure Movement, Yesterday and Today

As colonialism and trade grew, Britain became more and more businesslike and less medieval. Slowly in the sixteenth century, but always more rapidly, land came to be bought and sold. Then came the *enclosure movement*. *Enclosure* was a polite term for what was mass thievery. What was enclosed were the lands of many hundreds of thousands of British families.

In the 1700s, at first slowly, and then with hurricane force, the long-celebrated *free yeomanry* of England had their land taken from them, and with that, their means of life, their way of life, and their dignity. And these enormous, unconscionable thefts were done lawfully—that is, they were all *made legal*. In fact, it was easy. Whenever some inconvenient law might otherwise prevent such blatant skullduggery, in stepped the judges, who were themselves—surprise!—rich landowners eager for more land. Case closed; land enclosed.

For capitalism what was lacking as the eighteenth century ended and the nineteenth began was a powerless working class. The enclosure movement created one.

Enclosing land was not the only way to a wage-slave working class. Later, in what became the other major capitalist powers, the means were also found to import (through immigration) their own powerless working class. Or otherwise somehow disenfranchise the weakest part of the population.

Item A dramatic example of a *created powerless working class* is found in what has happened in today's China. (Also see *Part III*.) Since 1949, China has been ruled by its Communist Party. But since the 1970s and 1980s, China's Communist government has consciously embarked on a path of *rapid industrial capitalist development*. For more than three decades, its economy has expanded at an average annual rate of about 10 percent (the highest ever of any economy for that

many years and more than three times the present rate of the USA). Its economic policies are called *neoliberal* (as are the policies of the USA).

The relevant point here is that since the 1980s, China's government has pursued coercive policies that have *taken over* many hundreds of millions of farming acres earlier controlled by many millions of peasants. Those lands have been converted into factories, shopping centers, and the like. There are now on those same lands more than 170 cities with more than 1 million inhabitants.

China now has more than 600 million peasants desperately seeking jobs. This is a powerless and desperate (and huge) working class that, to stay alive, must look for *and find* jobs with dirt-cheap wages. Remember, all of this misery was created in a capitalist economy ruled over by a Communist Party. It's the worst of both worlds. (See Wang Hui.)

Item The Chinese government has admitted that in 2004 there were 74,000 demonstrations—and in 2005, there were another 80,000 demonstrations—all of them protesting its land policies.

As the eighteenth century ended the turnover of land became explosive, and only rarely was it voluntary:

Between the late 1770s and the mid-1850s, 75 percent of the cultivable land in Great Britain was *owned* by fewer than 3,000 families, for the courts were controlled by the rich. The numberless 'strips' of land had been 'enclosed,' and modern agriculture had begun—at the price of misery for those hundreds of thousands of families. (See Mantoux.)

They had become powerless; they had become a working class. They would become wage-slaves, unable to survive except on the terms of whoever owned and controlled the means of production—that is, *the means of survival*.

As such developments ran amok in eighteenth century England and its colony, Ireland (Britain's *first* colony), the Irish poet Goldsmith lamented,

Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay:
Princes and lords may flourish, or may fade:
A breath can make them, as a breath has made;
But a bold peasantry, their country's pride,
When once destroyed, can never be supplied.

CAPITALISM AND THE INDUSTRIAL REVOLUTION

Factories and industrialism did not take hold until the early nineteenth century.

Until then, to stay alive, the uprooted farm families had to depend upon support from the medieval Poor Laws (whose rough equivalent today would be some combination of unemployment compensation and food stamps).

However, as industry began to take hold in the early nineteenth century—spurred by technological advances such as the steam engine and textile machinery—the growing and strengthening capitalist class was able to *deny any public assistance* to what had become the first major industrial working class in history.

Workers and their families were to pay a high price indeed for the “progress” that enabled their bosses to make high profits—as would be so wherever industrial capitalism took hold. While industrial capitalism was flowering, life got more bestial and shorter for the average person: Between 1820 and the 1850s, workers’ life span *fell* by more than 20 percent. (Hobsbawm) With no Poor Laws to aid them, millions were condemned to savage 12-to-14 daily hours of brutal work (with perhaps one 30-minute rest) in the coal mines and the “dark Satanic mills.” (Blake) And they died—prematurely and in great numbers.

Meanwhile, the Industrial Revolution flourished.

Chapter 5’s discussion of industrialism shows that it was not until the last decades of the nineteenth century that workers’ lives began to approach decency, when their union struggles forced companies to share the gains of their labor.

