



Understanding Social Inequalities with Marx - Relevance & Ambiguities of Class Structure in Late Capitalism

Studying Modern Capitalism – The Relevance of Marx today
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1. Starting point: Marx' class theory in a nutshell
2. Social inequality in late capitalism – the end of classes in „post-industrial“ society???
 - a. Objective dimension
 - b. Subjective dimension
3. Concluding remarks

1. Marx' class theory in a nutshell (a)



(cf Communist Manifesto)

Two great antagonistic classes, based on 2 criteria: ownership of means of production & control of labour power of others:

- Capitalists or bourgeoisie
- Working class or proletariat

Additionally, but in the long run diminishing due to proletarianisation & homogenization of classes:

- „Petty bourgeoisie“ of the small self-employed
- „Lumpenproletariat“, i.e. *„the social scum, that passively rotting mass thrown off by the lowest layers of the old society“* (Communist Manifesto)

→ **Property relations** are decisive for power relations

1. Marx' class theory in a nutshell (b)



Class relations = conflictuous, class struggles are key driving force of history

Precondition for class conflict = **class consciousness** of unified rational interest & shared views of how society should be organized

(distinction „class in itself“ vs. „class for itself“)

→ *objective & subjective* facets of classes

Inevitable transformation to socialism due to

- intensified struggles between **polarized & homogenized (!)** classes, and
- the revolutionary power of the proletariat

2. Social inequality in late capitalism – the end of classes in „post-industrial“ society??



Some (incomplete!) diagnostic spotlights:

1. Objective class structures: antagonistic?

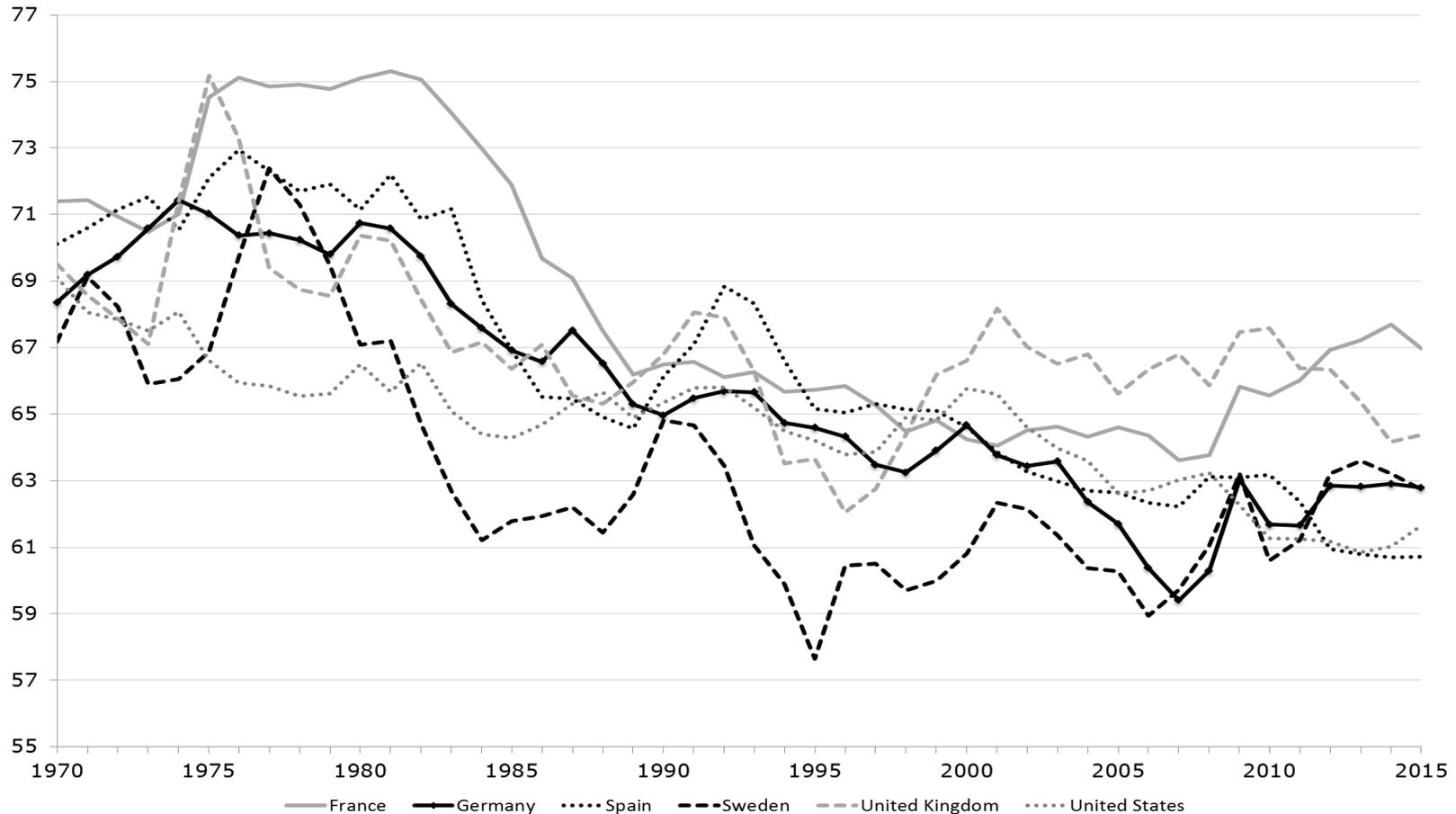
... then asking question on the state of

