

Pecuniary Valuation in the Age of Trump

James K. Galbraith
LBJ School of Public Affairs
The University of Texas at Austin

Prepared for a session on the
Crisis of Democracy and the Responsibility of Economists
Association for Social Economics
January 5-7 2018

To the question, “what is Donald Trump worth?” two discordant answers come to mind, capturing in their dissonance the simple theme of this paper. One is, “he's absolutely worthless!” – a sentiment which we immediately recognize as native to the academic/professional class whose hierarchy of esteem rests on credentials, artistic or scholarly or scientific achievement and evidence as we are trained to see it of moral worth. The other is a pure question of money. The precise quantity of which remains unknown, because the President – a shrewd man – prefers to keep us guessing. It is possible that on a net basis in this realm the same answer pertains – “absolutely worthless” – but that would be a serious matter and not merely a snide opinion.

At times like these I reach for my Veblen. Veblen reassures us that we are not in the grip of the novel and unfamiliar but merely coming face-to-face with timeless realities we might have preferred to repress:

“...the motive that lies at the root of ownership is emulation... the possession of wealth confers honor; it is an invidious distinction... And it is even more to the point that property now becomes the most easily recognized evidence of a reputable degree of success as distinguished from heroic or signal achievement. It therefore becomes the conventional basis of esteem... The possession of goods, whether acquired aggressively by one's own exertion or passively by transmission through inheritance from others, becomes the conventional basis of reputability. The possession of wealth, which was at the outset valued simply as evidence of efficiency becomes, in popular apprehension, itself intrinsically honorable and confers honor on its possessor. According to popular award, the highest honors within human reach may, even yet, be those gained by an unfolding of extraordinary proficiency in war, or by a quasi-predatory efficiency in state-craft.”

That these passages describe the dominant political forces in our world is beyond doubt. That a quasi-predatory efficiency in state-craft is the present ambition of a President initially forced on public awareness by display of wealth is proof. But the question remains: how did these forces become dominant in an ostensibly democratic and republican society, which had built up over the twentieth century a doctrine of emancipation, equality and middle-class ethos? Of the potential for this development Veblen was fully aware. He saw the class divide – between the industrial orders and the leisure class – as a direct outgrowth of the gender divide according to which from the earliest barbarian era toil (as in child-rearing, and then agriculture) was the female province, while what men did (as in hunting and warfare) was first of all a competition for honor and prepotence – a status game. Hence the liberation/enfranchisement of women and the rise of a scientific ethos of cause-and-effect and cumulative technical development under the potential guidance of a Soviet of engineers were the prospective, peaceable and efficient alternative to rule by the leisure class.

Let me suggest that for a certain time a political alliance along these lines existed, encompassing organized labor, a peace movement, many women and a largely autonomous professional class – an uneasy alliance but sufficient in the 30s/40s/60s to form a ruling coalition, leaving the bulk of the leisure class to nongovernmental pursuits such as banking, real estate and golf. At the time my generation entered the adult phase of our lives, in the early 1970s, the coalition was already broken over the Vietnam War. Yet it was still possible to imagine that one might play a political role largely on merit and without first acquiring either vast wealth or the sponsorship of the wealthy.

This illusion has now disappeared, the victim of rising inequality married to Smith's dictum that "Wealth is power, as Mr. Hobbes says." So what happened to the Democratic Party? In phases:

- the destruction of the industrial core of the country and the rise of the finance-technology axis, opposing the constellations of energy, agriculture, the military and the media, but each contesting for power on the foundation of wealth;
- the alignment of the Democratic Party with new poles of wealth, abandoning the perceived interests of the working population in favor of trade deals and (more insidiously still) the quasi-privatization of social insurance;

- the metamorphosis of the professional classes from an autonomous collective bound by shared ethics and values into the well-groomed servants of the new elites, wealthy enough themselves but not so much so as to be independent; rather, just enough so as no longer to require any political base among working Americans or to feel a need to retain those bonds, such as they were.

It would not do to claim that professional elites were ever entirely independent of personal wealth, but if you look at the Roosevelt and Kennedy eras, you see a different sort of relationship, involving players equally at home in government or outside institutions that protected them from the need for personal wealth, as well as permanent civil servants in the mode of Harry Dexter White or Leon Henderson or Leon Keyserling, whose access to power was direct and unmediated. This type is much less evident, with the result that academic/professional participants in the higher reaches of the power game, however talented, are more-or-less necessarily vetted by and allied with critical poles of wealth and power – in finance, technology or energy – while the institutions that formerly sheltered quasi-independent policy intellectuals have become stopping-off places or rest homes for members of the para-public servant class.

