

Wealth distribution in the United States and the politics of the pseudo-left

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A report published in December by University of California at Berkeley economists Thomas Piketty, Emmanuel Saez and Gabriel Zucman reveals unprecedented levels of social inequality in the United States.

The report documents an immense redistribution of wealth over a period of several decades from the working class to the rich. The bottom 50 percent's pre-tax share of national income has fallen from 20 percent in 1980 to 12 percent in 2014, while the income share of the top 1 percent has almost doubled to 20 percent. The wealthiest 1 percent now owns over 37 percent of household wealth, while the bottom 50 percent—roughly 160 million people—owns almost nothing, a mere 0.1 percent.

Though the Piketty, Saez and Zucman report focuses on the top 1 percent, the underlying data sheds light on another phenomenon that is essential to understanding American society: the role of the 9 percent of the population that falls below the 1 percent (the “next 9 percent”). This layer consists, broadly speaking, of more affluent sections of the middle class.

Among the pseudo-left organizations that orbit the Democratic Party, it has become popular to refer to the need to build a “party of the 99 percent.”

The call for a party of the 99 percent conflates the interests of the 9 percent of the population that falls just below the top 1 percent with those of the bottom 90 percent. In fact, a chasm separates these two social layers. The *World Socialist Web Site* has defined the pseudo-left as denoting “political parties, organizations and theoretical/ideological tendencies which utilize populist slogans and democratic phrases to promote the socioeconomic interests of privileged and affluent strata of the middle class.”

The material position of the next 9 percent

The next 9 percent is comprised of privileged individuals who possess net wealth of between \$1 million and \$8 million and whose household incomes are between \$155,000 and \$430,000. They are business executives, academics, successful attorneys, professionals, trade union executives and trust fund beneficiaries. Their social grievances are the product of their privileged position. In every index of quality of life—access to health care, life expectancy, water and air quality, housing and home location, college degrees, vacation time, etc.—they live a different existence from the bottom 90 percent.

Data from the UC Berkeley report shows that the next 9 percent owns more wealth than the bottom 90 percent combined. The next 9 percent's share of national income increased from 23.1 percent in 1970 to 27.6 percent in 2014. Over the same period, the national income of the bottom 90 percent decreased from 65.9 percent to 52.8 percent. The share of national income of the bottom 50 percent was cut in half over this period,

from 19 percent to 10.3 percent. (These figures refer to “pre-tax factor income,” defined as the sum of all income flows before pensions, taxes and transfers. These are the only value sets for which data on the next 9 percent is available.)

In terms of net wealth (that is, total possessions, as opposed to annual income), the next 9 percent has also seen an increase since 1970. However, its *share of household wealth* is declining, but that is due entirely to the immensity of the increase in the share going to the top 1 percent. The share of household wealth of the next 9 percent has declined from 42.5 percent in 1970 to 34.9 percent today. Over this same period, the share of household wealth of the top 1 percent has increased from 22.5 percent to 37.2 percent. The bottom 90 percent's share of wealth has declined to just over one quarter.

The next 9 percent acquires its wealth in a manner that increasingly parallels the parasitic and speculative methods of the top 1 percent. From 1970 to 2014, the next 9 percent's share of total financial income increased from 24 percent to 28.6 percent.

This increase parallels the financialization of the top 1 percent's earnings profile (though at a slower rate), but contrasts with the bottom 90 percent, which relies less and less on stocks and capital gains. While the top 1 percent owns about 40 percent of all stock, about 70 percent is owned by the top 5 percent. In contrast, 53 percent of households own no stock.

The economic foundation of pseudo-left politics

The political outlook of the next 9 percent is based on this economic reality. In aggregate, this social layer owes its position to rising share values, the exploitation of the working class and the dominant global position of American capitalism. At the same time, it regards the 1 percent as having acquired an unfair portion of the spoils. The ideology and politics of the next 9 percent dominate at the universities, where many members of this social layer serve as professors, administrators and department heads.

The extent of the chasm separating the bottom 90 percent from the top 10 percent endows the next 9 percent's struggle for privilege with a ferocious character. Figures from prior studies show that in the United States, the gross income of a member of the 90th percentile (i.e., the lowest end of the next 9 percent group) is nearly 60 percent higher than a member of the 50th percentile. The gap in terms of net wealth is much higher. The margin in the United States has expanded significantly in recent decades and far outpaces similar statistics in other advanced countries.

