Chapter 8
Social Stratification: Inequality

The midnight beggar of La Paz, Bolivia. Homeless, frostbitten, he slept on the sidewalk, popcorn in his hat.

The yawning gap between the rich and the poor has reached extreme levels within our nation and around our planet. Surveys show that most of us in the USA really are concerned about growing inequality but we are bewildered at the size of the problem. We are not certain how to change it or even if it can be changed. Our political and religious institutions have offered very little – besides charity – to solve this problem. But charity only treats the symptoms of inequality, not the causes. Some of us are tempted to turn off the news and just ignore inequality. After all, we have our own problems, eh?
But it will not be ignored any longer in the USA, or around the globe. Inequality has consequences, and extreme inequality has extreme consequences. The misery and violence it generates in poor countries and communities is not staying neatly in poor communities. It is becoming everyone’s problem now.

1. Poor countries serve as incubation centers for pandemics and diseases that are resistant to treatment. Ebola, gonorrhea, tuberculosis (TB), AIDS and hepatitis have spread rapidly from areas of poverty to everywhere, threatening rich and poor alike.

2. Each year a mass migration of desperately poor and exploited people crosses the borders into wealthier nations, with or without permission, destabilizing communities and fanning the fires of racism. More people have fled their homelands in the last ten years than in the entire rest of human history combined.

3. Terrorism is driven in part by the grievances of poor countries and particular groups who feel they have been exploited. Their grievances can be quite real and will have to be addressed if there is to be peace. Perpetual war is quickly reducing humanity’s options.

4. Worldwide, child slavery is on the rise again. Millions of poor children on the planet survive by living in landfills, running drugs, prostituting themselves, entering into genocidal guerilla armies or child labor camps that match the cruelty of centuries long passed.

5. The human population of Earth has doubled in just a quarter century. The only contributors to this growth are the poorest nations, whose children often lack the necessary nutrition for proper physical and mental development according to United Nations data. What kind of future does this suggest for humanity?

Yet, in an amazing contrast, a tiny segment of the world's population continues to encourage - and often make its fortunes from - much of this disorder and suffering. Economic inequality is probably the most important story of our time, but it receives little coverage in our media, in our churches, in our schools or from our political parties.

MEASURING INEQUALITY

How extreme is inequality today? Inequality has two basic elements: one is income (how much money is coming in) and the other is wealth (the assets already owned). Sociologists have traditionally measured wealth or income inequality by splitting a given human population into fifths, which are called "quintiles." Each quintile represents 20% of that population.

Using data from United Nations Development Reports we can demonstrate just how unfairly global wealth is distributed. Below, in Figure 8.1, the five color-coded quintile segments are displayed on a horizontal bar which represents the entire wealth store of humanity. The five quintiles are shown sized according to their proportion of ownership, with the richest quintile (in red) at the right and the poorest quintile at the extreme left. It is a disturbing comparison that is almost never seen by average citizens.
Few students are prepared for the realization that almost all of the world's people are quite poor. Only the richest quintile gets its share of the global wealth (and so much more). *None* of the other four quintiles holds its 20% fair share, for the richest quintile has captured roughly 94% of the world’s financial wealth. The middle (green) quintile of humanity is experiencing perpetual neglect and the poorest two fifths of humanity are barely hanging on to a nightmarish existence; it’s difficult to even see their tiny portions of wealth on this graph. Sadly, this global wealth map is strikingly similar to the distribution of wealth in the USA as well, as you’ll see in the pages ahead.

As I have updated this Intro book over two decades, I have been shocked at the speed with which this inequality gap has widened. An enlightened population could change this through peaceful means like voting, labor strikes and greater taxation of the rich. After all, the majority of global citizens and most of my own students are victims of this unfairness.

The existence of extreme inequality is an embarrassment to wealthier nations and people, who would rather not think about how selfish they appear in these comparisons. The rich have tried to blame the poor for their own poverty throughout recorded history. The explanations have ranged from “laziness” to “low intelligence.” But how could we logically use either explanation for the stark distributions of wealth in Diagram 8.1? It is extremely unlikely that evolution’s processes would have led four-fifths of humanity to be lazy or feeble-minded. The answer must lie elsewhere.

