

Social inequality and the fight against capitalism

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A lecture delivered in Sydney, Australia on Sunday by the French political economist Thomas Piketty, who has made a detailed study of the growth of social inequality, was significant from two standpoints.

First, basing himself on the data presented in his 2014 best-selling book *Capital in the Twenty-First Century*, as well as new results covering the two years since its publication, Piketty documented, in a series of vivid graphs and tables, the inexorable process of wealth accumulation at the heights of society, under conditions where the standard of living of the broad mass of the population is either stagnating or in decline.

Second, the lecture revealed the bankruptcy of the political perspective advanced by Piketty and other economists working in this area that this ever-growing social malignancy can somehow be contained through changes in the policy settings of various capitalist governments, including taxes on wealth and capital.

Facts, as the saying goes, are stubborn things, and the facts produced by Piketty from an analysis of objective data argue that there is no possibility of combating social inequality other than the overthrow of the capitalist social order, which produces inequality, by means of a socialist revolution carried out by the international working class.

When Piketty's book was published in its English-language version in May 2014, the financial elites immediately recognised the dangers contained in its findings. One of their chief mouthpieces, the London-based *Financial Times*, went straight onto the attack with a piece by its economics editor questioning Piketty's use of the data, claiming it was "flawed." The newspaper published an editorial titled "Big questions hang over Piketty's work."

These criticisms have sunk beneath the waves of data in the book as well as further facts that have been

published since the book's appearance. To cite just one example: two years ago it was revealed that 85 people controlled as much wealth as half the world's population. This year the number has fallen to just 65.

Piketty's perspective in the Sydney lecture was not to set out the case for the overthrow of the profit system, but just the reverse. He is working to prevent such an outcome. In his political outlook, he is an opponent of Marx and what he calls Marx's "apocalyptic" vision of a historic crisis of the capitalist system leading to socialist revolution.

He is, to use a phrase coined by former Clinton labour secretary Robert Reich, not a "class warrior, but a class worrier." In his book, Piketty pointed to the widening gap between the return accruing to finance capital and the growth of the real economy, noting that "the consequences for the long-term dynamics of the wealth distribution are potentially terrifying."

That is, he was seeking to warn the ruling elites about the mounting dangers to the present social and economic order and advocating a series of measures to counter the present dangerous trends, principally a global tax on capital gains. This would, he maintained, "contain the unlimited growth of global inequality of wealth, which is currently increasing at a rate that cannot be sustained in the long run and that ought to worry even the most fervent champions of the free market."

What has happened in the two years since these lines were published?

The vast accumulation of wealth at the heights of society has continued apace, fuelled by the world's central banks' pumping of ultra-cheap money into the financial markets, while the underlying real economy is mired in what is increasingly being termed "secular

stagnation,” i.e., low growth and investment, declining productivity, a marked slowdown in the growth of world trade, and a consequent fall in living standards.

This has produced an incipient rebellion from below, reflected in contradictory ways in the Brexit vote in Britain, the support for the avowed “socialist” Bernie Sanders in the US, the candidacy of Donald Trump, and increasing hostility towards the political and financial establishment and growth of anti-capitalist sentiment around the world. So intense are social tensions that these issues now are on agenda of every meeting of the International Monetary Fund and other major global economic institutions.

Piketty’s book has been widely read, but no government anywhere in the world has undertaken any of the measures he has advocated to reverse the rise of social inequality. This has not been due to a lack of nominally “left” governments. The experience in Greece, where the Syriza government of Alexis Tsipras repudiated the massive anti-austerity vote of July 5, 2015 and implemented the demands of the European and international banks, was of international significance. It confirmed in political experience that there was no way of ending the dictatorship of financial capital without the overthrow of the entire profit system.

When a member of the audience at Piketty’s Sydney lecture confronted him with these experiences, above all the fact that no government anywhere in the world was even vaguely contemplating the measures he advocated, the dead end of the economist’s reformist perspective emerged in full view.

He said it was “very sad” that the French and German governments had rejected proposals for debt restructuring. He acknowledged that neither of the two candidates in the US presidential election would adopt the tax policies he advocated, expressing the hope that “maybe in another time another Bernie Sanders, maybe less white and a bit more young” would be able to win “and make a difference.”

His only perspective was for the “democratisation of knowledge,” which he hoped could bring “sufficient pressures” to get a change in policies.

The political record of the International Committee of the Fourth International stands in marked contrast to that of Piketty and other would-be reformers of the capitalist system. Just over twenty years ago, the

Workers League in the United States and sections of the ICFI in the rest of the world changed their names to Socialist Equality Party.

This change was based on the understanding—long before it became a matter of official discussion—that growing disorder within the capitalist system, then somewhat concealed beneath short-lived growth and intense propaganda hailing the “magic of the market,” was manifesting itself in growing social inequality, which would become a defining issue of our time.

This assessment was not arrived at accidentally, nor was it the result of a lucky guess. It was based on a scientific assessment of the objective contradictions of the capitalist system as analysed by Marx, which Piketty and others so assiduously seek to deny.

The conclusion of the ICFI’s analysis was that the growth of social inequality—one of the central forms in which the crisis of the profit system impacts on the lives of the broad masses of the working class, changing their consciousness and understanding—would become a key driving force of political and social struggle, posing the necessity for socialist revolution not as a theoretical construct, but as a living reality.

In the growth of social opposition and the intense political crises wracking capitalist governments and institutions around the world—from Brexit to the US elections—we are witnessing, with all its contradictions, not the dreams of Piketty and other reformist critics of the status quo, but the emergence of a new period of revolutionary struggle.



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