One might well wonder how the miserable lives of the British wage-slaves compared with those of the mass of bought-and-sold (chattel) slaves. In fact, the chattel slaves may have had one slight advantage. Because they were the private property of their owners, they were more likely to be taken care of—in at least some limited degree. It is generally accepted that only a fool would abuse and ruin his own profit-making property. Which is not to forget that chattel slaves were mistreated in *every* way, including the break up of families and the systematic rape of girls and women.

Whatever the differences, let us remember that *nobody ever chose* to be a wage-slave and nobody ever chose to be a chattel slave. The lives of both were unforgivably cruel and harsh. (See Dickens’ *Hard Times*; Thompson; E. Williams, *Capitalism and Slavery*; Hobsbawm.)

The outrages of industrialization are often explained away with the argument that the industrial technology *required* a working class. It surely did require industrial workers; but that necessity did not and does not justify the workers’ lowered life expectancy, less-than-subsistence wages, and early death. It was *capitalism itself*, not industrialism, that required that a majority of workers be wage-slaves—so that a tiny minority could be rich. (See *Part III*.)

The customary argument that exploitation—however harsh—was unavoidable is neither an explanation nor a justification. It is but a camouflage for what deserves to be roundly condemned, which is that *exploitation was and is avoidable*. Every technological gain could have been used then—and could be used now—to improve the lives of all peoples. Instead, technological advances have much worsened the lives of many millions. This inexcusable misuse of power is a denunciation of rulers, both past and present—and their system.

To be sure, it was under capitalism that industrialism got on its feet. But the history that produced industrial capitalism was not the only path human beings could have taken. That it *was* the path taken gives us the need and the responsibility to create a different path for the future. If we do not, we, and most other species, may well cease to exist, because this system has been just as reckless with the environment as it has with human beings.

Very probably, had a less brutal path been taken, economic growth almost certainly would have been slower. But the world and its people would have been spared the huge human and environmental costs of rapid growth and the many wars arising from the combination of capitalism and nationalism. (See next chapter and *Part II*.)

In the pre-modern past, to repeat, it could be said that many or most *had* to have difficult lives. Today, there is no excuse for anyone, anywhere, to have a life that is “nasty, or brutish, or short.”

What was once thought to be completely *natural* must now be seen as a form of social insanity—that is, a country where perhaps 10-to-15 percent live insanely fancy lives . . . another 20-to-30 percent work hard, frantically borrow and buy, and worry about being downsized, as their jobs continue to be outsourced. . . and as noted about the USA earlier, more than 60 percent try to get by on less than a living wage. *And this is in the richest country in the history of the planet.* Today, in most of the world, at least 80 percent have lives that are still nasty, brutish, and short.

Paul Baran (in *Political Economy of Growth*) put his finger on the injustice and insanity of our world when he observed that “the rich become richer by causing the poor to become poorer.” And he later added, “Monopoly capitalism teaches us to want what we don’t need, and not to want what we do.” We have The Big Four to thank for this startling, dysfunctional, and pervasive misapprehension.

The Big Four brought us the *ability* in the modern world to have an absolutely wonderful society. But our vast potentiality in this regard has been unfulfilled

because The Big Four have also prodded us to go in the wrong direction and to think it's the *only* direction.

THE BIG BAMBOOZLE

If capitalism keeps almost everybody poor and makes a tiny minority rich, how in the world does it get away with it? “What are you talking about? Get away with *what?*” almost all well-off (and especially in the USA, even many *not-so-well-off* people) would respond.

But most people in the world do know. For most people in the world, life is a nightmare without end. For most of the 6.5 billion people on earth, each day involves a desperate struggle for mere survival. It is also a world in which even the very rich—for whom I will shed no tears—could also soon be engulfed by the economic, ecological, and social calamities capitalism has created, and still creates. For all their pretenses, their gated communities, their gilded bathrooms, the rich are (so far) still condemned to live *somewhere* on earth. That means there are 6.5 billion of us in, so to speak, the same leaky, capsizing boat.