Of course, there are competing theories on the causes of inequality. So then let’s look at three major theories that have drawn the most attention in recent years.
EXPLAINING WEALTH & POVERTY AMONG NATIONS: THREE THEORIES

Geographic Determinism - Geographer Jared Diamond[1] has suggested that the original reason for variations in wealth among different regions and nations had to do with location: geography. Certain areas of the planet were fortunate to have native vegetation containing high protein grains like wheat and large animals that could be domesticated (like horses and oxen) to help with agriculture. These areas, especially Europe, prospered. The large animals of Europe transferred diseases to humans like smallpox, which killed many Europeans in the Middle Ages. But this also left survivors who were genetically resistant to these diseases. Later, when the Europeans began to circle the globe on ships, they brought the diseases with them. The populations they discovered in the Americas had no resistance, and were therefore more easily conquered. Thus, the descendants of Europe have had great wealth ever since. Critique: Diamond’s theory works well until the arrival of Columbus. But it cannot explain the profound spike in inequality during the last three centuries. As the world economy became globalized, some areas with very few natural resources became wealthy and vice versa. Geography cannot easily explain why rich countries continue to steal resources from poor countries or the extremes of inequality within particular countries. Something much more culture-focused seems to be driving inequality at this point. Below are two possibilities.

Culture of Poverty Theory - Economist John Kenneth Galbraith[2] claimed that cultural beliefs or ideas of poor nations held them back. For example, "fatalistic" religious ideas in some cultures suggest that human fate is in the hands of some sort of superior being, and humans can do nothing to change it. Therefore, they accept subsistence living, avoid experimentation and attempts at beneficial change. Galbraith suggests these inferior cultural ideas left some areas around the globe unable to compete with the Europeans. Critique: Unique cultural ideas are powerful influences in history, true. But some of the European cultures also contained “fatalistic” forms of Christianity (Calvanism, for example), and other self-destructive ideas including a lust for material wealth. The greed of the rich nations, for example, led them to nearly destroy each other in two debilitating World Wars. Most sociologists feel Galbraith was far too eager to blame the victims of poverty by criticizing the cultures of poor nations.

Colonialism & Neocolonialism - Most sociologists and anthropologists favor a historical analysis that suggests that the rich nations simply stole from poor nations.[3] This theory/analysis reverses the "Culture of Poverty" theory, and instead focuses on the rich nations for their "Culture of Greed." The nations of Europe used Biblical passages (cultural ideas) to justify their military conquest of territory and mass enslavement. Kings, Queens and Popes authorized shiploads of “explorers” and “cavaliers” who are often viewed negatively today as opportunistic thieves - including Columbus - to colonize territories around the globe. An example of using religious ideas to excuse slavery and resource theft is dramatically demonstrated in the doctrine called The Requirement, which I have added here below.
After landing on their beaches, the famous document above was read out to the “New World” inhabitants of the territories Kings and Popes were interested in exploiting. Few of the inhabitants understood the language and even if they did it is not likely that they were willing to convert to Christianity just because some strangers demanded it. Thus, the inhabitants were blamed for their own deaths or enslavement. The nations that engaged in colonialism are still among the richest nations on Earth, having confiscated so much of it.

The painting below is a more recent example of colonial explanations for the theft of American Indian territories. Here, a Bible-toting angel is depicted as leading the way westward for Christian settlers during their violent migration into lands inhabited by Indians over many centuries. The slogan that justified this massive land grab and genocide was known as “Manifest Destiny.” This was the notion that God could see what was happening and – being all powerful – could have stopped this violence if He had chosen to. Since God did not stop it, it must have been His plan for it to take place, according to this convenient explanation.
Colonialism is the \textit{political} exploitation of the resources of other nations. Territory, minerals, gems, timber, petroleum, crops, and millions of Africa’s healthiest young people were stolen from African regions that could not defend themselves. Spain, Britain, France and Holland were the primary colonizers, but even tiny Portugal snatched up the enormous land mass now called Brazil. The (also tiny) European nation of Belgium seized the gigantic Congo region in Africa, over 70 times Belgium’s own size!

Eventually, the European nations acquired more land than their armies could control and had to grant independence to some rebellious colonies. By 1950, Europe (joined by the United States, which itself had become a colonial power) recognized the futility of colonialism which had led them to fight two devastating World Wars amongst themselves. These wealthy nations ended their outright \textit{seizure} of foreign lands but then began to work \textit{covertly} (under cover), turning to usury, bribery, fixing elections and even assassination of uncooperative foreign leaders to control the resources of the world’s poorer nations.

This new strategy is called \textit{neo-colonialism, the economic exploitation of the resources of other nations}. Thus, the bold self-interest of aggressive nations over the last five centuries lives on in the wealth distribution we noted above in Figure 8.1

\textbf{Critique:} Although this theory is rooted in historical fact, it only explains the last five centuries. The ancient origins of inequality are probably explained better by Jared Diamond’s geographic determinism (above).

\section*{Defining Capitalism, Socialism and Communism}

\textbf{Capitalism} - The \textit{private} ownership of the means of production. Various \textit{individuals} in the society own most of the wealth, primarily through stock & bond ownership. Examples: Exxon-Mobil, Target, Wal-Mart, Amazon, McDonald’s, Bank of America.

\textbf{Socialism} - The \textit{public} ownership of the means of production. The \textit{public} owns and operates the means of production jointly, by government management. Examples: Fire departments, police, public high schools and colleges, Medicare, Veteran’s hospitals.

