

Inequality and the American oligarchy

The social and economic roots of the attack on democratic rights

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A report published September 27 by the US Federal Reserve, the Survey of Consumer Finances, shows that the top 10 percent of Americans now own 77 percent of all wealth. The top 1 percent increased its share of wealth from 35.5 percent in 2013 to 38.5 in 2016. The share of the bottom 90 percent declined from 25 percent to 22.9 percent over the same period.

These percentages show a transfer of trillions of dollars from the working class to the rich and affluent in just three years.

The bottom three quarters of the population, some 240 million people, now own less than 10 percent of the wealth. That is, if the United States were a 10-storey apartment building with 100 people, the richest person would be living on the top four floors, the nine next wealthiest people on the next four floors, fifteen on the second floor, and 75 people cramped at the bottom level.

The Federal Reserve data demonstrates, in empirical terms, profound changes in social relations that affect hundreds of millions of people, touching all aspects of political, cultural and intellectual life. The US is an oligarchy in which the government, trade unions, media, universities, and major political parties are instruments used by the ruling class to manipulate the population, mask its own wealth, and crush social opposition from below.

The figures expose the material basis for the emergence of a campaign in the ruling class to block access to the *World Socialist Web Site* and other left-wing sites in the guise of combatting “Russian aggression.”

In an oligarchy, social inequality is incompatible with democratic rights. Incapable of and unwilling to address the social needs of the masses of people, the

government turns to censorship, surveillance, blacklisting, and violence as its preferred methods for defending unprecedented levels of wealth monopolized by the ruling class.

The data shows that the main dividing line is between the top 10 percent and the bottom 90 percent that comprise the working class. The Federal Reserve figures expose as lies the claims by politicians and media pundits that the bulk of the US population belongs to the “middle class.”

Below the aristocracy and the affluent—concentrated in certain neighborhoods of major centers like New York, the San Francisco Bay Area, Los Angeles, Chicago, Houston, and other cities—the United States is a country dominated by tremendous economic hardship. The data shows that while different strata of the population face economic insecurity at different levels of urgency, decades of social counterrevolutionary policies by both parties are bringing them closer together, marking all with the same scars of class exploitation.

The poorest ten percent of the population, some 32 million people, possess negative wealth. They include the homeless and the hopelessly in debt. For this section of the population, roughly equal to the populations of Texas and New York combined, life expectancy, disease rates, and living standards resemble third world conditions.

The next poorest ten percent have no wealth, between \$0 and \$5,000 per family, less than the value of a 10-year-old used car. The combined wealth possessed by this layer is not significant as a proportion of overall wealth.

Roughly the lower-middle third of the population, from the 20th to 50th percentile, control just 1.6

percent of total wealth. A family of four with two parents working full-time at the minimum wage with one average-priced vehicle and no other assets would fall in the middle of this broad category of workers.

The 64 million people in the 50 to 70 percent range control just 5.1 percent of the wealth. A family with a below average-priced home worth \$150,000, plus a vehicle and \$0 in savings would be above the 60th percentile in wealth. A family with two working adults making between \$40,000 and \$50,000 each would find itself in the 70 to 80 percentile, perhaps possessing two cars, a home valued just above the national average of \$175,000, a life insurance policy and \$10,000 in savings.

The 80 to 90th percentile owns 11.2 percent of the wealth. Two skilled workers with incomes of \$60,000 to \$80,000 each, one pension, a \$300,000 home, and two vehicles would find themselves in this decile. This section is slightly more comfortable, but by no means financially secure.

The chasm separating the top 10 percent from the working class has widened in recent years. From 2004 to 2016, the working class saw its wealth decline precipitously across all strata. The median family in the poorest fifth lost 29.5 percent of its wealth over this period, followed by 24.7 percent for the median family in the 20th-39th percentile, 10.8 percent in the 40th-59th percentile, 17.3 percent in the 60th-79th percentile, and 1.3 percent in the 80th-89th percentile. This wealth went to the top 10 percent, where median family wealth rose by 38.7 percent over the same period.

As a result of this massive transfer of wealth, median family wealth in the top 10 percent is nearly triple that of the 80 to 90 percent, 20 times greater than a family in the 50th percentile, and 254 times more than the median family net worth in the poorest 20 percent.

The political establishment that has overseen this transfer systematically ignores and aggravates the urgent social problems confronting the vast majority of the population.

Footage of Trump flipping paper towel rolls to victims of the storm in Puerto Rico epitomizes the callous and insulting response of the oligarchy to the problems of the working class. But sanctimonious claims by Democrats that Trump's actions were "insensitive" ignore the fact that the entire ruling class

is responsible for the social catastrophe. After all, it was Barack Obama who travelled to Flint, Michigan and told a crowd of people to "drink the water." Nobody in the Democratic or Republican parties has made any real effort to address the opioid crisis, homelessness, declining life expectancy, storm protection and disaster infrastructure, skyrocketing student debt and the health care crisis.

The three branches of government, largely comprised of millionaires and billionaires, focus exclusively on the interests and social demands of the top 1, and, more broadly, the top 10 percent of society. A key concern of the affluent 10 percent is blocking the growth of social opposition and protecting their own wealth and privileges. In recent years, the American ruling class has become more aware of the growth of social opposition within the population to war, inequality and poverty.

Fearful that the technological advances of the Internet and social media platforms can increase access to alternative political viewpoints, the oligarchy has initiated a campaign to censor left-wing websites and crack down on social media platforms in the name of blocking "Russian interference" in the US political system. Without a shred of credible evidence to back their claims, newspaper editors, TV talking heads, Senate and House committee members, corporate executives, trade union leaders and academics are engaged in a mad rush to censor the Internet and protect the population from "fake news."

The anti-fake news censorship and blacklisting initiative is an escalation of a years-long campaign by the ruling class to create the framework for police state methods of rule. At the same time, the growth of social inequality revealed in the Federal Reserve figures points to the inexorable intensification of social and class conflict in the United States, the objective foundation for socialist revolution.

Eric London

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Socialist Equality Party visit:

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