In the long run, economists crow, a better world for all is (supposed to be) waiting, with open arms. We have endured over more than two centuries of capitalism, covering many of what economists call *long runs*. Indeed, never in history has capitalism been praised so much for its presumed virtue of material progress for all, everywhere. Never have its vices been passed over so easily or, if admitted, seen as beside the point, a small price to pay: The damage capitalism does is minor, a short list of insignificant side effects, all ultimately irrelevant. Yet the injuries are always of all sorts, always deeper, always more widespread. *The worst is yet to come.*

As for those who are poor, mistreated, undernourished, in declining health, victims of the system, crushed—without opportunity or hope—popular opinion allowed itself to believe that *it's their own fault*. (See Ryan, *Blaming the Victim*.)

Are there benefits to capitalism? There has always been an upside to it. The industrial and scientific achievements of the capitalist era have meant improvements in most areas of human existence for *some*, whether as measured in comfort, education, health, productivity, or income levels.

But these benefits accrue to a minority (that is, less than half) of the people of the USA, and barely a third of the world. In only a very few of the rich countries is the *entire* population well off—even by capitalist measures. Those qualified exceptions are found, although increasingly tenuously, in the Scandinavian countries. (See *Part III*.)

The Official Government Underestimate of Poverty

Recently, the U.S. Bureau of the Census estimated that at least 45 million of the U.S. population live in poverty. That's 45 million too many. *It is also a gross understatement.*

The 45 million is the U.S. government's official figure. But that's part of the problem.

The government's definition of poverty was made in 1964, when Lyndon B. Johnson (LBJ) took over the White House after John F. Kennedy's assassination—years in which demonstrations against poverty, racism, and the Vietnam war were increasing. So LBJ declared his War on Poverty.

Until then, although the USA had always had *lots* of poor people, the government had no definition for *poor*. Johnson asked the Council of Economic Advisers to come up with one. After an almost comical scramble, they did. And what an official definition! Incredibly, scandalously, it is still what the government uses (magnanimously adjusted for inflation).

Because the definition so badly understates the problem, it also gives Congress and state legislatures one more reason, and an official basis, for *not* dealing with the problem as it stands.

Just how the Council went about its task was both stupid and shocking; and it was seen that way by a leading U.S. sociologist:

The definition of poverty was based upon a study by the Social Security Administration of the income needed to support a nonfarm family of four. . . . [T]hey established two standards for such a family, both based on estimates for dietary costs prepared by the Department of Agriculture:

(1) A 'low-cost' budget, permitting the minimum diet consistent with the food preferences of the lowest third of the population and adequate to avoid basic nutritional deficiencies. . . . The resulting annual budget stood at \$3,995. This called for a higher budget than welfare agencies were allowing for families receiving public assistance. *To meet the administrative need of these bodies, the Social Security Administration prepared*—this instead:

(2) 'An economy budget' based on a *deficiency diet for temporary or emergency use*. . . . setting the total budget at \$3,165. On the basis of this figure [about \$1,000 less than the original low figure] the Council adopted \$3,000 as its family poverty line. It thus found 35 million people, a *fifth* of the nation, to have been in poverty in 1962. (Wilcox; emphasis added.)

That's bad enough. The whole story was even worse, for two reasons. First, the

low-cost budget on which all this was based had earlier been put together by the U.S. Office of Civil Defense for a *post-nuclear attack* period. Second, the amount arrived at assumed that the family spent one-third of its income on food, one-third on housing and the rest on—well, whatever you spend it on after a nuclear attack.

In fact, the average low-income family now spends about *half* of its income on housing, lots on transportation, always more on food, and especially always more on health care (in part because many hospital emergency rooms have recently been shut down). Nevertheless, today the poverty rate is still figured on that earlier basis, adjusted only for inflation since 1964. Add to that the fact that most who are poor also work for very low wages. Scandalously, the official minimum wage has remained stuck between \$5 and \$6 for *decades*, despite all (including no magnanimous adjustment for inflation).

Suppose, just suppose, the poverty rate and relevant policies were figured in terms of basic human *needs* (nutrition, health care, education, and housing). Then a poverty income would be established as anything below what is usefully called *a living wage*. What would that be?

The Economic Policy Institute, an independent research group, estimates that for a family of one adult and two children that would mean full-time work at \$14 an hour (amounting to \$30,000 per year). It would cover health insurance, a telephone, child care at a licensed center, groceries, and the like. But consider *what isn't included* in this dignifying living wage:

- Restaurant meals (*none*)
- Video rentals (*none*)
- Internet access (*none*)
- Wine and beer (*none*)
- Liquor (*none*)
- Cigarettes (*none*)
- Lottery tickets (*none*)
- Meat (*almost none*)

Today *68 percent* of all U.S. workers earn less than even this living wage of \$14 an hour. Most have families with *two* wage-earners and children who need, but rarely get, child care. (See Ehrenreich.)