\textbf{Communism} – Karl Marx defined \textit{communism} as a state in which all material wealth is shared. Marx felt government would no longer be needed without private property to fight over and so it would gradually “wither away” as everyone worked and shared everything together in harmonious communities. But this “true” communism, as Marx defined it, has never been achieved (and may never be) because no government has ever eliminated itself. Most of today’s so-called “communist” nations like China and Russia have transformed into capitalist economies with rigid dictatorial control.

The poorest nations on our planet have often wanted to adopt a shared economy (socialism) as their best hope to feed, clothe and educate their citizens. But the wealthy capitalist nations have been reluctant to allow that happen because \textit{public} ownership of resources means wealthy foreign outsiders or corporations cannot \textit{privately} own or control resources in those poor nations.
How did Africa become so poor? The cause was not merely centuries of the European slave trade. This map tells the story. It was drawn a century ago by the European nations themselves in an attempt to head off a World War over how Africa’s resource-rich territories would be divided among Europe’s military powers. But there was no honor among thieves; World War I began anyway. By the time it was over, 10 million soldiers had died on the battlefield. Today several European nations are still exploiting Africa in more subtle ways that don’t attract as much attention as before: resource theft and outrageously high-interest loans that poor African nations are obligated to. Now the USA and Chinese corporations have become substantial players as well.
These children in Mexico compete daily with the vultures in the background of this photo as they dig through garbage to support their families with food scraps and discarded clothing. They live in houses made of trash inside the dump area. Pushed off their land by foreign mining and timber operations, their families located in this landfill to survive. Their parents had threatened us with machetes, fearing we were there to kidnap their children to sell into the adoption market, as several previous visitors had. We convinced them otherwise.

Since World War II, the USA, England and some European nations have made dozens of secret military incursions into Central and South America, Africa and tiny Caribbean nations to disrupt socialist governments.[4] The Vietnam War was also fought over economic ideas rather than the common religious disputes. By the 1980s, the socialist Soviet Union spent itself into bankruptcy trying to keep up with the USA in a nuclear arms race. But the struggle between capitalism and socialism continues between nations, as well as within nations, including our own. Example: battles over universal health care and free college education.

STRATIFICATION SYSTEMS WITHIN NATIONS

Every nation in history has some level of inequality, but some nations are locked into it more rigidly than others. “Social mobility” describes movement up or down the ladder of wealth. Historically, there have been two basic stratification systems, "caste" and "class," and they differ mostly on the level of social mobility allowed.

Caste Systems (as in India)

In a "caste" system, social mobility is severely restricted, for the benefit of the wealthy castes. Caste systems are gradually falling apart in most of the world, although their traces remain in many societies, including our own. The best example of a remaining caste system is India, which has used the caste system for 2500 years.
Education, police and fire protection are examples of services that are usually provided by government for everyone because the need is universal. A question that sociologists ask is whether we should extend health care benefits in the same way, for the same reason.

The wealthy castes control the social institutions, and make the system seem fair by using the inertia of tradition and Hindu religious doctrines. The upper castes use their influence to set up the system to keep the poor forever ready to serve the wealthy at starvation wages. By design, social mobility is very difficult to achieve in a caste system.

**Caste membership is based on ascribed status.** That is, caste systems determine the individual's lifelong status at birth, based on the occupational status of the parents. Since caste cannot be changed, the rich stay rich and the poor stay poor. To keep the upper castes apart from the lower castes, a concept was created that became a tradition: contact with persons of lower castes is considered contamination. This is called ritual pollution. This keeps castes physically apart from each other...even from each other's shadows at times...and unnecessary communication is avoided entirely.

However, a caste system could fail if the boundaries were blurred by the birth of a child with parents from different castes. To prevent that, caste societies enforce endogamy, marriage within caste only. This would seem difficult to enforce, because attraction would inevitably occur between castes. But norms were created long ago to reinforce endogamy, and these norms became traditions which are still very effective social controls. India's population is separated into four basic castes and one out-caste group reduced to begging and de facto slavery. This people in this group are sometimes cruelly referred to as “untouchables.”

In reality, each caste consists of several sub-castes. Intermarriage does occasionally take place between different sub-castes, but even this has been discouraged. Caste systems are gradually breaking down in India and South Africa, as global influences creep in and expose the injustices of the caste system. This is especially true in larger cities where ritual pollution cannot be easily enforced because of the physical density of the inhabitants.

We still study these disappearing caste systems for two reasons: first, our own history of social mobility contained several elements of caste systems such as slavery, segregation, and an absence of civil rights. Also, in a world of over seven billion people competing for declining natural resources it is possible, perhaps even likely, for a caste system to re-emerge during economic chaos and social upheaval. It may have already begun.

