

*“Getting out of the crisis:  
the role of Income Distribution”*

Symposium CEPN – Groupe AMPK  
“Post-Keynesian analyses and modeling”  
Saint-Denis, June 9th and 10st 2011

Growth and Income Distribution:  
How to Understand the Crisis  
and Really Get Out of It

(if possible)

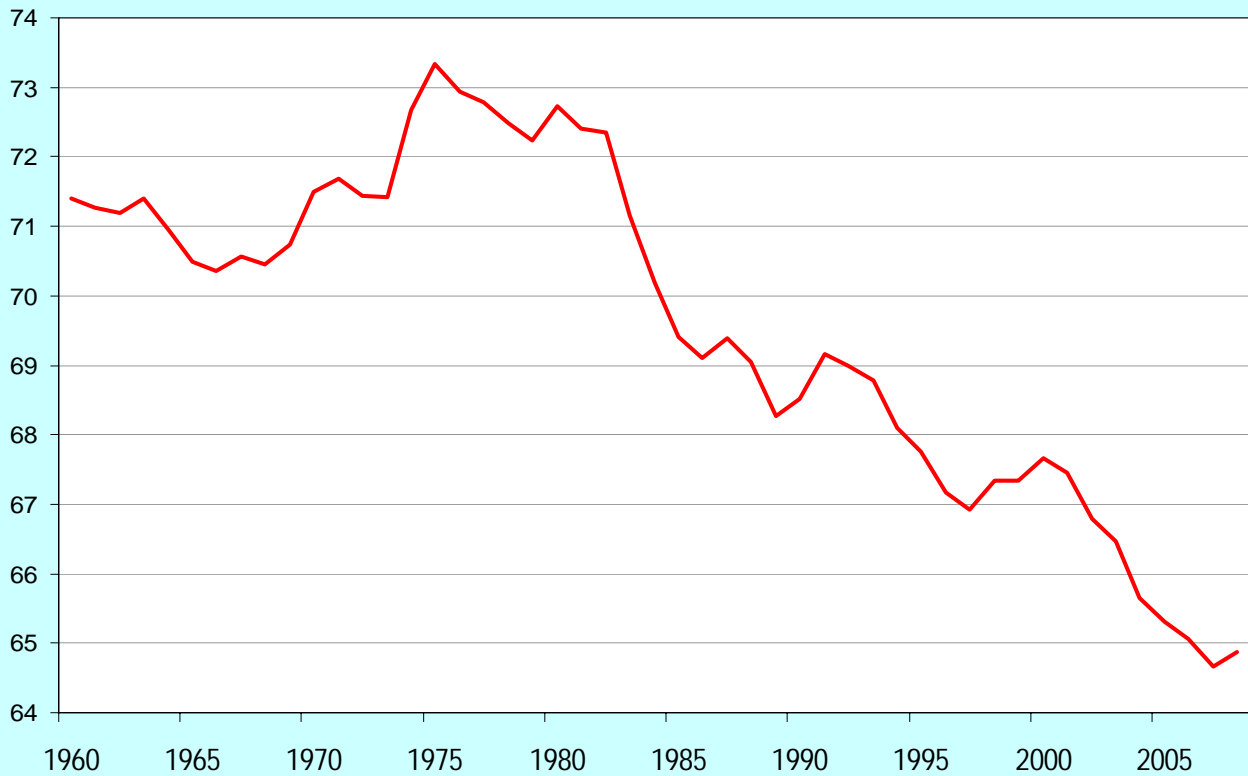
Michel Husson (IRES)

<http://hussonet.free.fr>

Neoliberal capitalism  
Three stylized facts

1. Fall in the wage share / increased rate of profit
2. Stagnation of the rate of accumulation
3. Increase in the share of dividends

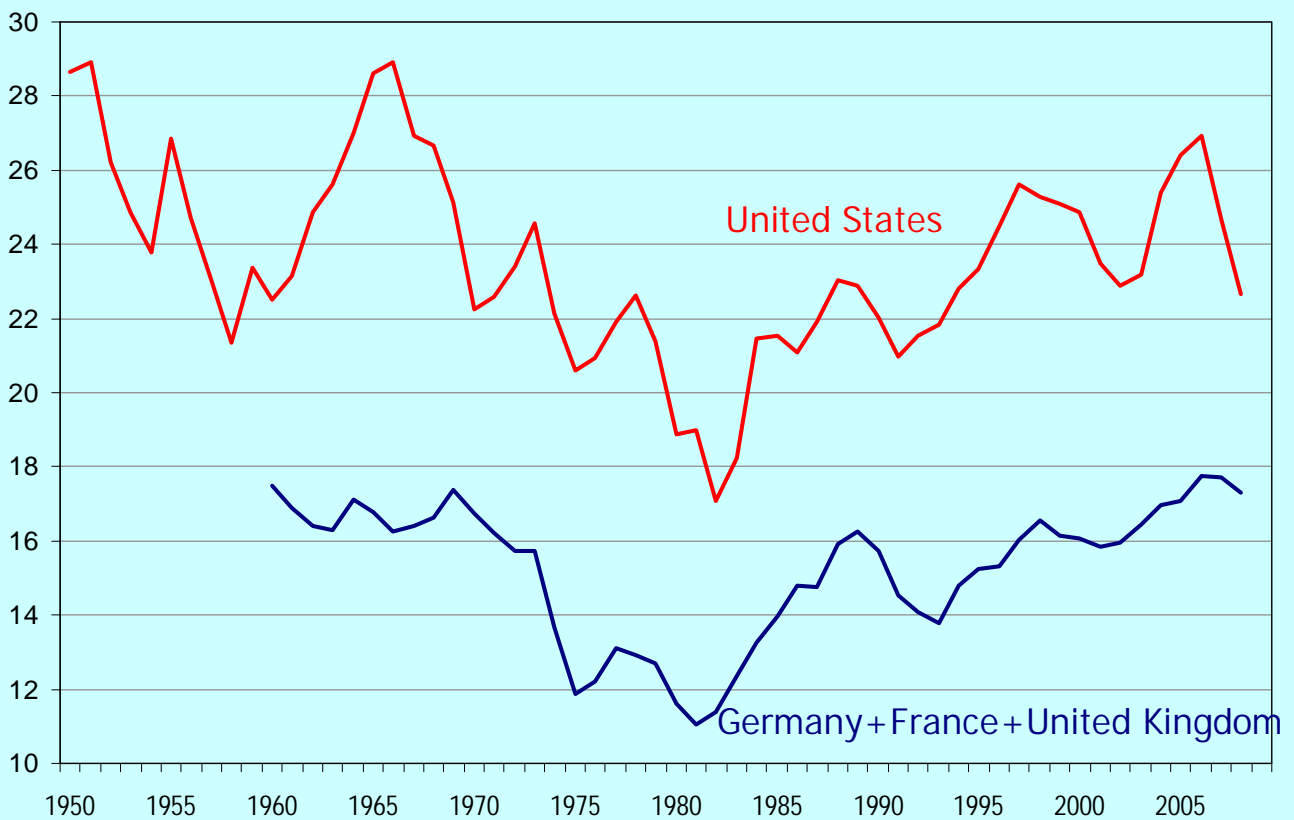
## Wage share in value added USA + EU + Japan, 1960-2008