If we used the living wage as a measure of poverty, instead of a *fifth* of our people being in poverty (as measured by the cockeyed 1960s “budget”), it would be at least the double of that—in this, remember, the richest country in

the world's history. Also, as mentioned earlier and as will be seen below, among the 20 richest countries in the world, income and wealth *inequality* in the USA is the highest. (Osberg) *For shame*.

And what about those considered *not* to be poor? What about the *median* family, the one exactly in the middle (with half of families above and half below it in income)?

That family's income—despite that about *two-thirds* of husbands *and* wives work—is in between \$45,000 and \$50,000 a year (*before* local, state, and federal taxes—which 'take back' over *twenty* percent of that), for a family of three. (Mishel)

And that says nothing about that average family's debts. Each month that average family's debts are more than their household income — as meanwhile, they are encouraged and pressed to borrow more, borrow still more . . . at what should be illegally high interest rates.

Debt, TV, and Keeping Up with the Joneses

A mountain of debt is a measure of the family's need to borrow to keep up with the Joneses (who are themselves borrowing to keep up with the Smiths [who, of course, are borrowing to keep up with the Browns]). The huge family debt is also to pay for the always rising costs of their health care . . . and transportation . . . and food and clothing . . . housing . . . utilities . . . and their children's education — and if anything is left over, their pleasures.

Item In an editorial of *The New York Times*, "Irresponsible Lending," it is noted that in 2005 "more than two million Americans declared bankruptcy." And that in 2004, there were "five *billion* solicitations for new credit cards — with juicy interest payments and fees" — by card companies.

Families keeping up with [*insert name of family*] are the rule, not the exception. In this consumeristic age, all eyes are on the tube. So everybody in the family will know what to do. (See Postman; also see *Part III*.)

Whatever else is good or bad about the television industry, what it does most, what it does best, and what it is paid billions of dollars to do is (to repeat Baran) "to teach people to want what they don't need and not to want what they do."

Children in the USA watch TV on an average of 6 hours a day. Most of these kids are in households where, as noted above, both parents work full time — so they can pay all those bills. Over half can't afford to pay for child care. So the kids watch the tube — and, among other undesirable traits, learn to want this

and that and the other thing(s). They beg, their folks borrow, and big business thrives. (And later we'll see what money and TV have done to our politics.) As Kurt Vonnegut, the novelist, has thundered, "How *dare* we let children watch TV — they just got here!"

CAPITALISM: MAKING THE USA NUMBER ONE

Health Care: Monster Profits, Monstrous Care, and Number One in Costs

Among the things that cost *a lot* in the USA is health care. And, among the things where the USA is disgracefully *last* among the richest (and behind even some of the nonrich) countries is *also* health care. Here is a summary statement from a Harvard Medical School study about our health care system:

America's health care system spends more for worse results than any other advanced country. In 2002 [for example] the United States spent \$5,267 per person on health care. Canada spent \$2,931. Germany spent \$2,817. Britain spent only \$2,160. Yet the United States *has lower life expectancy and higher infant mortality* than any of these countries. (Paul Krugman, *New York Times*, Editorial page, 2005-11-08)

There are at least 1,500 separate for-profit health insurers in the USA. Their *administrative costs* alone amount to 25-to-35 percent of *total health care costs* in the USA. Canada has but one insurer: the government. Its costs are lower than *one* of many insurers (Blue Cross) in just *one* of our states, Massachusetts.

Suppose you were to poll the American people asking the question: "Would you favor a governmental universal health system or what we have?" The majority, it has been shown, would *not* vote for what they need, but for what "we have been taught to want."

Almost all doctors and politicians like things as they are — as do, of course, the half dozen biggest drug companies. In the USA their prices for the *same* products they sell elsewhere are the highest in the world. Accordingly, their profits are the highest of *all* U.S. corporations — as are their payments to lobbyists. (Lewis Lapham, *Harper's Magazine*, February 2004)

The drug companies' latest victory was to persuade the White House and Congress to go along with a proposed "reform" of Medicare's prescription drug benefits.