To illustrate this point, consider the career profile of the two candidates for President in 2016. Of the eventual victor, enough said: Trump's qualifications and his ostensible wealth are inseparable, a minor business figure could never have pulled it off. Hillary Clinton on the other hand had an exemplary resumé but as what? First Lady, Senator by courtesy of a state in which she had never lived, a post to which she was elevated by connections; Secretary of State by appointment. Whether she did those jobs well or poorly is beside the point; her independent public career was the apex of place for an entitled professional, and it was arrived at in the first place via the pathway of First Wife, America's premier position for vicarious display of status. She was not, and could never claim to be, a representative of the – predominantly female – industrial orders, and indeed understood herself to have been isolated from those concerns by long separation. The result of the election in the decayed industrial states underscored this. An analysis of the evolution of economic inequality at the level of the American state in relation to election outcomes can illustrate the characterization offered here. To carry out this work, the University of Texas Inequality Project (UTIP) team had first to develop annual measures of state-by-state inequality using detailed information from the Employment and Earnings data set

and techniques previously developed for a global analysis. This done, we calculated the change in inequality in each state from 1990 to 2014 and plotted it against the 2016 election outcome, showing Democratic states with blue diamonds and Republican states with red circles. The results are shown in Figure 1.

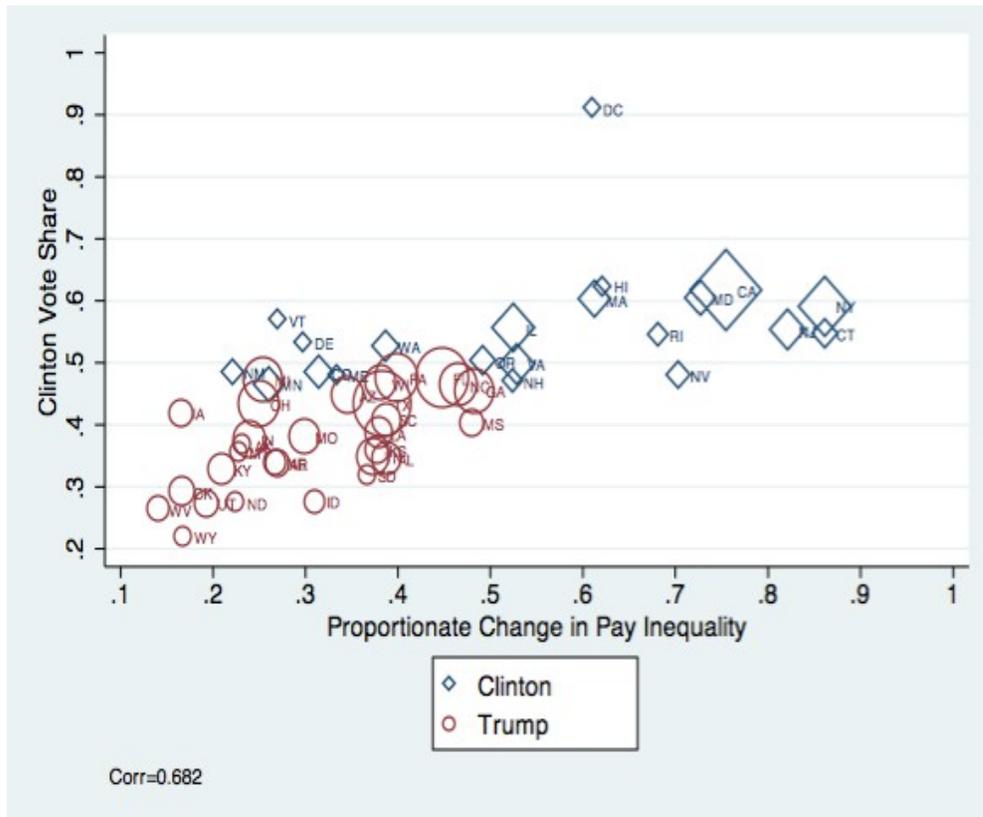


Figure 1. Change in Pay Inequality by State, 1990-2014 and the 2016 Election Outcome. Calculations by Jaehee Choi from UTIP data.

