

# Further observations on social inequality and the politics of the pseudo-left

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In its January 18 perspective “Wealth distribution in the United States and the politics of the pseudo-left,” the *World Socialist Web Site* cited a December 2016 UC Berkeley report to highlight the gap separating the richest 10 percent of the population, including the “next 9 percent” (the roughly 21 million Americans who make up the privileged and better paid layer falling beneath the top 1 percent) from the bottom 90 percent.

Many readers responded with comments, including a minority who opposed the drawing of a distinction between the interests of the next 9 percent and the bottom 90 percent. Some commenters expressed concern that the WSWs was driving the next 9 percent away from socialism by claiming its interests were opposed to those of the working class.

One commenter, *George Gonzales*, wrote that the article “reads as if this entire 9 percent is in active collusion with the 1 percent,” while *ben franklin[pre death]* wrote, “to lump everyone in the ‘next 9 percent’ together and tie them to the capitalist class is not only incorrect, it is dangerous. By isolating the workers in these income brackets, you add to the fragmentation that the bourgeoisie and their state representatives push every day.”

Other commenters asserted that the article’s use of data on wealth and income inequality was an incorrect basis for determining the class character of the wealthier segments of society. *Human6* asserted the article was based on an “unsound ... empiricist, pragmatist, petty-bourgeois liberal” method because it used “dollar amounts and percentiles to try to determine the pseudo-left and the layers it represents ...” *Human6* claimed the WSWs was ignoring the workers in the next 9 or even the top 5 percent, including “surgeons ([with an income of] \$247,520), psychiatrists (\$193,000), dentists (\$177,130), nurse anesthetists (\$160,250), airline pilots, co-pilots, and flight engineers (\$136,400) ...” who, the commenter wrote, “acquire their income by labour, by production of goods and services to be bought and sold.”

The WSWs welcomes wide-ranging discussion in its comments section and is grateful for contributions, both supportive and critical. These comments raise important questions about class relations and the political orientation of the revolutionary movement. The purpose of this column is to review the social and political issues raised in this discussion.

First of all, we believe that the data on income from the Piketty, Saez and Zucman report deserves the most careful study. It sheds critical light on the position occupied by the next 9 percent in relation both to the bottom 90 percent and top 1 percent.

The report includes a breakdown of average pre-tax individual income by percentile. The use of individual income versus household income marks a major advance in the study of inequality because it allows for a much fuller presentation of the level of social stratification, and controls for important variables related to demographic changes like population aging, household size decline, and the long-term entry of women into the workforce.

In 2014, the threshold for entry into the 90th percentile (that is, the least wealthy member of the 90th percentile) was a pre-tax individual income

of \$122,691, compared with a threshold of \$184,329 for the 95th percentile. The least wealthy member of the 98th percentile would earn just under \$471,968.

Threshold figures for entry into the lower deciles show a drastic drop-off in individual income. For entry into the 80th percentile, \$81,983 is required (equal to 66.8 percent of the 90th percentile threshold), followed by \$61,542 for the 70th percentile (50.2 percent of the 90th percentile threshold), \$47,706 for the 60th percentile (38.9 percent), and \$36,492 for the 50th percentile (29.7 percent). The individual incomes of those at the top of the next 9 percent (the wealthiest in the 98th percentile) are significantly higher than those at the 80th (~6 times), 70th (~8 times), 60th (~10 times), and 50th percentiles (~13 times).

The poorest *half* of the population has essentially nothing. The average individual income among the poorest 117 million Americans is about \$16,200. Fully one fifth of the population—roughly 45 million people, by definition more than double that in the next 9 percent—makes less than \$12,000 per year in pre-tax individual income.

The increasing social polarization is more evident when these figures are studied over time. From 1980 to 2010, the annual income growth averaged 1.5 percent for the 90th percentile threshold, 1.7 percent for the 95th, and 2.2 percent for the 99th. Income declined on average for the poorest thirty percent and rose by under 1 percent those between the bottom third and the 70th percentile. Income growth for the 90th percentile was over one third higher than for the 70th percentile, doubled the rate at the 60th percentile, tripled that of the 50th percentile, and was seven times higher than the 40th percentile’s growth rate.

The research conducted by Piketty, Saez and Zucman provides crucially important material for both a critique of American capitalism and an understanding of its political structures. But *Human6* claims that emphasis on this data in the analysis of American society is “empiricist” and “anti-Marxist.” *Human6* confuses the Marxist critique of philosophical empiricism with opposition to empirical investigation, which requires the painstaking gathering and examination of factual data. This process of research is essential to every science, including Marxism.

The Piketty, Saez, and Zucman data cited in the January 18 perspective reveals staggering levels of wealth and income concentration at the very top of society, both within the top 1 percent and, more broadly, among the most affluent 10 percent. By showing the manner in which wealth is distributed, the data allowed the WSWs to point to key features of economic relations underlying political life in the US.

What does the data show? In sum, that the ruling class has carried out a massive redistribution of wealth and income from the bottom 90 percent to the top 10 percent over the past 40 years, a social plundering which has produced an unprecedented chasm separating the lives of the affluent and rich from the working masses.