**Class Systems (as in the USA)**

In a "class" system, some social mobility is allowed. Class membership is based on "achieved status." However, class systems are not totally open; they still have boundaries, but these boundaries are more flexible. Marriage between rich and poor in class systems is possible; there are no laws against it. Yet, mixed class marriages are not common. A network of informal traditions and norms funnels most of us into activities with others in the same general economic class. Educational achievement and home ownership become fairly distinct informal boundaries. Most citizens in class societies will die in the same class as they were born into, as will their children.[5]
In the post-industrial societies of the present day, the class lines are vague and poorly defined. Sociologists must use the quintile categories noted earlier to make distinctions between groups by income or asset ownership. The lines between the quintiles in a class society are not nearly as meaningful as the severe boundaries between castes in India or South Africa. But they are still a useful general guide.

**Classless societies** - Are classless societies possible? Hunter-gatherer societies are considered virtually classless, since there is no concept of "income," and material assets are often seen as liabilities. *In fact, most of human history is dominated by sharing, because the majority of human history is the long history of hunter-gatherers.* But in modern nations a perfectly classless society has never been achieved.

Some nations (examples: Nicaragua, Cuba and Vietnam) adopted economic distribution systems based mostly on socialism to avoid the injustices of inequality by creating “classless” societies. Their achievements in health and education are impressive. Yet there is always a somewhat secret “black market” in these nations where capitalism survives on a small scale. And these socialist nations often contain a small ruling elite that benefits somewhat from extra privileges.

### INEQUALITY IN THE USA

The way wealth is distributed within a nation mostly depends on what mix of capitalism or socialism is used to operate its economy. No nation is totally capitalist or totally socialist. In general, the more socialist a nation is, the more equal the distribution of wealth. The USA uses an economic blend heavy on capitalism, and light on socialism. Consequently, the USA has the greatest percent of millionaires and billionaires but suffers the most severe poverty and homelessness of all modern democracies.

**Assets - anything one owns** - reveal even more inequality than income levels do. This is because assets are the total accumulation of income or inheritance advantages over time. Bill Gates has owned nearly $100 billion in assets, depending on how his investments were doing on a given day. That is a sum that is hard to imagine in the abstract, so here is a real-world measure: it is the equivalent of owning ten mansions, worth a million dollars apiece, in each of ten thousand U.S. cities.

By contrast, many U.S. citizens are so poor and in debt on loans and credit cards that they actually have a negative net worth (owing more than all their assets are worth), and millions of others are homeless, including well over a million children. The number of citizens with no net financial worth grew quickly during the year 2007-9 recession. Yet during boom times homeless shelters are still overflowing all across the country. **Even very progressive states like Minnesota and Vermont turn homeless people away from full shelters every night** according to the Children's Defense Fund’s annual reports. The Corona virus has made homelessness worse, but it was already widespread long before COVID-19 arrived.
College tuition is free in many wealthy nations because it is recognized that students with degrees tend to repay their tuition many times over through higher productivity and higher taxation of their future incomes. But in the USA tuition fees and high rates of interest on loans are forced on students if their parents cannot pay the price. All this has led this enterprising student in New Orleans to try a clever begging technique. The photo is comical but the debt to middle class and poor students is real. Student loans have placed young citizens in even more debt than credit card companies.
Wealth in the United States rests in the hands of a microscopic fraction of the population. The richest 1% of U.S. citizens now owns more than 40% of total U.S. assets. The richest quintile of U.S. citizens owns over 80% of total U.S. assets. This leaves the other four quintiles of our nation’s citizens sharing less than one-fifth of the nation’s wealth, a spectacularly unfair distribution. In the workplace, the income ratio between corporate executive officers (CEOs) and average employees is now hovering at roughly 240:1. This gap is three times larger than the rest of the modern industrialized world [7].

All of the wealthy modern democracies (except for the USA) have created social safety nets that provide national health insurance, heavily subsidized higher education, free day care for children, transportation and nearly universal housing in an attempt to make their societies more fair, healthy, intelligent and peaceful. Taxation of their upper classes is considerably more aggressive than in the USA, in order to cover these basic human needs of all of their citizens. This higher taxation leaves these nations with many fewer billionaires compared to the USA. But sociologists tend not to regard this as a problem since surveys indicate that “happiness” levels off in the USA at less than $100,000 income.[8] Beyond this level more money merely adds to inequality issues. Therefore, many sociologists ask, “why not shift some of the excess wealth to services (education, healthcare etc.) for the middle and lower classes where it could do so much good?”