2. Subjective „class consciousness“ of working class?

... more questions rather than answers!

a) Functional income distribution: **Decline of wage share**

Figure 2.1: Adjusted wage share, selected OECD countries, 1970-2015
(percent of GDP at factor costs)



Note: The adjusted wage share is defined as compensation per employee as a share of GDP at factor costs per person employed. It thus includes the labour income of both dependent and self-employed workers, and GDP excludes taxes but includes subsidies.

Source: European Commission (2016), our presentation.

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Table 7: Distribution of household net wealth in Germany

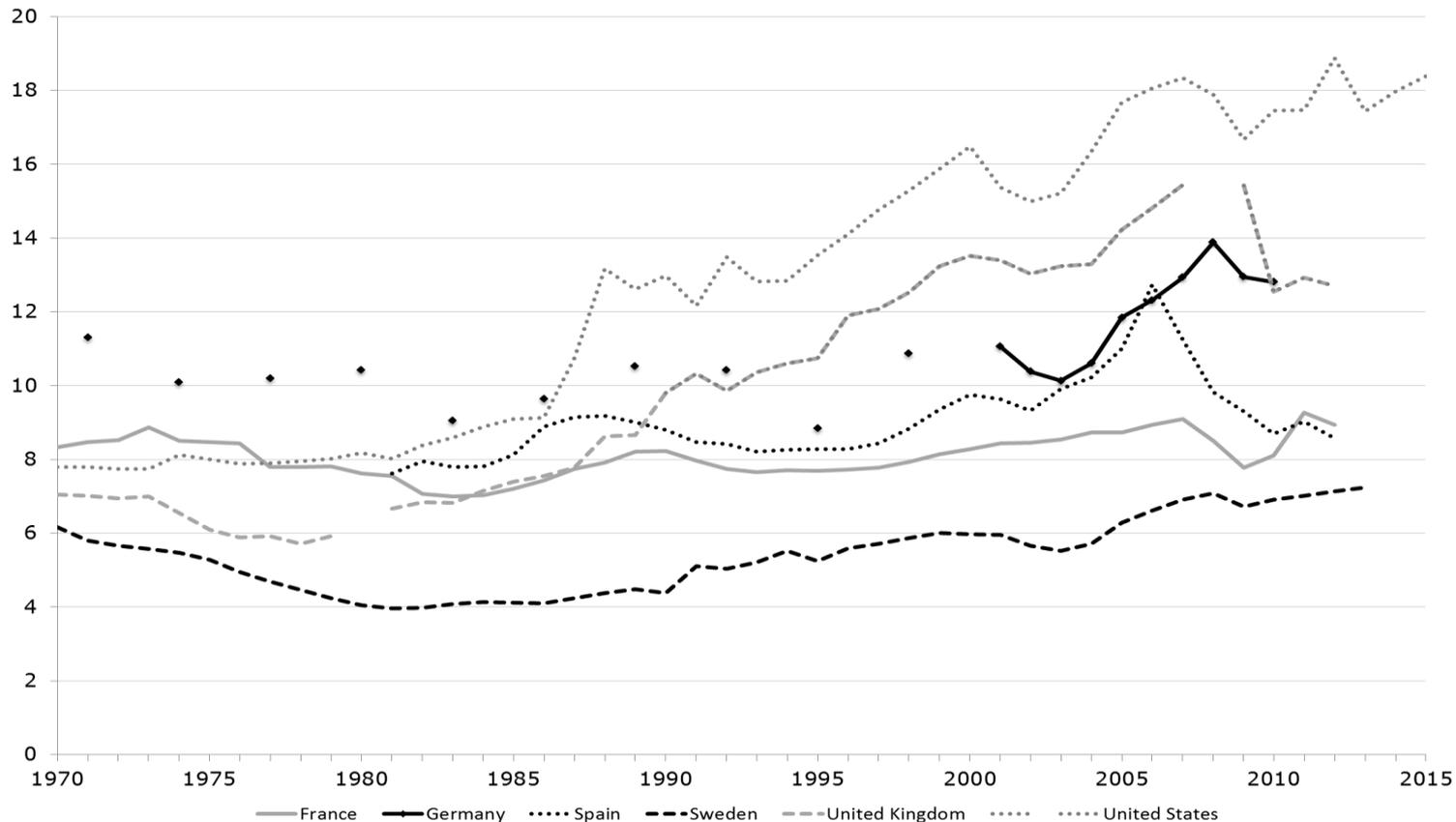
Fractiles household net wealth	Database HFCS			Database HFCS including imputed top wealth distribution		
	Percentile	Total		Percentile	Total	
	1 000 Euro	bill. Euro	%	1 000 Euro	bill. Euro	%
1 st - 5 th decile	\	222	2.9	\	222	2.5
6 th decile	52	294	3.8	52	294	3.4
7 th decile	99	501	6.5	99	501	5.7
8 th decile	165	847	10.9	165	847	9.7
9 th decile	262	1 313	17.0	262	1 313	15.0
10 th decile	438	4 567	59.0	438	5 578	63.7
Total	\	7 743	100.0	\	8 755	100.0
Top 7,5%	525	4 061	52.5	525	5 073	57.9
Top 5%	668	3 517	45.4	668	4 529	51.7
Top 2,5%	1 063	2 694	34.8	1 063	3 705	42.3
Top 1%	1 887	1 847	23.9	1 887	2 859	32.7
Top 0,5%	3 317	1 363	17.6	3 400	2 369	27.1
Top 0,1%	13 581	306	3.9	10 900	1 516	17.3
Summary inequality measures of household net wealth						
Gini coefficient	0.7461			0.7751		
Entropy meas. ¹⁾						
GE(1)	1.2894			1.8493		
GE(2)	5.5693			326.84		
1) GE(1) is the Theil index, and GE(2) is half the square of the coefficient of variation.						