The WSWs did not arbitrarily select this division line, as some commenters suggested. While such sociological categories are inexact and naturally have their limitations, the division between the top 10 and

bottom 90 percent emerged from the data itself—that is, from current levels of social inequality and the real state of class relations.

It is true that income level is not the be-all-end-all of class analysis, but the relative portion that different segments of society receive from the total wealth produced through the labor process is hardly an inconsequential issue. Socialists are not so lost in the mists of theoretical abstractions that they are indifferent to the question, “Who gets what?” In the final analysis, the ownership of the means of production and the extraction of surplus value in the labor process finds expression, directly and indirectly, in the distribution of national income.

The income of the top 10 percent has increased over the past 40 years at the expense of the income of the bottom 90 percent, which has decreased. The top 10 percent increasingly acquires its income and wealth through financial speculation while the bottom 90 percent owns less stock. The bottom 50 percent has been devastated economically and owns nothing. The 50th to 90th percentile has seen its income stagnate, its share of income and wealth decline, and its position relative to the top 10 percent shrink significantly, though at a somewhat slower pace than the poorest half.

The next 9 percent controls a higher share of national income than at any point since 1940. The social position of this layer has gained significantly at the expense of the bottom 90 percent. At the same time, the next 9 percent’s share of household wealth has declined in relation to the top 1 percent, despite the fact that it still controls more wealth than the bottom 90 percent.

These statistics have a living content. They find expression in all aspects of personal, political and cultural life. No one is denying that substantial sections of those within the next 9 percent are beset with real economic pressures. But the nature and intensity of those pressures are of a qualitatively different character than those experienced by those in the bottom 90 percent, and, even more so, among the bottom 70 or bottom 50 percent.

With varying degrees of urgency, the daily lives of substantial sections of the bottom 90 percent are dominated by a constant struggle for access to health care, healthy food, shelter, clean water, education, transportation to take them to and from work, care for small children and the elderly, and other basic survival necessities. For the bulk of this section of the population, failure can result in death, destitution, drug and alcohol abuse, prison, the taking of their children by state child protective services, or homelessness.

The next 9 percent is concerned with a very different set of social preoccupations. While these social pressures do not relate to immediate day-to-day physical survival, socialists do not deny that they exist for this layer, nor do we claim they are unimportant.

Those with an individual pre-tax income of \$122,000 (the 90th percentile) live under real material pressures which can be the source of immense psychological stress and personal unhappiness. They live largely in affluent urban and suburban areas, where they are physically segregated from the working class, shopping at different grocery stores, eating at different restaurants, sending their children to different schools. There resides in their social consciousness, to a greater or lesser extent, the fear that a sudden and devastating reversal of fortune would throw them into the working class.

Indeed, the awareness of the limits of their own financial security, especially in comparison to that enjoyed by the top 5 percent, motivates a sense of envy and resentment. The members of the affluent upper middle class may not have to worry about how they will pay for the next meal, but they understand very well the difference, as far as lifestyle is concerned, between a salary of \$125,000 and an annual income of one million plus.

The collective social dissatisfaction with the “unjust” distribution of wealth within the top 10 percent—that is, with its extreme concentration

within the richest 1 and 0.1 percent—finds expression in a highly vocal form of petty-bourgeois politics, centered on race, gender and sexual identity. Its goal is not the expropriation of the capitalist class and the realization of mass-based social equality. Rather, it strives for the establishment of a system of privileges that 1) provide opportunities for fortunate individuals to enter the top 10 percent; and 2) allow for a more reasonable distribution of wealth within this strata.

Admissions policies at universities and post-graduate schools, hiring and firing for professorships, attorney positions, appointments for government judgeships, and other government and professional positions are increasingly guided by the politics of identity. In this way, the overlap between income, political power and professional prestige feed into one another and accelerate the role played by identity politics in the social psychology and politics of the affluent next 9 percent.

Of course, this income group is heterogeneous. There will be individual members of the next 9 percent—and even from the 1 percent—who support the struggles of the working class. The best elements of artists and professionals will be drawn toward the working class if the latter has resolute leadership.

But the denial of the significance of wealth distribution and income as a highly significant factor in the development of social outlook and political orientation serves to cover over the essential significance of the massive levels of inequality that characterizes American society. Moreover, it serves to legitimize the subordination of the interests of the broad mass of the working class to those of the most affluent sections of the middle class.

An analysis of social inequality and class stratification has always been the fundamental unit of analysis for Marxists.

This analysis formed a central component of Vladimir Lenin’s work *Imperialism*, and in all his writings on the collapse of the Second International. He established, through a detailed use of statistics and facts, that the development of imperialism and the acquisition of super profits by the major capitalist powers had far-reaching consequences in the structure of society.

The accumulation of super profits made it possible to “bribe the labour leaders and the upper stratum of the labour aristocracy. ... This stratum of workers-turned-bourgeois, who are quite philistine in their mode of life, in the size of their earnings and in their entire outlook, is the principal prop of the Second International, and in our days, the principal social (not military) prop of the bourgeoisie,” he wrote.