Average weighted by GDP

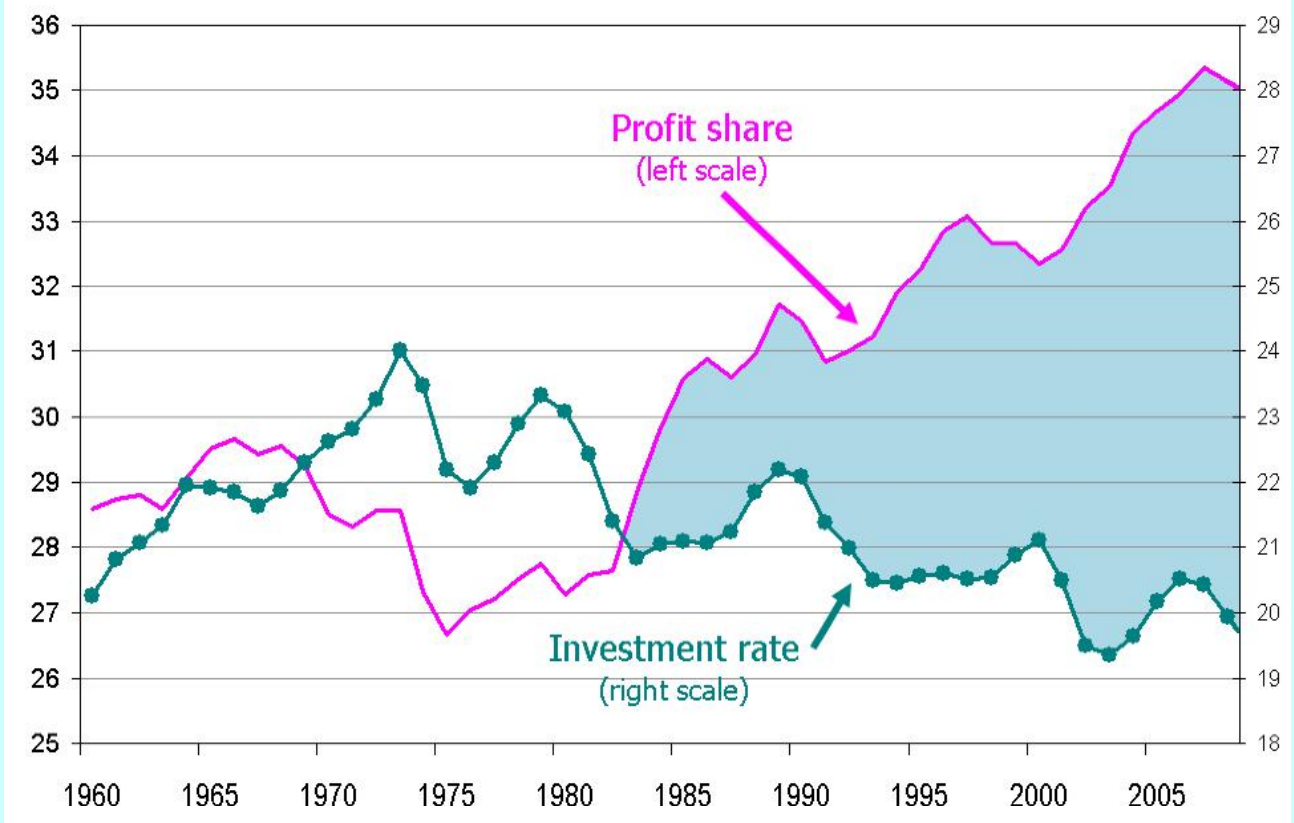
Source: European Commission, Ameco Database

