

**The horrific trinity**

The 'horrific trinity' is the combination of three acute and damaging economic problems: growing inequality (in the distribution of wealth and income), persistent unemployment, and unbearable, excessive, unpayable debt.

• **Remark 1.** The graph below depicts the trinity in connection with the three basic elements of an economy (wealth, work, money) and as set of mutually reinforcing problems.

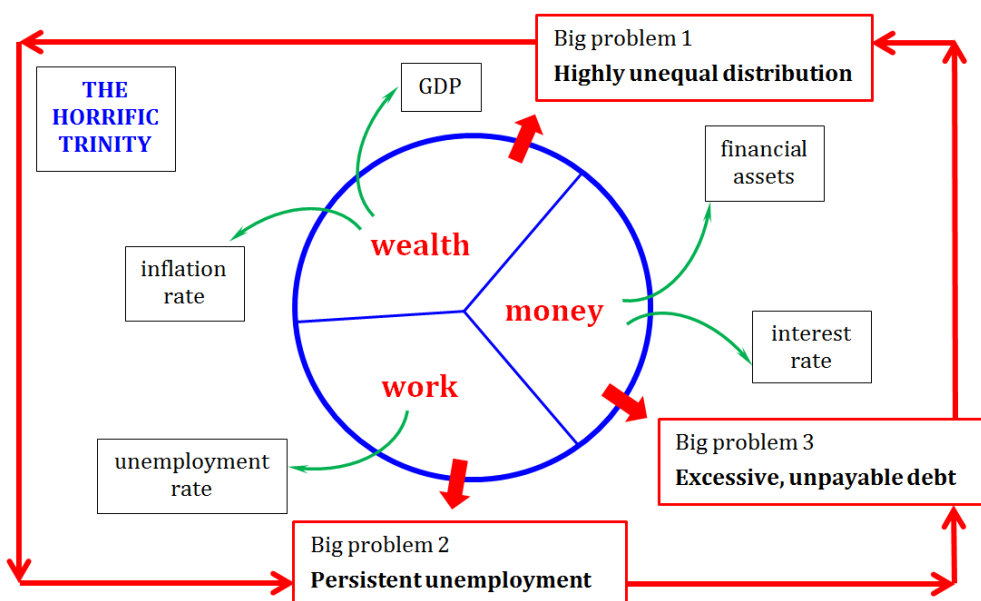
• **Remark 2.** There are at least four connections between wages and labour productivity. These connections put forward benefits that firms could obtain by paying wages above market levels.

(i) An increasingly unequal distribution of wealth and income makes the economy more vulnerable to underconsumption crises, as workers and middle class consumers are unable to absorb the flow of new production. Firms then lay off workers and unemployment escalates persistently. Even if a recovery eventually ensues, it now tends to be a "jobless recovery". This state contributes to depress wages and to widen the gap separating consumption from production.

(ii) Since the wealthy save more than workers and middle class employees, surplus savings are generated in the economy. Part of those savings are channelled to the less wealthy to make them able to absorb, through consumer credit, the new goods produced. Another part is directed to speculative ventures and schemes in the financial sector, where investors just gamble on results: they try to make money by betting on which financial assets are going to be the winners in the profitability race.

(iii) The fact that the financial sector offers most of the opportunities to obtain large sums of money very quickly, all the activity in that sector reinforces the income and wealth inequalities.

• **Remark 3.** The Marxist image of an international high technology and low-wage capitalism is consistent with the view of a horrific trinity whose constituent problems worsen with time.



“Every business day when that market bell rings, we can people into believing in something, the American dream, family values. Could be freedom fries for all I care. It doesn’t matter as long as the con works and people buy and sell whatever it is we want them to (...) and we all know a con doesn’t work without the confidence.”

Mr. Robot, Season 2 Episode 1