

## President Putin: US Middle Class Voted Trump Because Globalization Is Killing Them

Recent interview with the Financial Times, 6 September 2019

*Stating the obvious can be very refreshing*

In a recent interview with Lionel Barber, editor of the Financial Times, Russian President Vladimir Putin had some very interesting and accurate comments about the current political situation in the United States, particularly as it relates to America's middle class. Here are some of the key comments:

*"Russia has been accused, and, strange as it may seem, it is still being accused, despite the Mueller report [on the investigation into allegations of Russian meddling in the 2016 presidential campaign], of mythical interference in the US election. What happened in reality? Mr Trump looked into his opponents' attitude to him and saw changes in American society, and he took advantage of this.*

*You and I are talking ahead of the G20 meeting. It is an economic forum, and it will undoubtedly have discussions on globalisation, global trade and international finance.*

*The middle class in the US has not benefited from globalisation . . . The Trump team sensed this very keenly and clearly and they used this in the election campaign. Has anyone ever given a thought to who actually benefited and what benefits were gained from globalisation, the development of which we have been observing and participating in over the past 25 years, since the 1990s?*

*China has made use of globalisation, in particular, to pull millions of Chinese out of poverty.*

*What happened in the US, and how did it happen? In the US, the leading US companies — the companies, their managers, shareholders and partners — made use of these benefits. The middle class hardly benefited from globalisation. The take-home pay in the US (we are likely to talk later about real incomes in Russia, which need special attention from the government). The middle class in the US has not benefited from globalisation; it was left out when this pie was divided up.*

*The Trump team sensed this very keenly and clearly, and they used this in the election campaign. It is where you should look for reasons behind Trump's victory, rather than in any alleged foreign interference. This is what we should be talking about here, including when it comes to the global economy." (my bolds)*

Mr. Putin clearly lays the defeat of Hillary Clinton in 2016 at the feet of disillusioned American middle class voters. Let's look at some of the reasons for this disillusionment:

1.) **Stagnant wages:** [Here](#) is a graphic showing what has happened to median real wages for full-time workers aged 16 and over since 1979 (setting 1979 wages at 100).

Over the four decade period since the beginning of 1979, real wages for American full-time workers has only increased by 6.6 percent. If that isn't wage stagnation, I don't know what is.

[Here](#) is a graphic showing what has happened to the median weekly nominal earnings for American full-time workers aged 16 and over since 1979:

Over the four decade period, median nominal wages for the second quartile of American workers have increased by 293 percent.

[Here](#) is a graphic showing what has happened to nominal corporate profits since 1979:

Over the four decade period, profits for Corporate America have increased by 696 percent or 2.4 times that of its wage earners over the same period.

2.) **CEO to worker wage disparity:** [Here](#) is a table from the Institute for Policy Studies showing the most egregious examples of CEO-to-worker pay gaps:

Here is a graphic from the Economic Policy Institute showing how the CEO-to-worker compensation ratio has changed since 1965:

CEO compensation has even grown when measured against the top 0.1 percent.

3.) **Taxation:** As shown on [this graphic](#), Main Street America is paying a higher and higher share of Washington's total tax revenue:

...when compared to Corporate America as shown on [this graphic](#), keeping in mind that corporate profits have grown at 2.4 times that of median nominal wages.

4.) **Trade balance:** [Here](#) is a graphic showing how the United States trade balance has changed since 1992:

Despite [these comments](#) made in May 2000 by then President Bill Clinton and former Federal Reserve President Alan Greenspan about the advantages of Permanent Normal Trade Relations (PNTR) with China:

...it is clear that admitting China to the World Trade Organization has had a massive negative impact on America's manufacturing industry and its accompanying negative impact on wages and salaries for American workers.

While drawing links from economic class to voting patterns is difficult given that education impacts voting rates, it is pretty clear that Vladimir Putin's observations about American society and the growing sense that middle class America is being left behind is accurate. It is becoming increasingly clear that globalization benefits the few at the top and leaves behind the vast majority of society who feel that their place in society is under threat.