Reform the benefits? The more accurate word would be *deform*. As Paul

Krugman pointed out in the *New York Times* (2005-11-11), concerning only one element of that “reform”:

One way to see the bizarre effect of this [legislation] is to notice that if you are a retiree and spend \$2,000 on drugs next year, Medicare will cover 66 percent [Why not *all*, as in most European countries?] But if you spend \$5,000—which means that you’re much more likely to need help paying those expenses—Medicare will cover only 30 percent of your bills.

“Money talks,” it is said. In the USA, the money of the handful of Big Pharma corporations *roars!*

Number One in Inequality and Poverty

There have always been many kinds of inequality, everywhere. But why, among the capitalist nations seen as the rich democracies, is inequality at its worst in the USA?

Among the ten or so rich countries in the world, *poverty and inequality are worst in the USA*. Not coincidentally, the USA is also the richest and the most capitalist of all the countries in the world. (Osberg) One could say that USA stands for The Unequal Society of “America.”

Capitalism is *by definition* a system requiring inequality. After all, if a small percentage of a society’s people own and control the means of production (i.e., the means of life)—bingo!—economic inequality.

But capitalism also means political and social inequality. Those who own are not only rich, but politically powerful; those who work for the owners are not only relatively or desperately poor, but also politically weak. Those who are powerful are also at the top of the ladder of prestige and respect. If you are in this minority class, you are assured easy access to all that is desirable and necessary: education, health care, housing — and self-esteem (particularly comforting if you can convince yourself that, when it comes right down to it, *you yourself are entitled* — you *deserve* all these fine things.)

The rest—the workers, the unemployed, the unemployable—crowd the bottom rungs. All that, in its economic and noneconomic forms, is inequality. When it means daily insults, as it almost certainly does, it is much worse. When, as it does for so many, it also means painful and shortened lives, what then?

Number One in Racism

How can we explain the amount and persistence of poverty and inequality in the

USA? Yes, by itself, capitalism means inequality. But there is more to it than that, both in the USA and elsewhere, with *racism* at the top of the list.

Racism has been and is still a major reason for the spread and deepening of inequality, especially in the USA. Like inequality, racism did not begin in the modern world, nor has it ever been confined to the USA. But at least two matters make the USA different.

First, the USA is unique in that, with only one notable exception, *all of its people* come from some other part of the globe and, more than any other country, its people practice more different religions than any other country. We come from all parts of Africa, Asia, Europe, Latin America, and the Middle East; and virtually all religions are followed here.

The one exception to the global emigration to the USA is the American natives, who were invaded and subjugated by the Europeans and the USA — from Columbus on. With the vast diversity of its people, the USA could have become the most wonderful place in the world for peoples of all cultures, colors, languages, and religions. *It might have been...*

Second, we were tainted by, had profited from, our centuries of destruction and suppression of the native peoples. We had a long dependence upon slavery. In the practice of racism, we easily achieved first place, top billing. (See Roediger; Winant.) We have a dirty name for and condescending or hateful thoughts about more different people than any other society in the world—no matter what their (or our) original place of origin. The USA, Number One once again.

Of course, some in the USA are damaged much more and some much less by our prejudices, discriminations, and cruelties. Those of English Protestant origin are hurt the least, and those of African and Native American origin are hurt the most, with everyone else in between. And in terms of religion, until recently the Jews, followed by Roman Catholics, have been most discriminated against. Now it is the Muslims who move toward the unhappy pole position.

But what has racism to do with capitalism? The answer is simple: too much. Racism (among other areas of competition) sets workers against one another for good jobs. Thus, racism weakens workers and strengthens those who control jobs, wages, and work. In weakening or destroying worker solidarity and unionism, racism tricks workers to ignore their class needs, and strengthens the already great power of the capitalist class.

All that and more, even though there are no different races among human beings, *except as seen* (and used) by us. Race is not a scientific, but a socially invented, category. Scientifically it's a fiction, a fraud, a sham. Any genetic

differences among us are not connected to “color” or country of origin. Put differently, there are more differences *within* each so-called *race* than, supposedly, *among* them. (Winant)

And consider: All humans have their beginnings in Africa. So all of us, to one degree or another are “black.” Thus, *everyone* in the USA is an immigrant.

There are, of course, innumerable differences among—and within—groups of people from different continents and nations. But that is not what racism is all about. It is, instead, about competition, prejudice, discrimination, fear, and hatred.

The self-destructive consequences of racism were underscored by Marx more than a century ago—and note that the racism he wrote about (in 1870) was between two light-skinned groups: English and Irish workers.