Brookings Senior Fellow Richard Reeves noted in his September 2015 article titled “The dangerous separation of the American upper middle

class”:

“The American upper middle class is separating, slowly but surely, from the rest of society... For many, the most attractive class dividing line is the one between those at the very, very top and everybody else. It is true that the top 1 percent is pulling away very dramatically from the bottom 99 percent. But the top 1 percent is by definition a small group. It is not plausible to claim that the individual or family in the 95th or 99th percentile is in any way part of mainstream America.” Two further studies co-authored by Reeves provide insight into how this social distance has produced a high degree of social anxiety among the privileged next 9 percent:

“America is becoming a more class-stratified society... This separation of the upper middle class by income, wealth, occupation and neighborhood has created a social distance between those of us who have been prospering in recent decades, and those who are feeling left behind, angry and resentful, and more likely to vote for To-Hell-With-Them-All populist politicians,” one report notes.

Another study titled “Why rich parents are terrified their kids will fall into the ‘middle class’” explains: “As the income gap has widened at the top, the consequences of falling out of the upper middle class have worsened. So the incentives of the upper middle class to keep themselves, and their children, up at the top have strengthened.”

Identity politics and the next 9 percent

In the face of these powerful pressures, identity politics becomes an important mechanism for increasing status and financial position.

The main impact of racial politics, including affirmative action, has been the elevation of a small layer of minority groups into the next 9 percent and the top 1 percent. A study from the Pew Research Center showed that from 2005 to 2009, the share of total wealth held by the top 10 percent of households among different racial groups increased drastically across races. The concentration of wealth is most acute among Hispanics, where the share of wealth controlled by the top 10 percent rose from 56 percent to 72 percent over this period, and among blacks, where the figure rose from 59 percent to 67 percent.

The Piketty, Saez and Zucman report also shows that among the top 10 percent, the share of women has risen steadily over the past four decades to roughly 27 percent. But women make up only about 16 percent of the employed population in the top 1 percent. Among the most affluent, the authors write, “the glass ceiling is not yet close to being shattered.” This helps explain why women in the next 9 percent saw Hillary Clinton’s pro-war, pro-Wall Street presidential campaign as a vehicle for advancing their own struggle for wealth and privilege.

The party of the 99 percent vs. socialism

The pseudo-left opposes any politics based on an analysis of economic class. This is the political basis for the call by pseudo-left organizations for a “party of the 99 percent.” Socialist Alternative, for example, has called for the building of a “multi-class” party. It published an article in the aftermath of the US presidential election titled “We need mass resistance to Trump and a new party of the 99 percent,” which read: “We must start today to build a genuine political alternative for the 99 percent against both corporate dominated parties and the right so that in 2020 we will not go through this disaster again.”

The International Socialist Organization (ISO) has also called for “a mass, left alternative” comprised of “unions, movements and left parties.” It regularly advances the slogan of the “99 percent,” writing in 2014: “[W]e need a new party for the 99 Percent to confront the two parties of the 1 percent.” Other pseudo-left groups and publications like *Jacobin* and *New Politics* have echoed these slogans.

The use of this language is not accidental. The pseudo-left’s call for a “party of the 99 percent” serves two interrelated purposes.

First, the pseudo-left is seeking to subordinate the working class to the interests and grievances of the most affluent sections of the middle class, closest to the bourgeoisie. They are opposed to a socialist reorganization of society and even any measures that would significantly impact the distribution of wealth. Second, by employing empty “left” phraseology devoid of class content, the next 9 percent attempts to politically disarm the working class and channel social opposition behind the Democratic Party.

The pseudo-left’s orientation toward the Democratic Party is an essential component of its fight to advance its social interests. The Democratic Party is receptive to the use of race, gender and sexual orientation because it has rejected any program of social reform and instead appeals to the roughly 21 million people who comprise the next 9 percent as the constituency for a broader base.

Clearly, the vast majority of the population does not have the same economic interests as those whose net worth is over \$1 million. The wealthiest 10 percent has acquired its wealth through the exploitation of the working class in the US and internationally. Vast levels of social inequality are not the product of an accidental process, but of definite policies implemented by both the Democratic and Republican parties and by their bourgeois counterparts around the world. Private profit is the product of the exploitation of the working class, and this is the rule under capitalism.

Extreme social polarization is an international phenomenon. A report published January 16 by Oxfam shows that eight billionaires own the same amount of wealth as the poorest half of the world’s population, some 3.6 billion people. The wealthiest 1 percent own more wealth than the bottom 99 percent combined. A November 2016 Credit Suisse report showed that the top 10 percent controlled 89 percent of international wealth.

The class analysis made here with regard to the “party of the 99 percent” applies to similar populist appeals by the pseudo-left in countries all over the world.

The working class comprises the vast majority of the world’s 7 billion inhabitants and produces all of the world’s wealth. It possesses immense potential power. But it can advance its own interests only if it is armed with an anticapitalist and socialist program based on the class struggle. In advancing the slogan for a party of the 99 percent, the pseudo-left is perpetrating a fraud aimed at preventing the development of such a struggle and preserving the capitalist system.



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