## The profit rate in the United States and in Europe. 1950-2008



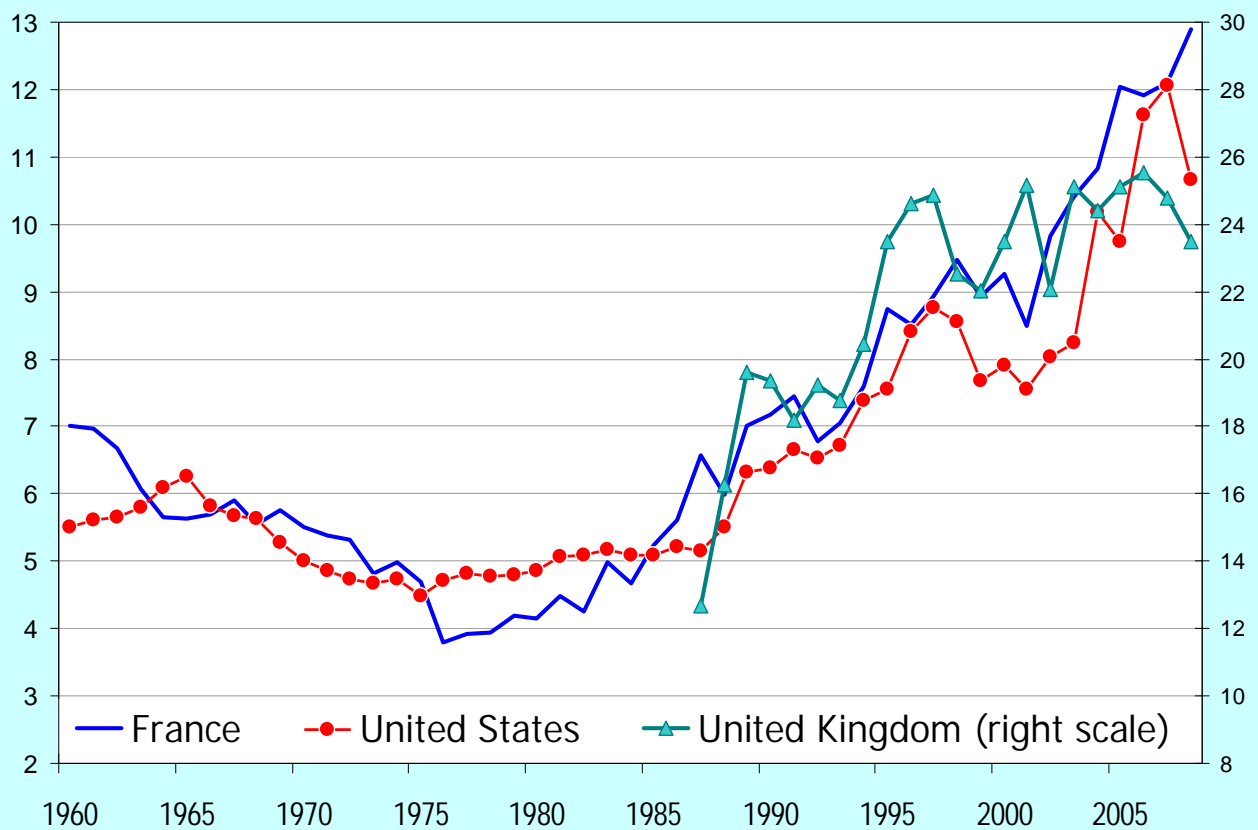
Average weighted by GDP. Sources: National accounts

## Profit and Investment USA + EU + Japan, 1960-2008



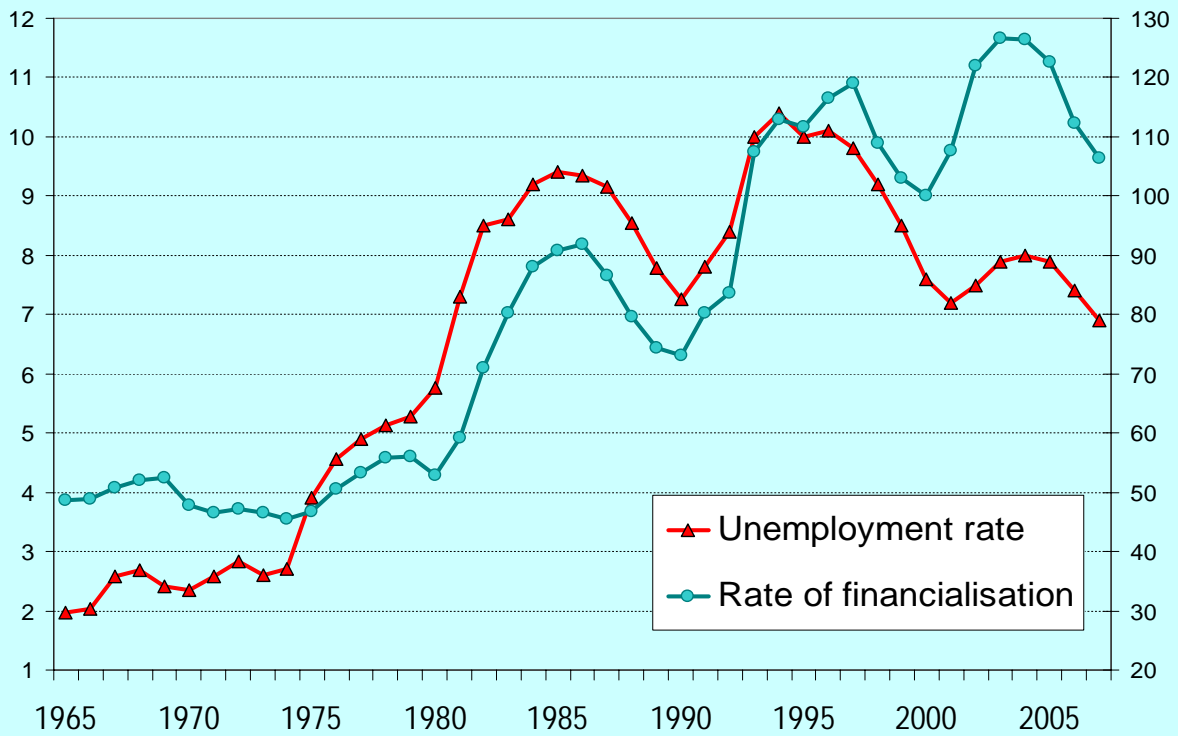
% of value added. Average weighted by GDP  
Source: European Commission, Ameco database