An analysis of social indicators suggests that increased taxation of the upper classes and more extensive entitlements (like health care) for the entire population seem to be an effective social policy. Social indicators are objective statistical measures of a nation’s well-being that can be expressed in rates or percents for fair comparison with other nations of differing population sizes. Rates of infant mortality, low birth weight, homicide, disease and literacy are examples of basic social indicators. Western Europe, Canada, Australia and Japan routinely do far better than the United States on most of the basic indicators of social well-being (See Table1.1 in Ch1.) This has been especially true in recent decades as inequality has worsened in the USA.
Graphs are great for allowing us to see variation in true proportion. In Figure 8.2, the stark reality of wealth inequality in the USA can be seen in this graph by the Urban Institute. The green area represents where the wealth of the USA has been distributed across the families of our nation. On the far left of the graph there is a bit of red indicating these families owe more than all of their assets are worth. That is, they have negative net worth. In fact, the poorest 1/3 of our nation’s families are down to pocket change and at risk of being homeless if there is a family medical emergency or someone loses a job. On the far right the average wealth of the richest 1% of families is shown.

Figure 8.4: Becoming Wealthy is Generally Not a Matter of Earning It
SHOULD WE STOP CODDLING THE SUPER-RICH?

[Excerpts from an essay by one of the richest billionaires in the world: New York Times, August 7, 2011]

By WARREN BUFFETT

Our leaders have asked for “shared sacrifice.” But when they did the asking, they spared me. I checked with my mega-rich friends to learn what pain they were expecting. They, too, were left untouched.

While the poor and middle class fight for us in Afghanistan, and while most Americans struggle to make ends meet, we mega-rich continue to get our extraordinary tax breaks. Some of us are investment managers who earn billions from our daily labors but are allowed to classify our income as “carried interest,” thereby getting a bargain 15 percent tax rate. Others own stock index futures for 10 minutes and have 60 percent of their gain taxed at 15 percent, as if they’d been long-term investors.

These and other blessings are showered upon us by legislators in Washington who feel compelled to protect us, much as if we were spotted owls or some other endangered species. It’s nice to have friends in high places.

Last year my federal tax bill — the income tax I paid, as well as payroll taxes paid by me and on my behalf — was $6,938,744. That sounds like a lot of money. But what I paid was only 17.4 percent of my taxable income — and that’s actually a lower percentage than was paid by any of the other 20 people in our office. Their tax burdens ranged from 33 percent to 41 percent and averaged 36 percent.

If you make money with money, as my super-rich friends do, your percentage may be a bit lower than mine. But if you earn money from a job, your percentage will surely exceed mine — most likely by a lot.

To understand why, you need to examine the sources of government revenue. Last year about 80 percent of these revenues came from personal income taxes and payroll taxes. The mega-rich pay income taxes at a rate of 15 percent on most of their earnings but pay practically nothing in payroll taxes. It’s a different story for the middle class: typically, they fall into the 15 percent and 25 percent income tax brackets, and then are hit with heavy payroll taxes to boot. Back in the 1980s and 1990s, tax rates for the rich were far higher, and my percentage rate was in the middle of the pack…

…And to those who argue that higher tax rates hurt job creation, I would note that a net of nearly 40 million jobs were added between 1980 and 2000. You know what’s happened since then: lower tax rates and far lower job creation. My friends and I have been coddled long enough by a billionaire-friendly Congress. It’s time for our government to get serious about shared sacrifice.

Warren Buffett is the chairman and chief executive of Berkshire Hathaway Investment Group. Buffett remains a strong advocate for increased taxation of the rich. This editorial infuriated many of his peers.
Cuba: Egalitarian Design in Wealth Distribution and Services

The island nation of Cuba has shown the world how even a very resource-poor nation can support its population in very humane ways. It’s astonishing that Cuba has begun to pull ahead of the USA on some important social indicators: lower rates of infant mortality, homicide, obesity, fertility and cases of AIDS. So far, I’ve made three trips to the island to study the fascinating Cuban model of wealth distribution.

It shouldn’t be possible. Cubans earn a tiny fraction of the per-capita (average individual) income of the USA. Most of its citizens are descendants of slaves who inherited nothing. Over four centuries, its resources were plundered by Spain until the year 1900, and then plundered by the USA until 1960. Located in what is often called “Hurricane Alley,” Cuba is frequently hit by devastating hurricanes. It has no significant energy resources. The U.S.-supported dictator Fulgencio Batista ran off with the entire nation's treasury in 1959. When Fidel Castro took power and created a socialist economy, the USA slapped the tiny nation with a tourist and trade embargo that has lasted over a half century, to choke off
any chance of financial success. The USA then bombed and attacked Cuba (known as the Bay of Pigs invasion), forcing Cuba to keep a costly military presence.

In light of this very oppressive history, Cuba is a nation that could be a disaster. But that is not the case. We focus here on socialist Cuba to demonstrate the consequences of operating under capitalism or socialism in poorer nations. Have a look below at a few standard social indicators from three of our neighboring poorer countries in Table 8.1.