All English industrial and commercial centers now possess a working class *split* into two *hostile* camps. The ordinary English worker hates the Irish worker because he sees in him a competitor who lowers his standard of life . . . He cherishes religious [i.e., anti-Catholic], social and national prejudices against the Irish worker. His attitude is much the same as that of the ‘poor whites’ towards the ‘niggers’ in the former slave states of the American Union. The Irishman gives him back with interest in his own money. He sees the English worker as both the unconscious accomplice and the stupid tool of *English rule in Ireland*. (Quoted in Delany.)

The wages and working conditions of both groups of workers were harmed and their attempts to form unions weakened. In the USA the hostility and prejudices between workers have had both those self-harming consequences and many others.

To be sure, there were many variations between southern and northern states, between those in agriculture and those in industry, and so on. But common to all has been the prejudice and discrimination harmful to both ends of racism—both the racists and, of course, to those discriminated against.

It is relevant to add that much the same can be said of the strong inequalities between men and women, and the damages done to both—as regards not only the economic but all other dimensions of our lives.

In all cases of discrimination and mistreatment, ordinary people are weakened, while those who have power always become more powerful.

Perhaps the clearest example of that was the role of racism in the post-Civil War South. As noted in the *Foreword*, there the majority of white factory workers

came to be called — accurately — *poor white trash* by the well-off whites who profited by paying them dirt wages. (See Cash; Woodward.)

There are also many other ways in which capitalism and the other members of The Big Four have created additional serious problems — economically, politically, socially, and militarily. Some of those will be dealt with as attention is now turned to societies other than the USA.

Tops in Mental Illness

The USA has the most mental illness of any country. That was the conclusion of a 2001–2003 study by the World Health Organization, published in the Journal of the American Medical Association. Stephen Bezruchka, M.D., a public health advocate, describes the study:

Trained people did face-to-face household surveys of over 60,000 people from 2001 to 2003 and they found that the US led the world in the percentage reporting some symptoms of mental illness over the previous year, 26.4%, and also in the percentage reporting serious mental illness, 7.7%. Surprisingly, the US was the leader in the numbers of people on treatment for mental illness, with over 15% getting treated. *We have the most mental illness of all countries studied, as well as the most treatment.* (Emphasis added)

Dr. Bezruchka wonders aloud, in the title of his report, *Is America Driving You Crazy?* He concludes that capitalist inequality is at the root of our mental health problems.

The World's Premier Jailer

The USA in 2005 “has the highest prison population rate in the world, some 714 per 100,000 of the national population, followed by Belarus, Bermuda and Russia (all 532).” Of 211 countries studied by the International Centre for Prison Studies, King’s College, London, School of Law, the USA came out on top. No other country was even close.

The study also noted that 58 percent of the countries in the study “have rates below 158 per 100,000.” This is a rate 78 percent less than that of the USA.

And who’s in prison? The poor, the disenfranchised, minorities, the outcasts of capitalism. The *really unequal* in this unequal society.

Taking Care of Our Kids, Not

Beware people in the USA who tout their devotion to “family values.” Chances are, they are trying to use this smokescreen to keep you from seeing the real

societal value: Unless they can be conditioned early to be good consumers, children are not a source of profit. Therefore, they aren't very valuable. If they were cherished, we would take care of them. And we don't...

Compared with other rich countries, the USA has "the highest proportion of children living in poverty, the highest rate of homelessness among children, and the highest rates of death from child abuse. We have twice the teen birth rate of the next closest rich country. We have the highest rates of child injury deaths as well... We medicate our children with psychoactive drugs... and we use these much more than in other countries." (Beruchka)

One might wonder why other countries aren't first. What are they doing that we're not?

Concluding U.S. Firsts

The USA leads the world to the cliff's edge. Here are four final achievements. The USA is number one in garbage generated per person . . . Our foreign debt is the highest in the world . . . The USA is number one in nuclear weapons and number one in nuclear plants.

This has been a sad recitation of firsts—really *lasts*—for the richest and most powerful country in the history of the planet. These items, all related to the workings of The Big Four, especially capitalism, will be discussed throughout this book.

THE USA AND WESTERN EUROPE

Between and among the rich countries of Western Europe there are great differences in many respects. Here I briefly take up only those just discussed for the USA.

The data in Mishel's (and others') biannual studies of *The State of Working America* and the conclusions of Osberg's *Inequality and Poverty: International Perspectives* agree that among the world's leading economies (USA, Canada, Western Europe, Japan) poverty and the inequalities of income and wealth are at their worst in the USA. If the USA is also richer than all the other nations, how is that explained?