## Net Dividends as % of the wage bill United States, France, United Kingdom, 1960-2008



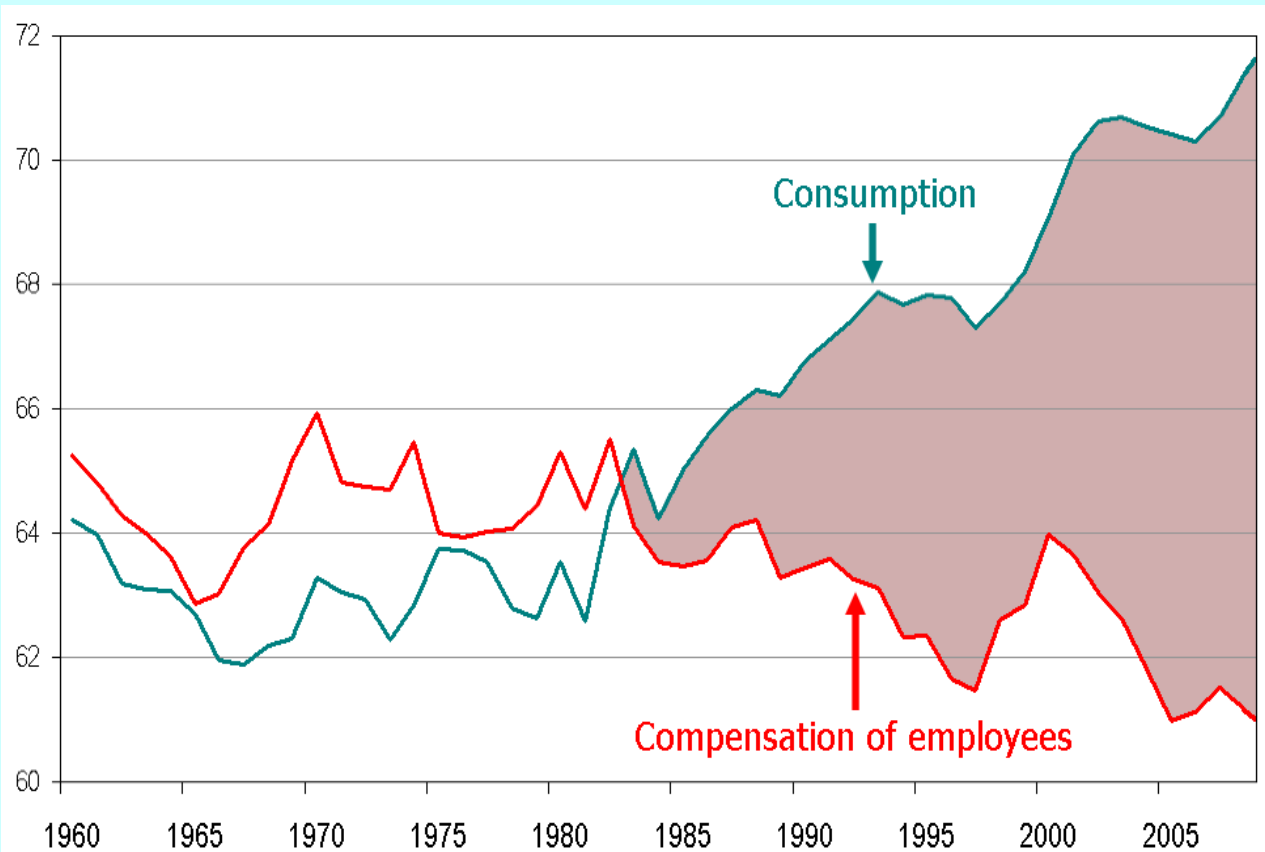
Sources: Bureau of Economic Analysis, INSEE, United Kingdom Economic Accounts