Table 8.1 Comparing Social Indicators in Four Nations

<table>
<thead>
<tr>
<th></th>
<th>Per Cap.</th>
<th>Infant Mortality/K</th>
<th>Life Expect.</th>
<th>% with AIDS</th>
<th>% Literate</th>
<th>TFR*</th>
<th>% Obesity</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>$55K</td>
<td>5.9</td>
<td>79</td>
<td>.6</td>
<td>99</td>
<td>1.9</td>
<td>34%</td>
</tr>
<tr>
<td>Cuba</td>
<td>$10K</td>
<td>4.6</td>
<td>78</td>
<td>.1</td>
<td>99</td>
<td>1.5</td>
<td>12%</td>
</tr>
<tr>
<td>Mexico</td>
<td>$18K</td>
<td>12.2</td>
<td>76</td>
<td>.3</td>
<td>86</td>
<td>2.3</td>
<td>27%</td>
</tr>
<tr>
<td>Haiti</td>
<td>$2K</td>
<td>48.0</td>
<td>63</td>
<td>2.2</td>
<td>60</td>
<td>2.7</td>
<td>11%</td>
</tr>
</tbody>
</table>

* The Total Fertility Rate is the average number of children expected per woman in a lifetime.

Although economically poor, and not fully democratic, Cuba’s basic social outcomes are easily keeping up with our rich nation and running far ahead of Mexico which has immense oil riches. How can it do this? And why is the USA in such a mediocre position with all its money?

It is a matter of how wealth and services are distributed among the citizens.

Socialist Cuba has very few natural resources or rich people but its very modest wealth is distributed very evenly through government services: medical, educational, transportation, housing and food benefits. The other three capitalist nations in Table 8.1 allow an enormous range of inequality that leads to social dysfunction. The great wealth of the richest U.S. citizens (mostly inherited) is not distributed evenly, even after they die. Less than 1% of U.S. citizens pay any inheritance tax at all. A study in year 2007 found that only 230 Minnesotans paid anything related to inheritance tax.[9]

A socialist economy is not by itself a guarantee of human happiness. For example, North Korea’s people live continually on the brink on starvation in a political family dynasty that provides neither adequate basic needs, nor freedom. Both socialism and capitalism, which are economic systems, are vulnerable to poor political leadership. Advocates of capitalism often criticize socialism on the basis of North Korea’s terrible example. But that
is no more a fair an argument against socialism than criticizing capitalism for the terrible conditions in desperately poor capitalist nations like El Salvador, Honduras or Haiti.

Most of the nations that have increased taxes on their wealthy citizens to support their poor and middle classes are free democracies, and this includes all the nations of Western Europe, Canada and Japan. Once again, if you are reading this text, you are a participant in a bit of socialism in the USA, for public education is one of the socialist services in our largely capitalist society. Very few of my students could afford private colleges under a purely capitalist system.

We found this school principal in Cuba in total support of the views of her nation’s leader, Fidel Castro, whose image was prominently displayed on the wall of her office. Her loyalty to Cuba’s system and its leader might have helped her win her position. But it must please her that Cuba spends nearly twice the percent of its tiny national budget on education as we do here in the USA. Her students’ education is free, including college.

**MAINTAINING INEQUALITY**

Even the most unfair stratification systems can survive for centuries. India’s history is a perfect example of that. But perpetual inequality requires control over a culture’s institutions, and thereby, control over popular thought. If the wealthy segment of society can control the institutions, it can usually over-shadow calls for economic fairness. Marx noted that the institutions of society always create an ideology, a self-supporting system of ideas. Marx called it, ”The means of mental production.” In the case of
capitalist societies, he claimed that the ideology supported extreme unfairness regardless of how cruel it might be. After all, he was living through a time of slavery and genocide.

But how do the wealthy control the major cultural institutions? Today’s commercial press and media are owned entirely by stockholders, and most stockholders of any corporation are upper class citizens. Marx would suggest that the operators of the major television, radio and newspaper outlets generally downplay news or information that would seriously threaten the interests of their wealthy employers and corporate sponsors. It would be occupationally dangerous for them to do otherwise. Likewise, our religious institutions depend on donations, and those who have the most money to donate are likely to influence how subjects are addressed from the pulpit. In some famous "company towns" in the USA, the family that owned the local factory, mill, or mine actually hired the preachers. Politicians also require donations to their campaigns in order to stay in office. All politicians know who their larger contributors are, and what those contributors expect “their” politicians to do when in office.