Here we can only give a quick glance at what is a set of complicated historical and ongoing reasons. I look only at what was basic; that is, the effect of European tradition on the behavior and politics of the working class. (All of which, with variations, could be applied also to Japan.)

First, note the term *working class*. All capitalist countries have a capitalist class; it follows that they also have a working class. That includes the USA.

The difference between the USA and the other countries is that the workers in the USA are only rarely seen by others or themselves as members of the working class. We have been taught to believe that if one works hard enough and well enough, the sky's the limit. We're not in a *class* of people, we are *individuals*.

The other side of that is that if you are stuck on the ground, it is because you are lazy, stupid, ignorant, or have some gross character defect. (And those on the top—like multimillionaire President Bush II—*must* have worked very hard, no? And must be very intelligent, yes? And there really is a tooth fairy, right? And don't forget that the moon is made of green cheese.)

Now in the USA (and spreading elsewhere, carried along with consumerism) we have learned to see ourselves and others as *members of the middle class*; but that refers to where we stand as *consumers*, not as workers. However, once upon a time in the USA that wasn't so.

In the last decades of the nineteenth century, up through the depression of the 1930s and until a decade or so after World War II, a large percentage of U.S. workers saw themselves and spoke of themselves as part of the *working class*. And they organized themselves into unions and were vital to several political groups seeking to *replace* capitalism with one kind or another of socialism—or, in the case of the I.W.W. (Industrial Workers of the World), a U.S. form of anarchism.

That they never succeeded in achieving the Left political movements common to Europe was due in important part to our lack of certain traditions (of which more in a moment) and, connected with that, the much greater strength of capitalist ideology in the USA than elsewhere.

Lack of traditions? Doesn't the USA have traditions, too? Yes, but of a very different kind—and not all of them positive.

In Europe, capitalism emerged from a *noncapitalist* past, whose shaping forces were those of medieval Europe (See Tawney.) Medieval social organization was strongly shaped by religious thought and values. Most relevant of those for present purposes was a sense of *community* and an associated strong sense of *family* (itself kin to community).

Whatever was wrong with the medieval world, as indicated earlier, one thing that was positive and central to it was the established idea that—to put it in modern terms—“we're all in the same boat.” To be sure, in the medieval world, as before and since, some had much more comfortable and safer positions

in the boat than others, including the right of a few to steer it in *their* direction. But, it *was* an era dominated by religion, and ethics are an important part of religion — but certainly *not* of business.

Business Intervention vs. “Government Interference” vs. “Union Meddling”

The USA was “born” in 1776 (long after the medieval era) and the very year in which Adam Smith’s bible of capitalism — *The Wealth of Nations* — was published. Smith’s work had many elements to it, but what was central to emerging capitalism was its insistence on *free markets* and the absence of governmental (or other) interventions in the market or in any economic, political, or social affairs.

The fact is, however, that businesses — especially big powerful businesses — *like* to interfere with the “free” market. This wielding of power is a normal activity for them. For example, different firms in the same industry will agree *not* to let prices fall. Companies will divide up geographic areas to limit competition between them. Corporations may agree to back the same politician. All these activities are hallmarks of modern industrial capitalism. But that is intervention by *business*. It’s a normal and expected business activity, rather than what is termed *government interference*. In a word, because it’s business, it’s OK. Got it?

By this reasoning, a union also *interferes* with the “free” market — the “free” labor market — by giving workers at least some power to determine their price. Unions help set wages, working conditions, and benefits. That’s *meddling*. Or so says business.

Europe was not a free market paradise, either. None of the markets of European capitalist nations were ever completely *free* in the ways that Smith had proposed — although for example, when Britain abolished the late medieval Poor Laws that protected the unemployed, it went unpleasantly *further* than Smith had desired.

The Dancing Elephant

In Germany, in the late nineteenth century, what we call *social security* was provided, and early in the twentieth century, its Socialist Party was strong and providing further support for workers through its seats in parliament — as was also more (or less) true in the rest of modern Europe.

In the USA by contrast, the working slogan became “It’s each for himself and “God” for all’ — as the elephant said, as he danced among the chickens.” The

elephants were just that: the big companies and their friends in the White House. The rest of us were the *chickens*.