## Financialisation and Unemployment EU15 1965-2007



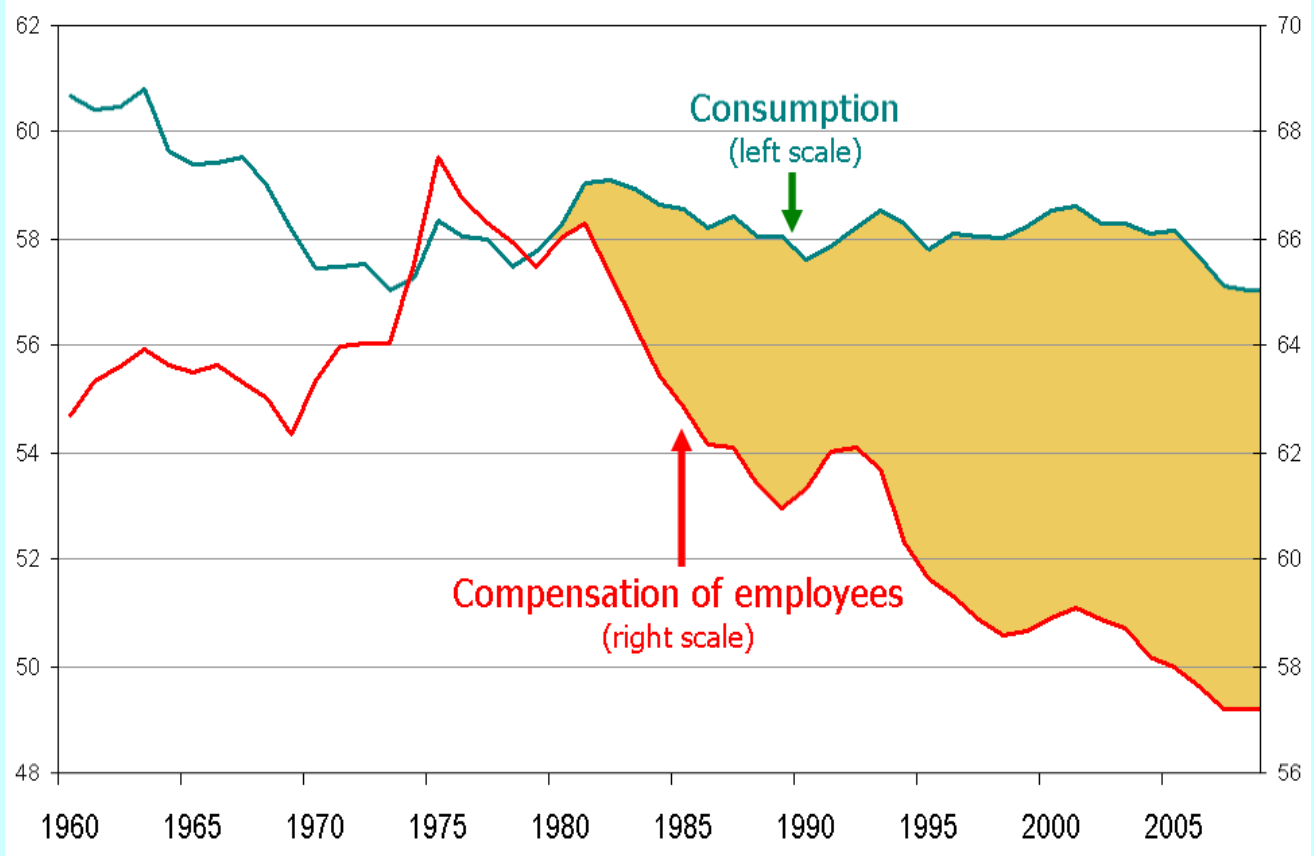
Source: European Commission, Ameco database

## Wages and private consumption United States 1960-2008



Source: Bureau of Economic Analysis

## Wages and private consumption European Union 1960-2008



Source: European Commission, Ameco database

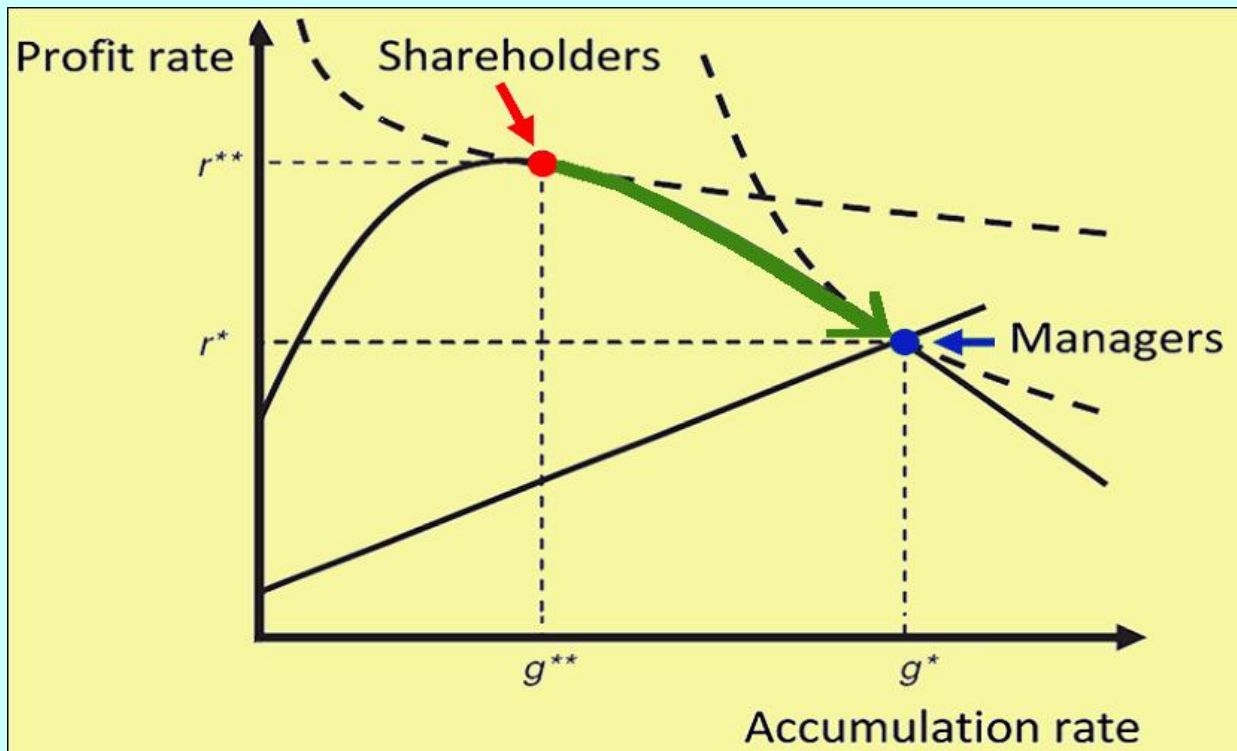
## Two "scissors"

- Profit / Accumulation
- Wage bill / Consumption

## Two explanations (not contradictory)

- Predatory finance
- Mismatch between social demand and capitalist criteria

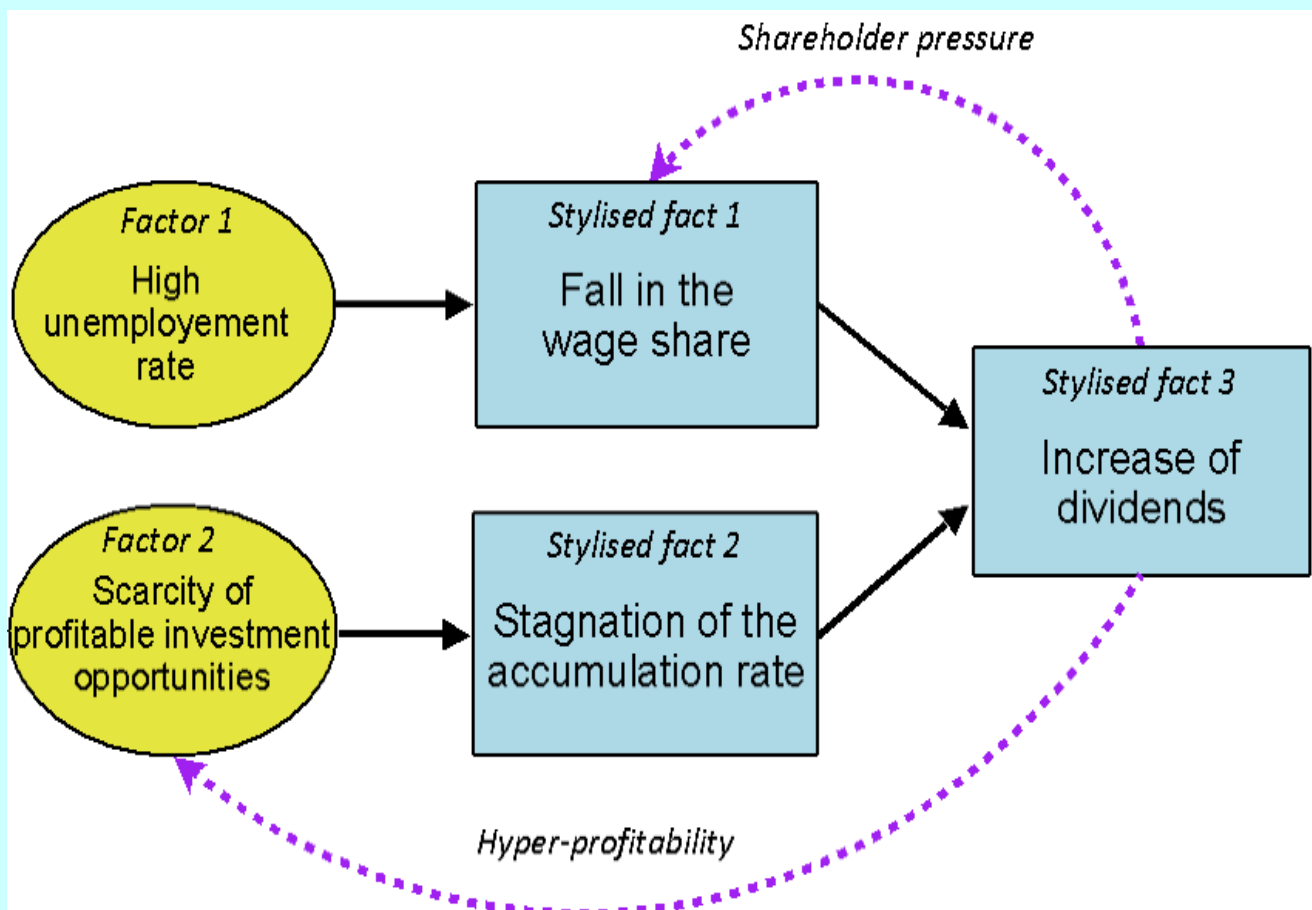
## The Post-Keynesian Firm under Financialization (Stockhammer's Case)



Thomas Dallery

"Post-Keynesian Theories of the Firm under Financialization"  
*Review of Radical Political Economics*, Vol.41 n°4, 2009

## A general scheme of analysis



# Four major contradictions: towards a “chaotic regulation”

## Dilemma of distribution

profitability vs employment

## Dilemma of globalisation

imbalances vs global growth

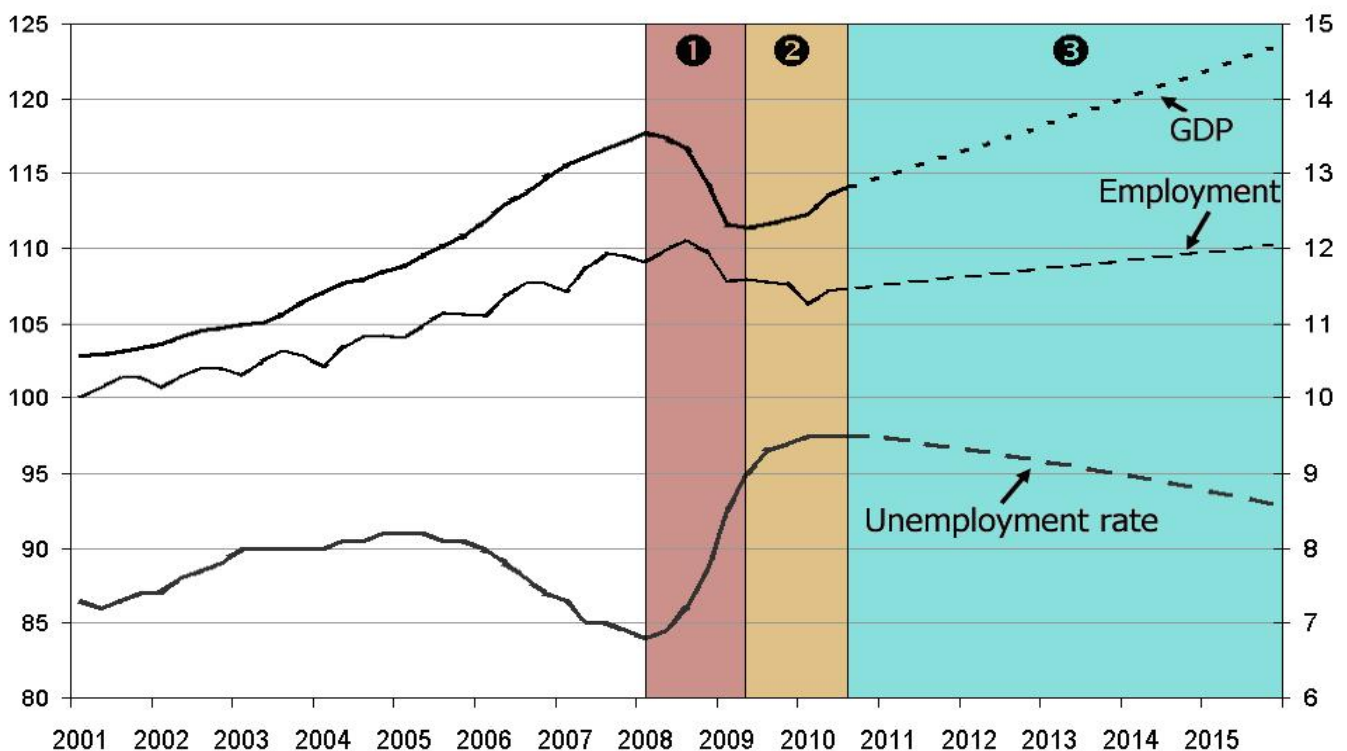
## Budgetary dilemma

austerity vs social spending

## European dilemma

everyone for themselves vs coordination

### Growth, employment and unemployment EU15 2001-2015



① trigger ② “recovery” ③ “end of crisis”

GDP and employment: 100 = 2001 (left scale) Unemployment rate in% (right scale)

Source: Eurostat until 2010, then projection

# Three questions

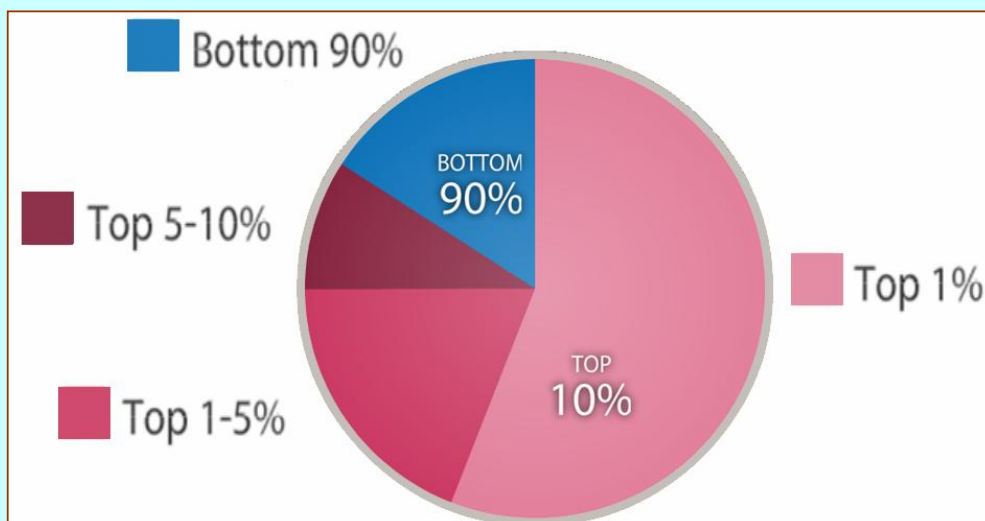


## 1. When incomes grows, who gains ?

<http://www.stateofworkingamerica.org/pages/interactive?/>

Economic Policy Institute

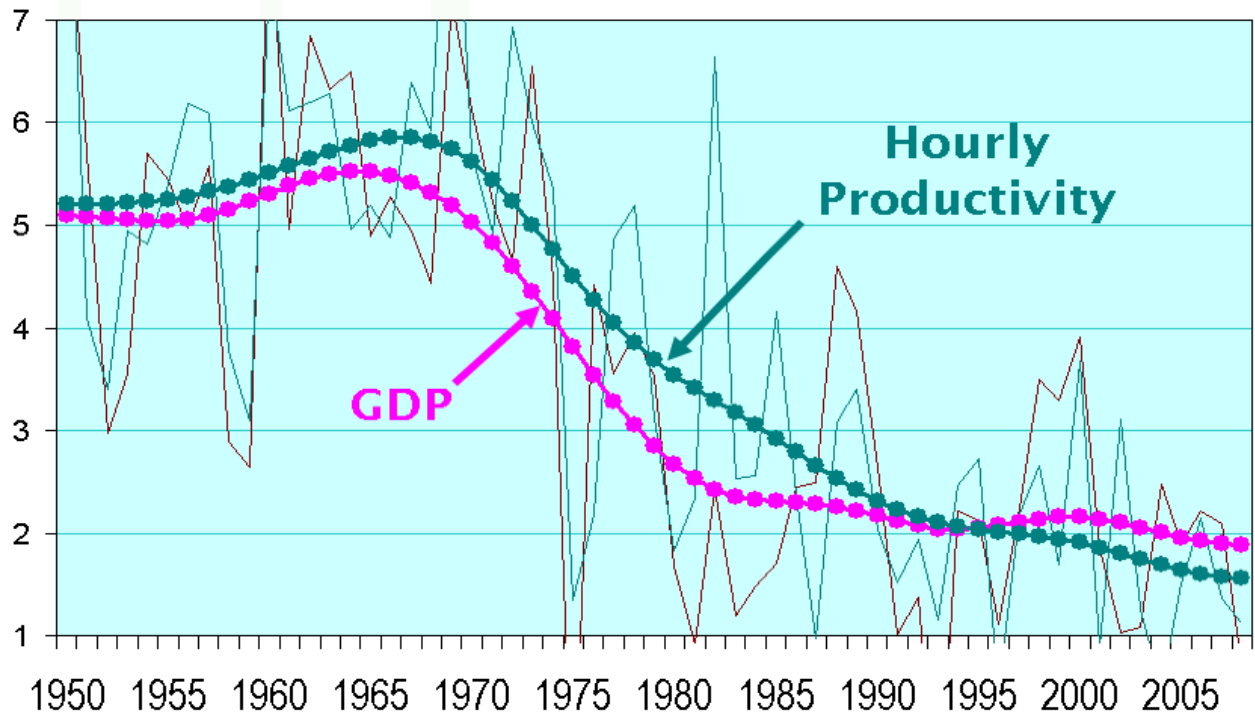
Between 1987 and 2007  
Average incomes in the U.S. grew by \$15,104  
The richest 10% got 84% of that growth  
The bottom 90% shared 16%



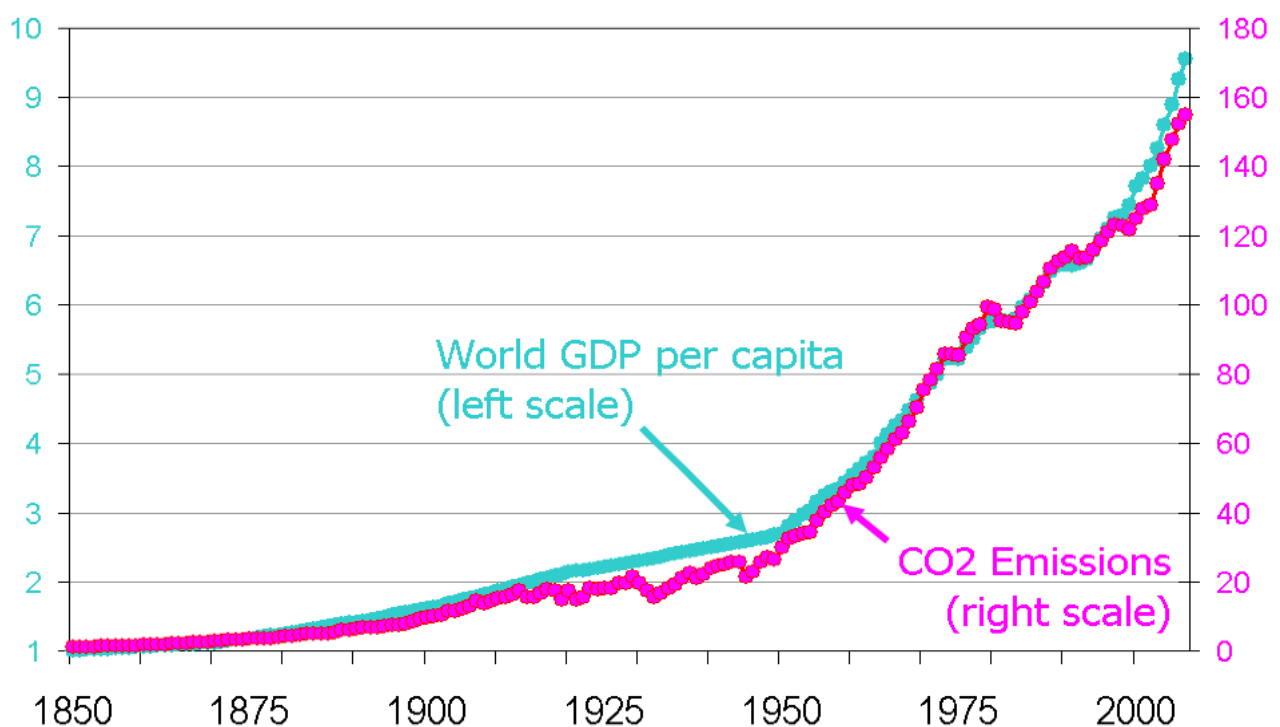


## 2. Does growth really create jobs ?

Productivity and growth - France 1950-2008



## 3. Is growth compatible with the goals for reducing CO2 emissions ?



# Main ingredients for an alternative

## Priority to social needs

- ✓ change in the income redistribution
- ✓ reduction of working time

## Euroconvergence

- ✓ unified taxation of capital
- ✓ European budget for harmonization
- ✓ European minimum wage

## A last question

Can  
this “unleashed capitalism”  
be regulated ?