Lenin directed his attention not only to the trade union bureaucracy but to a layer of workers, who, “in the size of their earnings” and their outlook form the principal social base of the Second International, the chief prop of the bourgeoisie. These layers were still workers, forced to sell their labour power for wages, but they occupied a different social position in relation to the rest of the working class, a position determined not least by the level of their income.

This analysis was of the utmost importance for the establishment of the Third International in response to the collapse and betrayal of the Second for, as Lenin put it:

“Unless the economic roots of this phenomenon are understood and its political and social significance is appreciated, not a single step can be taken toward the solution of the practical problems of the communist movement and of the impending social revolution.” [Lenin *Collected Works*, Volume 22 pp. 193-194]

In setting out the direction for this struggle, Lenin made another decisive point which has lost none of its relevance. In opposition to Karl Kautsky, the theoretical leader of German social democracy, whose orientation was to the labour bureaucracy and aristocracy on the basis that it was necessary to stay close to the organized masses, Lenin pointed out that in the nineteenth century Engels had drawn a distinction between what he called the “bourgeois labour party of the old trade unions”—a privileged

minority—and the “lowest mass,” the real majority.

Lenin concluded: “And it is therefore our duty, if we wish to remain socialists, to go down lower and deeper to the real masses; this is the whole meaning and purport of the struggle against opportunism.” [ *Collected Works*, Volume 23 pp. 119-120]

The issue of inequality and income stratification was also a central concern in Trotsky’s analysis of the Soviet Union. A substantial portion of his *The Revolution Betrayed* is devoted to an examination of inequality in the USSR, and its relation to the emergence of a brutal totalitarian dictatorship. Trotsky defined the Soviet bureaucracy as “gendarmes” whose purpose was to “regulate inequalities” in the Soviet Union. He studied with great care income and social differentiation within the Soviet working class, noting that the Stalinist regime sought to suppress critical factual data. Answering apologists for Stalinism who claimed that concentration on income was a departure from the Marxist insistence on the primacy of the production process, Trotsky wrote:

Superficial “theoreticians” can comfort themselves, of course, that the distribution of wealth is a factor secondary to its production. The dialectic of interaction, however, retains here all its force. The destiny of the state-appropriated means of production will be decided in the long run according as these differences in personal existence evolve in one direction or another. If a ship is declared collective property, but the passengers continue to be divided into first, second and third class, it is clear that, for the third-class passengers, differences in conditions of life will have infinitely more importance than that juridical change in proprietorship. The first-class passengers, on the other hand, will propound, together with their coffee and cigars, the thought that collective ownership is everything and a comfortable cabin nothing at all. Antagonisms growing out of this may well explode the unstable collective. [*The Revolution Betrayed* (New York: Labor Publications, 1991), p. 203]

Let us borrow Trotsky’s brilliant use of metaphor for the purpose of explaining the essential significance of the petty-bourgeois pseudo-left’s call for a “Party of the 99 percent.” On the cruise ship *America*, one percent of the passengers occupy state rooms that look out on the ocean. They dine with captain Trump in an exclusive five-star restaurant, where they wash down their succulent meals with wine that costs \$10,000 per bottle. The “next nine percent” of the passengers, depending on what they can afford, make do with cabins whose quality reflects their lower price. The cheapest of the rooms in the top ten percent category lack a view out onto the ocean and have shabby rugs and uncomfortable mattresses. And, unless they are able and willing to pay a substantial surcharge, the occupants of these rooms are not permitted to use the pool and spa reserved for the richest passengers.

The passengers who comprise the lower nine percent of the wealthiest ten percent of passengers are dissatisfied with the allocation of rooms and privileges. The more politically astute suggest that they rectify the injustices by demanding that a portion of the best rooms be allocated on the basis of the race, ethnicity, gender and sexual preferences of passengers. Of course, to achieve the realization of the desired redistribution of cabins requires a degree of mass support. And so, they set about to enlist the support, employing vague democratic phrases, of the bottom 90 percent of the passengers who are traveling steerage! In this way, the party of the 99 percent is organized on the *SS America* ! Unfortunately, in the aftermath of the revolution in cabin allocation, the bottom 90 percent of passengers continue to travel steerage.

The central strategic question that confronts the socialist movement is

that of its class orientation. The question that must be answered is: What is the social force that forms the basis for the overthrow of the capitalist system and the establishment of a socialist society? Should the socialist movement base its work on the broad mass of the working class, or should it direct and adapt its program to dissatisfied elements among the wealthiest ten percent of the population?

The bottom 90 percent of the American population comprises approximately 300 million people. This is certainly a substantial basis for the building of a revolutionary socialist movement. It is from this vast social layer—which will inevitably attract the support of the most socially-conscious and humane elements among the “next 9 percent”—that the revolutionary Marxist movement must build the force that will settle accounts with the American ruling class and the global system of capitalist-imperialist oppression over which it presides.



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