Even the money from foreign corporations can control our cultural institutions. Minnesota’s highest spending lobbyist in recent years has been Enbridge Energy, a Canadian firm. Would Enbridge have spent this money repeatedly if it wasn’t achieving its goal? How much are average citizens able to spend to represent their own individual interests?
When all the institutions work as a team to promote the same image of reality, they create a very effective drumbeat, and most of us end up dancing to the tune. As a consequence, few changes are made to solve even the most glaring outcomes of economic inequality. Over time, this is a dangerous situation even for the wealthiest advantaged citizens because a social system that cannot improve itself risks complete system breakdown as its failures gradually become apparent. They often do not recognize it in time.

The wealthy in any capitalist society promote an image of patriotic satisfaction because they usually seek no changes in a system that has protected their advantages. The cultural institutions they control obediently tend to suggest that society is basically, "on the right track," supporting military intervention yet staying rather mute on issues like global warming, or rampant inequality. Opposing views of the poor and middle class may be floating around on Facebook, in artistic contexts and down at the local pub. But no other point of view has as many powerful outlets as the dominant institutions.

A wealthy mining executive protects his mansion’s fortunes with razor wire in Georgetown, Guyana. While trying to lock the poor out, has he actually locked himself in? The rich can be victims of their own success.

FALSE CONSCIOUSNESS AND CLASS CONSCIOUSNESS

Although institutions may indoctrinate citizens into the patriotic ideology of the wealthy, it is impossible for individuals to ignore every aspect of an unjust reality. Eventually, citizens will be impacted by unfairness, no matter how cleverly it is covered up. After viewing the statistics on inequality, a question is often asked by my students: Why do people put up with it? This was a major subject of interest to Karl Marx.

False Consciousness

Marx explained our individual passivity by the concept of "false consciousness," a set of myths people believe to feel better about inequality. Misinformed by institutions of
the true causes of inequality, most people in capitalist societies will ignore institutional failures and blame the victims, or *even themselves*, Marx claimed. Fate, bad luck, laziness, and the “Will of God” become common excuses for inequality. Exploited groups and individuals will often further exploit themselves by accepting perpetual inequality without a single act of objection during their entire lives.

Fidel Castro (left) counted on this army of peasant volunteers to win his battle against the wealthy Cuban landowners, the Mafia and the CIA. After the revolution, Castro rewarded his volunteers with plots of confiscated land, including some from his own rich family’s estate, as he had promised.

Thus, people who cling to false consciousness may even become *participants in their own exploitation*. Some present-day examples: women, often defined by advertising and other cultural images as little more than sex objects may not only tolerate these images but sometimes further exploit themselves by engaging in anorexia, clothes-shopping disorders, or excessive promiscuity in an attempt to fit into this culturally dominant image. Historically oppressed groups like gay men will often engage in self-destructive behaviors that set them apart - and further isolate them from - the larger society. Blacks frequently refer to each other in white racist terms that seem to confirm stereotypes. Poor and middle-class whites vote for candidates that plan to reduce or eliminate public services they badly need. Underpaid workers refuse to join unions and are left without any power to bargain with giant corporations.

The sad fact is that *chronically oppressed groups often accept the dominant group’s view of their unworthiness*. Why? If the dominant group’s ideological slogans flood the marketplace of ideas – through control over the mental means of production - what else are they to think?
Class Consciousness

Marx suggested that the only hopeful approach to a grossly unfair system was class consciousness: an awareness of our common plight as oppressed people. But how would such awareness develop, if all the institutions continually censor or avoid the critical information required to obtain it? Marx claimed that as economic exploitation increased, oppression would finally reach a point at which the grim material reality of life was so debilitating that individuals would ignore institutional and media spin and begin fighting for their very lives. He predicted that the common laborers (the working class) would inevitably rebel and take over the means of production, and then share them equally amongst all. This, he predicted, would create communism, his utopian dream.

Marx was at least somewhat mistaken about common laborers fighting the wealthy in a revolt. Mass revolutions in Mexico (1910), Russia (1917), China (1949), and Cuba (1959) were dominated instead by armies of desperate peasants with little to lose. But Marx was right in that these revolutions took place only after life became nearly impossible, for this is when false consciousness was no longer believable and class consciousness easily replaced it, spreading through the population.

REVOLT, REBELLION AND REVOLUTION

What happens when an oppressed group gives up on peaceful means of protest, and takes to the streets? There are three basic forms of street violence which may or may not lead to a successful transfer of power to the oppressed group. Here below is a scheme based very loosely on definitions from D.E.H. Russell: [11]

<table>
<thead>
<tr>
<th>VIOLENT?</th>
<th>LEADERS?</th>
<th>PLANNED?</th>
<th>POWER SHIFT?</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIOT</td>
<td>yes</td>
<td>none</td>
<td>no</td>
</tr>
<tr>
<td>REBELLION</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>REVOLUTION</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

It can be hard to tell when a riot ends, and a general rebellion begins. However, uprisings often seem to fit into three basic patterns. Riots are common, brief, and usually do not lead to an organized rebellion. Rebellions are organized and last longer, but are put down. A successful revolution, in which the rebels actually take power, is a relatively rare event.
Bolivian teachers and peasants carry their flag in a protest in La Paz, Bolivia. As the parade moved toward a wealthy area in the city, the protesters were stopped by the police force in the photo below.