Contrary to general intuition, and even though the election campaign featured a populist or pseudo-populist demonstration of rage against elites and inequalities, those states where inequality rose most voted uniformly for Clinton, while those where it rose least voted predominantly for Trump. Why was that? The answer surely is that election outcomes by state are not a matter of popular reaction against inequality, but artifacts of the demographic dynamics captured (in part) by a measure of inequality itself. States voting Democratic are those where the sum of socially liberal urban professionals and loyal minorities amount to a plurality. States voting Republican are rural, suburban, and able to keep their minority voting

blocs under control. The states migrating from Obama to Trump saw a combination of industrial decline, community dislocation and vote suppression, tipping the balance toward Trump. In states where urban professional classes and minority populations are growing rapidly – notably in Texas – the balance moved toward Clinton though not by enough to affect the result.

The immediate consequence of the election is a Cabinet of billionaires disciplined only by a leavening of generals, intent on demolition of the administrative state, tax cuts for corporations, definitive looting of public lands and wealth, indifference to climate change or any broader social responsibilities, and intent on locking in their present position through the courts and the election system.

For the moment the remnants of the professional political elites cling to the belief that the personal antics and unpopularity of the incumbent President will sweep them back into power. A realistic expectation at best is that they may obtain a further round in office – as distinct from in power – but with neither the will nor the ability to effect any systematic reversal of present trends. Indeed the structural detachment of these elites from a political base precludes even the development of an alternative economic program, let alone its implementation. Moreover the coalition in support of these remnants is geographically concentrated and fragile; a genuine program of redistribution toward working populations of all ethnicities would inevitably realign the sponsors of this elite remnant with the overt oligarchy, a process visibly underway already, leaving the politically-active elements both without a base and underfunded. This is the risk that a Sanders 2020 candidacy must inevitably run, and it will not go away even or especially if he wins.

What then is the specific responsibility of the economists? At the level of present-day individuals it cannot be very much. The profession is on the sidelines, brushed away in this era of direct rule by the business class. And this seems particularly true of conservative economists – there are hardly any left of any consequence, except possibly in the field of “law and economics.” True, the profession is replete with dull and thoughtless conservative ideologues; it is bereft of stature. The last conservative idea straggled out of Chicago or Stanford sometime in the early 1980s; to the extent there is original thought in mainstream economics since then it's predominantly been in a critique of neoclassical precepts, for instance from the “behaviorists.”

Mainstream economics survives by a process of hierarchy-construction and maintenance; its intellectual ferment can be assessed by walking the halls at these meetings, which feature minute audiences in the large halls and packed rooms on the fringes. But I digress.

And yet, at some deeper cultural and political level, the historical responsibility of the economists has to be considered very great. And that is because economics sets a tone for the political culture, fostering a climate of thought with (among others) the following characteristics:

- a conceptualization of the isolated individual as the unit of observation and analysis – an isolated homunculus, with neither antecedent nor consequent;
- a vision of that individual as a locus of material desires, nothing more;
- a vision of interactions brought to harmony out of an external balance of forces, supply and demand, imported with minor modifications from Confucius;
- a subrogation of the fundamental life forces, including resource use, production of waste, entropy, organization and hierarchy and selection and recombination over time; and contempt for government, masking a deep non-comprehension of the role regulation plays in every organized system, whether biological, mechanical or social.

The economists are therefore professionals who have a unique role, in that their doctrines deny the utility of all other professionals – scientists, engineers, lawyers, accountants – who serve a regulatory function. Economists serve to deprecate, to undermine and to limit fact- and science-based disciplines and functions, and to divert attention toward the transient and the ephemeral; self-improvement and job training as cures for unemployment and inequality come to mind as examples of the characteristic mode of thought. Economists therefore serve as enablers of the oligarchy, of the predator class, of the systems of direct rule under which we live. Having created a climate of benefit-and-cost, of price-for-everything from irreplaceable resources to human life to the future livability of the planet, economists serve as intellectual apologists for Trumpism, for the destruction of the Environmental Protection Agency, for the delegitimation of decision-by-voting, for the opening of public lands, for the use of commercial discount rates to assess the impact of the loss of the West Antarctic ice sheet in one or two centuries' time.

So, yes, in a broader sense, the responsibility is quite great.

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James K. Galbraith holds the Lloyd M. Bentsen Jr. Chair in Government/Business Relations at the Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin.