

THE POLITICS OF THE GREEN NEW DEAL: PART 1

The Green New Deal starts with the recognition that drastic changes to society and the economy are necessary to cope with the dangers of climate change. I see two basic assertions behind the Green New Deal. First, it says that the pain and costs of restructuring the economy will not be borne by the working class, as has been the case in every other economic disruption. Second, as a nation we cannot allow capitalists to dominate our future. There is a lot to unpack in these two issues, so this is the first of a short series.

In the course of the first part of my neoliberalism project we saw the effects of capitalism on the working class*. This aphorism from Thucydides sums up human history nicely: “the strong do what they can and the poor suffer what they must”. We saw this in the history of the English enclosures discussed by Polany; the use of state militias to break strikes in the US; and in Foucault’s discussion of the way the state forced people into becoming good little factory workers, supervised closely, but largely self-governing, self-controlled.

Republicans have hated the New Deal since forever. The Democrats started cringing over it right after WWII amid Republican fear-mongering about Communists. The Democrats gave the capitalists their first win with the passage of Taft-Hartley in 1947 and their aggressive purge of every element of leftist thinking in their ranks. Liberals joined the Capitalist Celebration; they gradually embraced deregulation, and they did nothing to protect unions, the source of worker power. Democratic wonks became experts at explaining the virtues of the market and the evils of Big Government, and crafted ever more complicated solutions to the problems created by rampant capitalism.

It was with this mindset that the US confronted the biggest crisis facing the working class, globalization. Clinton and the Democrats embraced NAFTA, and so did Democratic wonks. Paul Krugman wrote an article for Foreign Affairs attacking unions for saying that NAFTA would cost US workers their jobs. Nonsense, said Krugman. The impact would be marginal, and the Fed would simply cut interest rates to keep the economy roaring; special bonus: job training programs. This mentality continued to dominate US politics and Democratic party wonks as manufacturing jobs vanished. The promised solutions didn't work. Capitalists got rich, and the burdens were pushed off onto the working class and small towns across the country.

Here's a recent defense of NAFTA from the Council on Foreign Affairs. It admits that NAFTA contributed to the decline of US manufacturing jobs, but ignores what happened to the fired workers. It claims that NAFTA provided benefits to the economy as a whole, without specifying who reaped those benefits. It adds this:

Edward Alden, a senior fellow at the Council on Foreign Relations, says anxiety over trade deals has grown because wages haven't kept pace with labor productivity while income inequality has risen. To some extent, he says, trade deals have hastened the pace of these changes in that they have "reinforced the globalization of the American economy."

Translation: capitalists replaced well-paid manufacturing jobs with cheaper foreign labor, to their benefit and that of their corporations. They ignored the impact on workers, who lost their livelihoods, their insurance, and more. The impact of free trade with China is even greater, according to a recent study, and neither party lifted a finger to help.

The Green New Deal recognizes that climate change is going to create massive disruption,

including staggering losses in economic output and damage to property and infrastructure. In the ordinary course of things, the costs of coping with these disruptions would be borne by the working class. After all, the entire point of capitalism is rising profits for capital, and if that imposes costs on the working class, so be it.

To meet the goals of the Green New Deal we will have to reduce our reliance on fossil fuels. Coal mining jobs are already vanishing, and jobs in oil and gas production are next to go. The latter sector currently employs an estimated 2.1 million people directly and indirectly. Every one of those jobs lost in these and other fields will cost families their incomes, their health insurance, their physical and mental well-being, and their hope of retirement security. Their home lives will be damaged as they cope with unemployment. Marriages will be lost, children will be injured, and elderly parents will be affected in their own financial security, and the pain of seeing the injuries to their children and grandchildren.

New jobs will be created, but where? If the jobs are far away, the unemployed will have to bear the cost and emotional drain of moving. It's especially difficult for older workers, and the strains of moving teen-agers adds another layer of difficulty. For some, moving will be a positive, an opportunity to start over. But for many others, it's the loss of a sense of place, the connection to the people and places in which they are comfortable.

One critical problem is the loss of a home. Home ownership has decreased from 68.6% to 63.7% since the 2007 Survey of Consumer Finances, but for many Americans the home represents a significant part of family wealth. See Tables accompanying the 2016 Survey of Consumer Finances, Tables 9.07, line 6, and 9.16 line 6 and line 89 et seq. If there is mass migration to new jobs, there will be substantial losses of wealth for many families. To the extent people

are forced to move from areas with low-cost housing to high-cost housing, there will be financial difficulties.

The Green New Deal says that we need to deal with these problems directly, not through some complicated 60 point plan relying on some newly created market or capitalists, but by direct government intervention. Section 4.5 requires the government to direct :

... investments to spur economic development, deepen and diversify industry in local and regional economies, and build wealth and community ownership, while prioritizing high-quality job creation and economic, social, and environmental benefits in frontline and vulnerable communities that may otherwise struggle with the transition away from greenhouse gas intensive industries;

Section 4.15 directs the government to provide

...all people of the United States with-

- (i) high-quality health care;
- (ii) affordable, safe, and adequate housing;
- (iii) economic security; and
- (iv) access to clean water, clean air, healthy and affordable food, and nature.

Taken as a whole the Green New Deal rejects the neoliberal program of protecting capital at all costs, in favor of putting people and the planet first.

* I'm going to use the term working class in this series, because as I see it, the conflict is between the working class and the capitalists. In general, by working class I mean everyone who must sell their labor in order to eat. I've been in the habit of using the term "workers" but I'm tired of euphemisms. This definition covers a wide range of incomes, but

it's stupid to pretend that middle class people living paycheck to paycheck or people with much higher incomes who have little wealth have interests that are differentiable in any meaningful way. The Fed says that 40% of US households could not pay for an unexpected \$400 expense without borrowing or selling an asset. The most recent Survey of Consumer Finances (2016) says that the conditional mean value of retirement accounts for the group with income between the 50th and 90th percentiles is \$157K, from which I'd estimate median net financial wealth for that group is in the range of \$300K. That means they have to keep working. I'd guess that most of the people in the top 10% of wealth could mostly make it if they were forced out of work, but certainly not all of them. They may think of themselves as wealthy because they own real estate and financial assets, and they may identify with the truly wealthy more than the working class; but I see it their real interests are aligned with those of the working class, because if that group fails, their wealth will be worthless.