The Bolivian police in this photo were recruited from the middle to lower classes, as everywhere. But here they find themselves having to turn their guns against members of their own social classes once again. The Bolivian teachers had popular support among the people. A rebellion finally brought the government down a few weeks later as the ruling class feared a violent revolution was coming. The teachers and peasants won by using Gandhi’s non-violent techniques. They blocked traffic with their bodies in La Paz. President Sanchez de Lozada, the richest man in Bolivia, fled to the USA.
THE LEGACY OF KARL MARX

The predictions of worker rebellions and takeovers by Karl Marx and his collaborator Friedrich Engels in *The Communist Manifesto* sent shivers down the backs of wealthy capitalists. They generally despised Marx, but respected his intellect and took him seriously. The capitalists gradually learned to keep exploitation of the lower classes within certain limits so as not to reach the point where rebellion begins.

In the years after Marx died, progressive thinkers and labor unions he inspired forced the nation towards fairness. A long list of worker protection measures was gradually - often grudgingly - adopted in the Western world: minimum wage, social security, some forms of progressive taxation, workplace safety regulations, the 40-hour work week, child slave labor laws, affirmative action programs, employee health insurance, retirement pay, sick leave and vacation time. Unions fought for it all.

But these benefits came partly as a reaction by rich capitalists to the image of a potential future worker rebellion that was painted by Marx. Marx certainly did not intend to save capitalism from its own self-destructive greed, but he may have done so inadvertently, by the power of his written predictions. This significantly more progressive form of capitalism dominated the USA during the mid-20th Century.

"Socialism never took root in America because the poor there see themselves not as an exploited proletariat but as temporarily embarrassed millionaires."
- JOHN STEINBECK

Famous author and social critic John Steinbeck suggested that the poorly paid workers (Marx referred to as the "proletariat") in the USA were unrealistically hopeful that the capitalist economic system would someday make them wealthy. He saw this as a form of "false consciousness" that kept them from taking action.
Hope from the Pope: Is the Oldest Christian Church Joining the Battle for Equality?

Perhaps the most stinging attack in recent years on free market corporate capitalism came from a very unlikely source: Pope Francis of the Catholic Church. His predecessors have tended to be very strong supporters of capitalist economies but the widening global gap between the rich and poor and this new Pope’s courage marks an historic break with the wealthiest and most powerful people on Earth. Here are some quotes from his 2015 sermons in South America: [Source: CNN]

"The new colonialism takes on different faces...corporations, loan agencies, certain 'free trade' treaties, and the imposition of measures of 'austerity' which always tighten the belt of workers and the poor."

"And behind all this pain, death and destruction there is the stench of what Basil of Caesarea, one of the church's first theologians, called 'the dung of the devil.' An unfettered pursuit of money rules. That is the dung of the devil."

"Working for a just distribution of the fruits of the Earth and human labor is not mere philanthropy. It is a moral obligation."

"This system is by now intolerable: farmworkers find it intolerable, laborers find it intolerable, communities find it intolerable, people find it intolerable...The Earth itself...also finds it intolerable."

"Our common home [Earth] is being pillaged, laid waste and harmed with impunity. Cowardice in defending it is a grave sin. We see with growing disappointment how one international summit after another takes place without any significant result."
However, in recent years, this trend towards a more humane form of capitalism has reversed in the USA. Real wages, (adjusted for inflation over time) have fallen since the mid-1980s. Many corporations pay the lowest possible wages and reduce benefits while top executives’ salaries skyrocket. Some corporations have stolen their worker’s pension funds. The nation’s largest employer Wal-Mart intentionally cheated its masses of low wage workers (millions of times) out of their pay with clever time-clock techniques.[13]

Corporations also increased profits by moving their operations to poor countries with the most miserable labor and environmental practices. If these corporations had all been facing bankruptcy, their behavior might have been a bit more understandable, if not excusable. But many of these financial giants were - and still are - the most profitable capitalist entities in world history.

Like all generations, your generation lives in a time of real danger, but also, of opportunity. Throughout history there have always been a loose collection of progressive and courageous citizens around the world that linked hands with each other across time and space to keep hope alive. Now, it’s your turn. Whether you agree with the sociological perspective or not, I wish you success in the effort to build a just and rational civilization. Work together, peacefully, but with determination. Think of your nation as a work in progress. That is the highest form of patriotism for our homeland and for our planet.

Good luck, Earthlings.
REFERENCES


[9] “Fewer than 1% of Estates are Taxed.” Citizens for Tax Justice. 3/6/08