b) Extremely unequal distribution of **wealth** - especially in Germany (2011)

Gini coefficient for:
 France: 0.6730 (0.6857)
 Spain: 0.5723 (0.5818)
 Greece: 0.5540 (0.5726)

c) Personal income distribution: **Increase of top incomes**

Figure 2.2: Top 1 percent income share, selected OECD countries, 1970-2015
(percent of pre-tax fiscal income without capital gains)



Note: For France, Germany, Spain, Sweden, and the USA, top income shares relate to tax units; in the case of the UK, data covering the years 1970 until 1989 comprise married couples and single adults and from 1990 until 2012 adults.

Source: The World Wealth and Income Database (2016), our presentation.

c) Personal income distribution: **Increase of inequality**

Figure 2.3: Gini coefficient of market income, selected OECD countries, 1970-2015

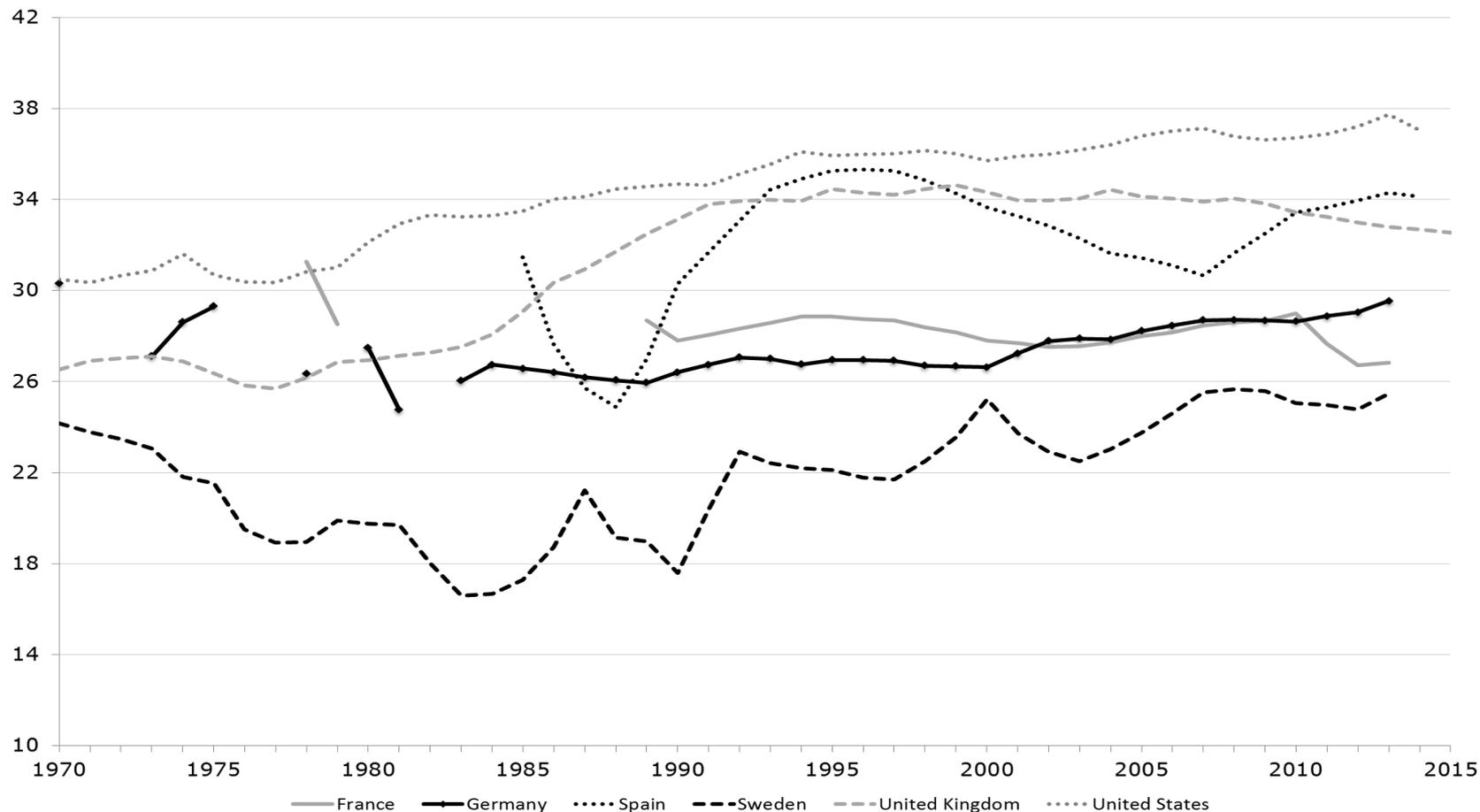


Note: The Gini coefficient is based on equivalised (square root scale) household market (pre-tax, pre-transfer) income.

Source: Solt (2016), our presentation.

c) Personal income distribution: Increase of inequality, moderating role of the welfare state

Figure 2.4: Gini coefficient of disposable income, selected OECD countries, 1970-2015



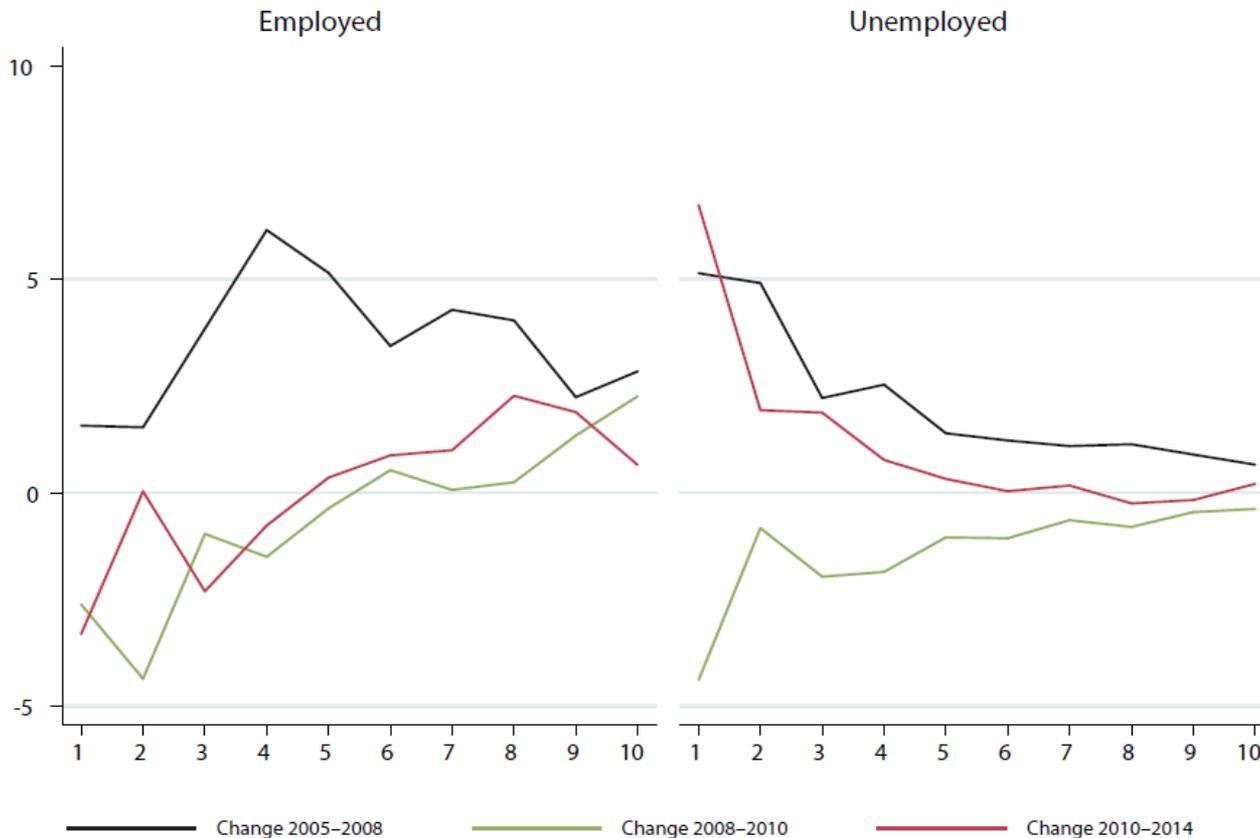
Note: The Gini coefficient is based on equivalised (square root scale) household disposable (post-tax, post-transfer) income.

Source: Solt (2016), our presentation.

d) Levels of personal disposable income: Key role played by (un-)employment



Figure 7: Change in the share of employed and unemployed people by household disposable income deciles, 24 EU Member States (percentage points)



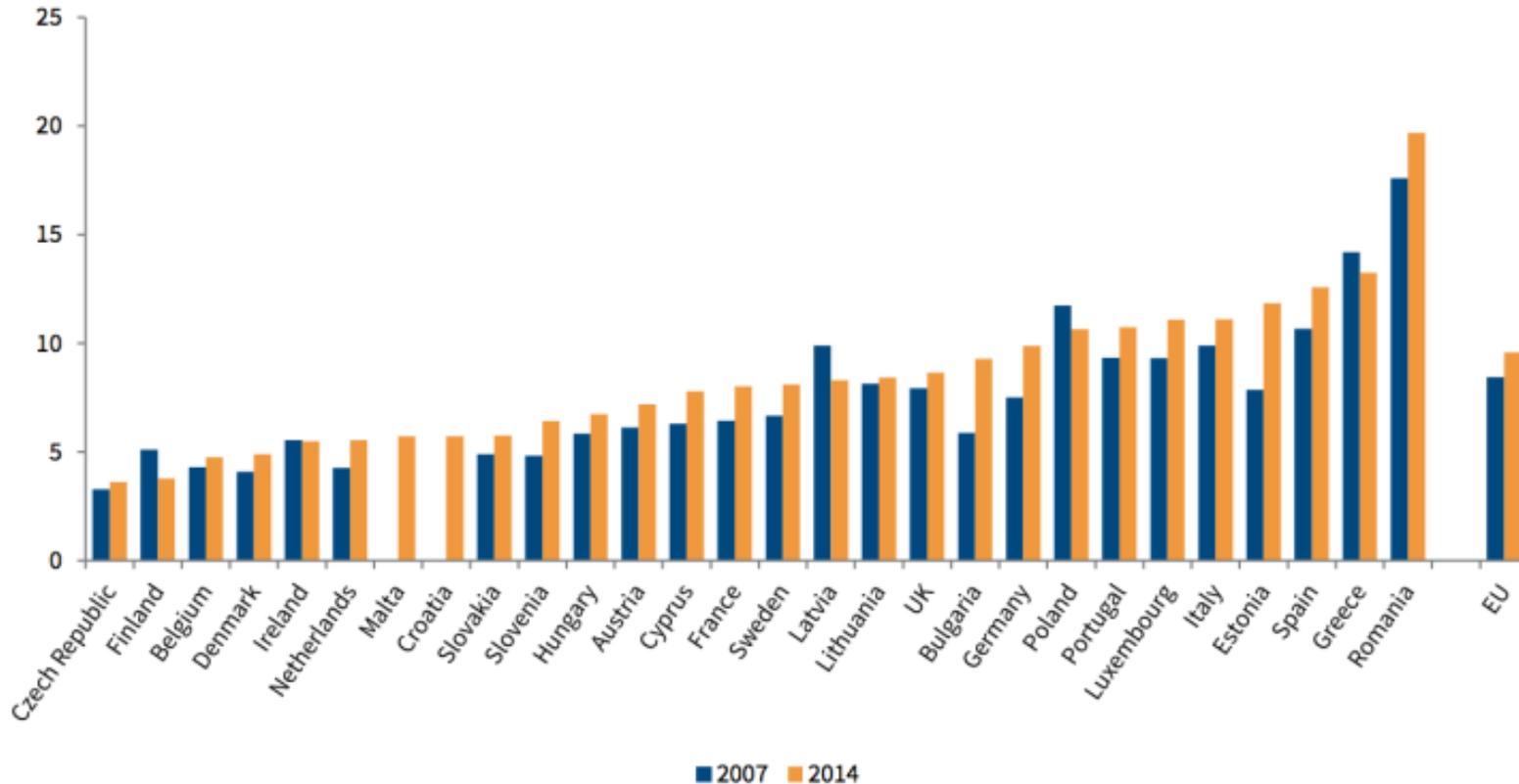
Source: EU-SILC.

Source: Eurofound 2017a

e) Increase of in-work poverty in the EU



Figure 5: Proportion of workers at risk of in-work poverty (%), by EU Member State, 2007 and 2014



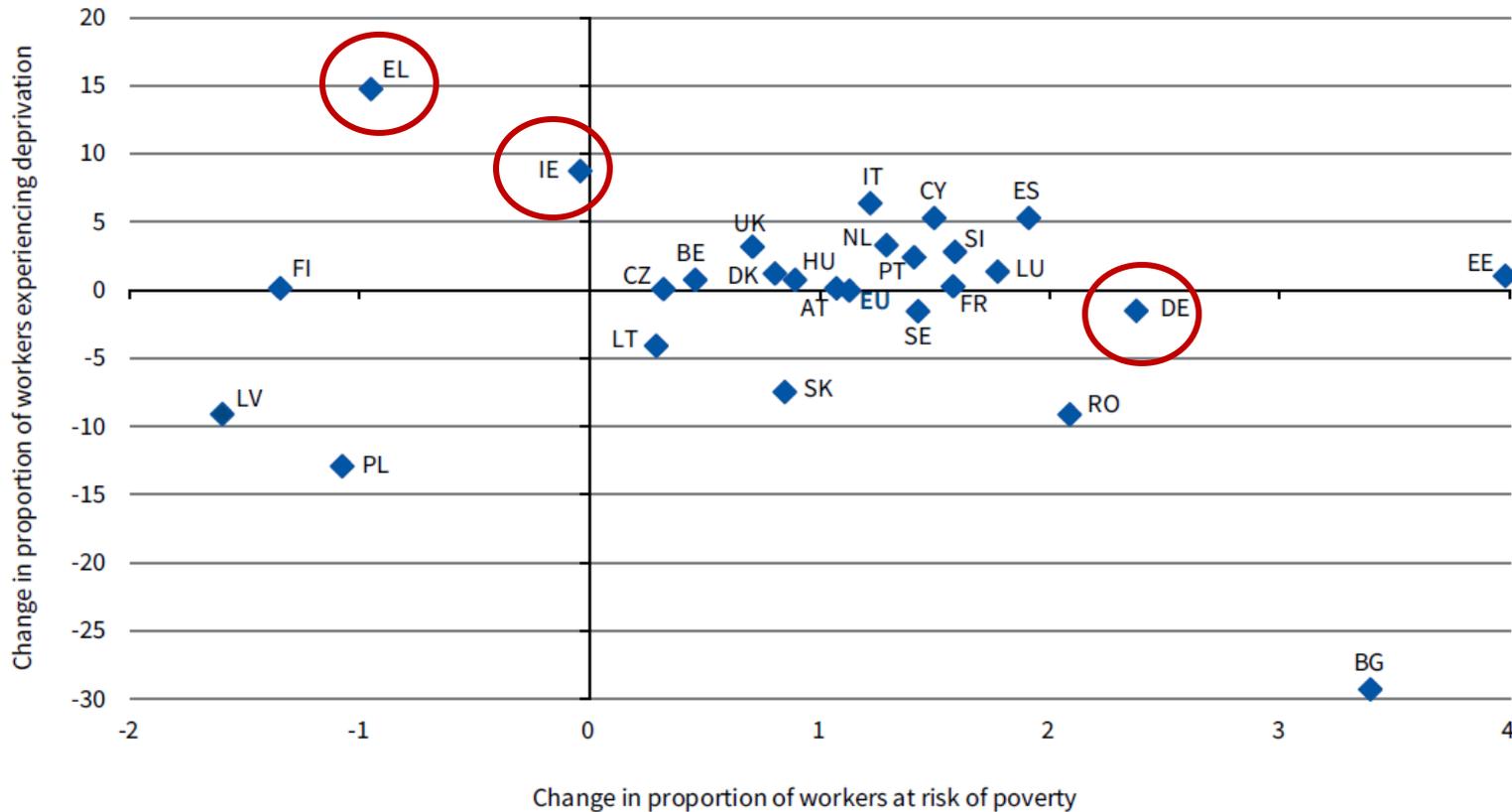
Note: Croatia and Malta were not included in the survey in 2007. EU values exclude these countries.
Source: EU-SILC 2007 and 2014 microdata, weighted by PB040 or PB060, all working-age people

Source: Eurofound 2017b

f) Increase of workers in material deprivation in many EU countries



Figure 6: Percentage point change in the at-risk-of-poverty rate and material deprivation rate for workers, EU Member States, 2007–2014



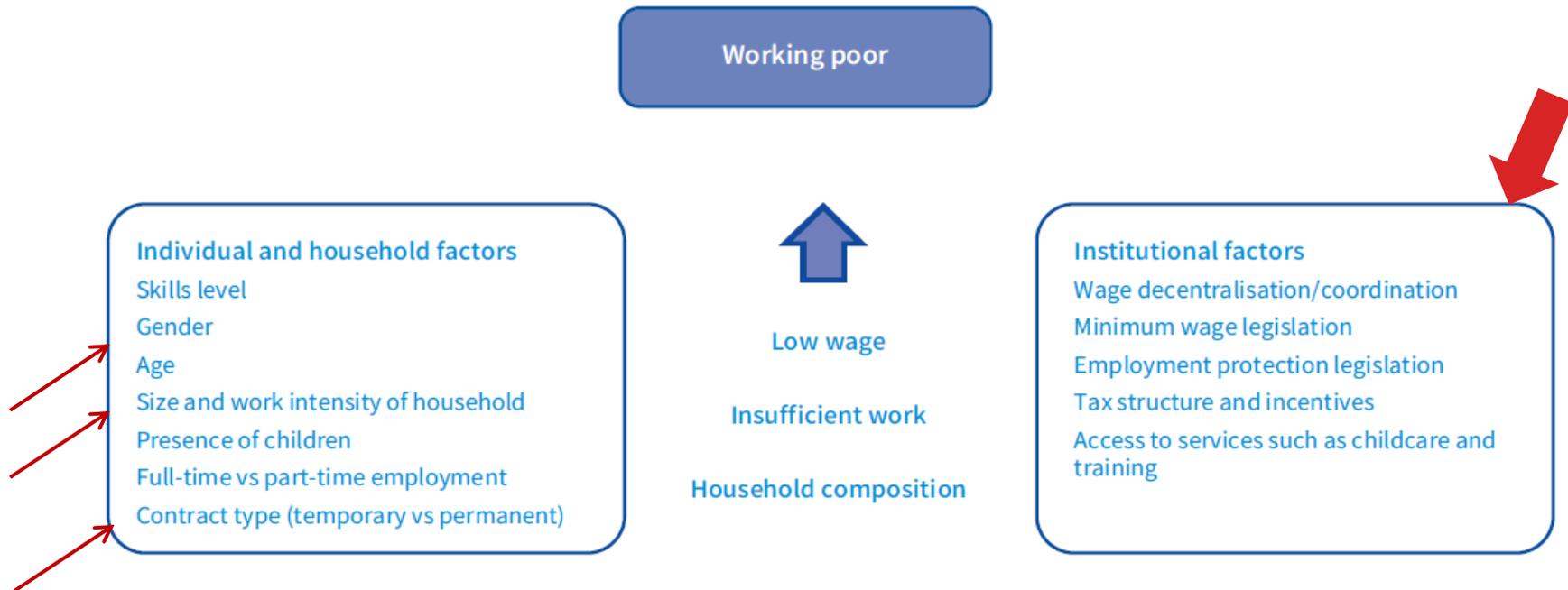
Note: Croatia and Malta were not included in the survey in 2007. EU values exclude these countries.
Source: EU-SILC 2007 and 2014 microdata, weighted by PB040 or PB060, all working-age people

Source: Eurofound 2017b

Factors influencing in-work poverty



Figure 1: Factors influencing in-work poverty



Source: SPC (2014)

Source: Eurofound 2017b

Non-standard employment (part-time, self-employed etc.)
disproportionately often among the „working poor“

➔ **heterogeneous** social structure

„petty bourgeoisie“ & „precariat“ of *digital capitalism*

First diagnostic spotlight:



Objective class structures:

- ✓ Income & wealth polarization,
squeeze of the „middle classes“ (not displayed)
- ✓ Impoverishment & deprivation, especially in crisis
countries
 - ✓ Social reproduction of class structure:
inherited wealth; low upward class mobility (not displayed)
- **But:** instead of „homogenisation“ of working class,
more differentiated social situations (*soziale Lagen*)

2. Subjective facets of class structure



„Class consciousness“ of the working class?

Mixed picture:

- a) Tendency of upward self-positioning in social structure instead of „class consciousness“ („part of middle class“)
- b) ...supported by public & academic discourses about diffuse „middle class(es)“ – often highly ideological
(see *Ulf Kadritzke*)
- c) „Digital precariat“ & other (small) self-employed between „petty bourgeoisie“ ↔ labour struggles & strikes

2. Subjective facets of class structure



d) Still high expectations on the welfare state in Europe, despite all transformation

Table 2 European support for welfare state dimensions

Dimension	% pro-welfare attitudes ^a	% anti-welfare attitudes ^b
Goals	71	14
Range	94	4
Degree	35	29
Efficiency	54	34
Effectiveness/abuse	17	62
Effectiveness/underuse	21	52
Outcomes goals	63	25
Outcomes policy Output	42	53
Outcomes economic	34	42
Outcomes moral	45	42

^a Pro welfare: % $>3/>5$ (depending on the scale, 1–5 and 0–10, respectively; see Table 1)

^b Anti welfare: % $<3/<5$ (depending on the scale, 1–5 and 0–10, respectively; see Table 1)

Source: Roosma et al. 2013; based on data of ESS 2008, survey in 22 European countries

2. Subjective facets of class structure



How to be interpreted?

- Welfare state (support) as concealing „true class antagonism“, contributing to a „false consciousness“?
- Welfare state as „class compromise“, moderating the social inequalities produced by capitalism?
 - ➔ Advocating a strong welfare state & effective outcomes of collective social security (de-commodification), financed by taxation of capital, as a sign of „class consciousness“ and solidarity??

2. Subjective facets of class structure



- e) *BUT high expectations were disappointed*: welfare state transformation towards economic liberalization & „de-securitization“ & re-commodification; social-democratic parties are de-legitimized
→ has left a deep imprint in people's subjectivities:

Case of Germany as „post-conservative“ welfare state:

- No broad political resistance, instead *compliance* with individualization & marketization of social risks (e.g. financialisation of old-age security)
- Emotional unrest & *rising anxieties* of losing social status

2. Subjective facets of class structure



- Increasing social cleavages, less social cohesion, social closure against „outsiders“, racism, classism, nationalism, chauvinism all over Europe (and beyond...), and within all social classes
- (Far-)Right-Wing voting of working class & the unemployed disproportionately high
- ➔ Working class seem to be far from a social-revolutionary subject, despite some singular protests

3. Concluding remarks



- ***Social sciences*** must provide for *clear-cut insights in the class structure* and highlight the still decisive property & power relations in capitalist society, in all its appropriate differentiation.
- ... educational function to de-ideologize and de-mystify constructs such as diffuse middle classes, and not contribute to social cleavages.
- ***Trade unions & new social movements*** need to find ways to unite the new social ‚milieus‘ of working class in the digital precariat & ‚petty bourgeoisie‘however difficult!
- ***Political fight for a strong welfare state***, social rights and truly democratic structures is essential for (at least) moderating class antagonism & social reproduction, and thus furthering social cohesion.



Thanks for your attention!