Also, in the late 1920s — when poverty was already prevalent and The Depression was just around the corner — President Coolidge put it in a nutshell when he said, “The business of America is business.” *Wall Street loved it*. (See Soule, *Prosperity Decade*; Mitchell, *Depression Decade*.)

Among today’s versions of that set of ideological ideas, most recent is that put forth by President Bush II, as he sought to replace Social Security with what he calls “the ownership society.” He has yet to succeed, because he cannot explain how or where the average family — up to its ears in debt, and now with *negative* savings — is going to get the money to *own* the stocks and bonds that would replace guaranteed social security.

It has been relatively easy in the USA for those who have wealth and power to convince those who have neither of why they are in their predicament:

1. It’s *their own fault* that they don’t have wealth or power.
2. If they want wealth or power, they should *work harder* and *save more*.

(Again, see Ryan, *Blaming the Victim*.)

Of course, nobody explains how the typical worker can do either. Because they can’t: For more than 30 years, the good jobs (with a living wage, health care, pensions) have been sucked away by globalization, while at the same time, families have been bewitched by consumerism to buy and borrow, borrow and buy, no matter what, no matter why. (See Bluestone and Harrison.)

Nor does it help that the peoples of other rich countries have also become consumeristic nuts and, at the same time as they watch their social benefits disappear, watch their governments fall apart. As their countries proceed to adopt the most capitalistic characteristics of the USA.

THE POOR COUNTRIES

What about the *poor* countries? What about the peoples of Africa, most of Asia, Latin America and the Middle East? Those are the areas in which *4 billion* or more people struggle in poverty, even as their resources are legally stolen by the huge transnational corporations (TNCs) of the richer countries.

Poor countries — they are where their people either work for starvation wages, are unemployed, or dangerously or uselessly, emigrate to one or another rich country. But if they arrive safely (and they may not), all too often the women

and young girls are forced or tricked into prostitution. And all of these newcomers are subject to racist mistreatment.

What has happened to those peoples, in varying degrees of horror, is that for several centuries they have been increasingly subjected to one form or another of what should be seen as social criminality; all in the name of *progress*. Those processes have been deadly—as the victims lose their land, as they starve, as their families disintegrate, as they emigrate, fight each other, and despair. But in one way and another, in a tragic kind of justice, they are coming to be dangerous and deadly for the rich nations.

Thus, as I write (in late 2005 and early 2006) riots are now frequent in France, Britain, Denmark, and elsewhere — in both the societies that have done the invading and occupying and those that were invaded, recently or over the centuries.

These disturbances are not only or mostly due to what has come to be called *terrorism*, but rather to the various forms of ongoing upheaval, resistance, or violence of the sort that have occurred, for example, in Colombia and Afghanistan. In those two countries, those who used to be farmers and would much prefer simply to continue to farm. But now they provide the stuff for the international drug trade, because their traditional lives have been stolen out from under them. And so it goes, sorrow piled on tragedy piled on horror.

It is customary and self-serving for most people in the rich countries — especially in the USA — to see these problems as having been created by lazy or self-destructive fools. Or madmen. They should be seen, instead, as among the many unintended consequences of the historic “victories” of the powerful over the weak, the rich over the poor, from the days of colonialism to this afternoon.

CAPITALISM’S INCREASING POPULARITY— GO FIGURE

How is it that capitalism, with such a rotten record, not only in the USA but almost everywhere, is less resisted and more popular today than it was, say, 100 years ago? A big part of the answer lies in the many sources and uses of capitalist *power*.

In the next chapter and later, we’ll stress once more that capitalist power shows up not only in the economic but also in the political and cultural areas of our existence. And we will also see that recent technological advances — especially, but not only, in the media — make it easier for a powerful minority effectively

to control attitudes and feelings, and then to use the resulting power in ways that makes them even stronger—and all others weaker.

Today's communications—radio, TV, newspapers, magazines, film, and, now the Internet—have strengthened capital's power to dominate both our cultural and political space. Now, more than ever, it is easier for the powerful to shape the minds and behavior of the weak.

Only a tiny bit of our cultural and political space is available to us. Most belongs to the supercorporations and their bought-and-paid-for political flunkies in both major parties. Their ideas and standards of right and wrong, of desirable and undesirable, of what is discussable and what is completely out of bounds, swim like sharks in all of the media. (McChesney)

There is much more that needs to be said concerning capitalism. And much of it will be, especially concerning its record in the recent past. Now we turn to an analysis of nationalism and imperialism.