



# 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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Prof. Dr. Sigrid Betzelt



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?

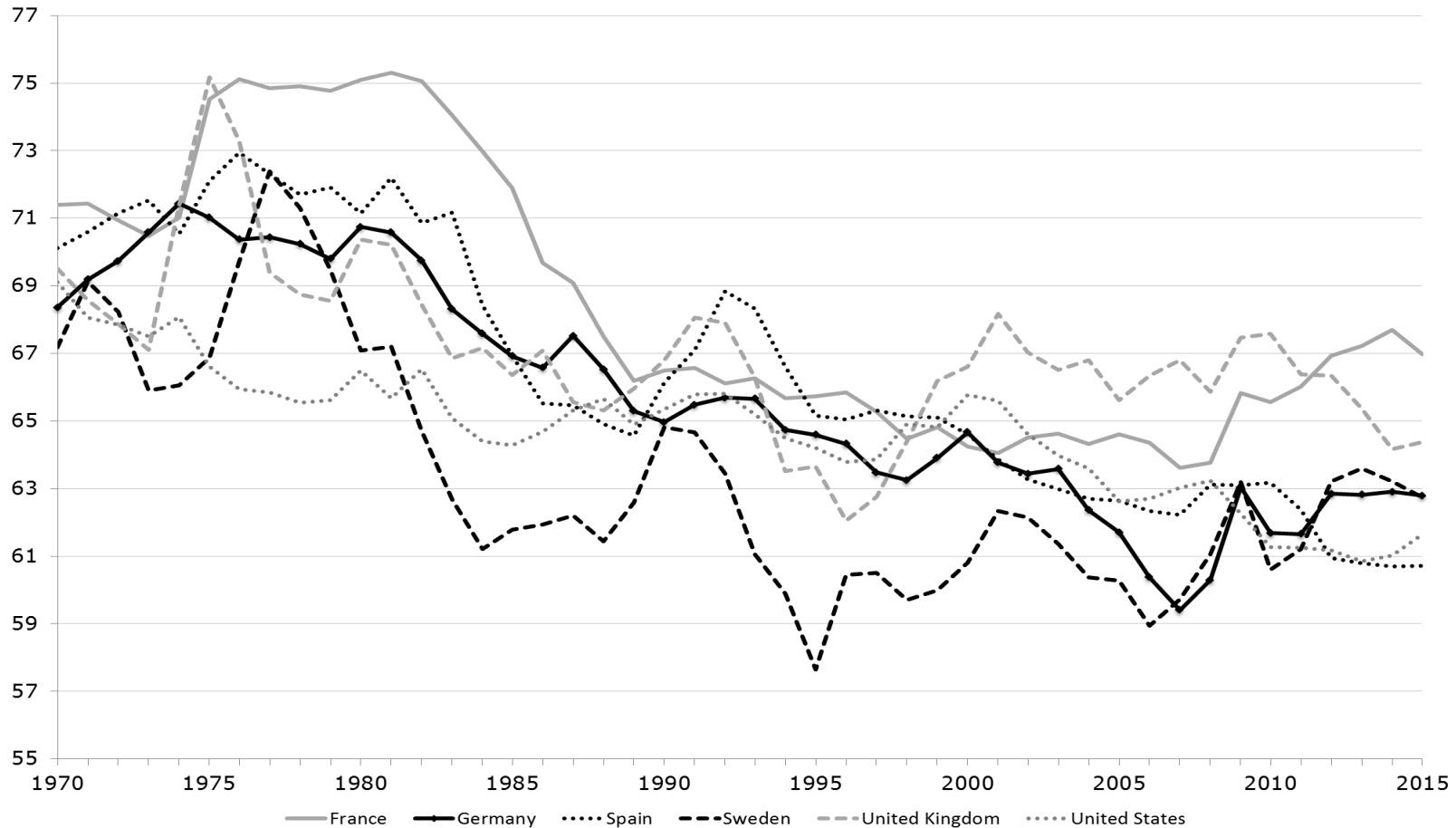
... then asking question on the state of

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.

Prof. Dr. Sigrid Betzelt

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Source: European Commission (2016), our presentation.

**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 <sup>st</sup> - 5 <sup>th</sup> decile	\	222	2.9	\	222	2.5
6 <sup>th</sup> decile	52	294	3.8	52	294	3.4
7 <sup>h</sup> decile	99	501	6.5	99	501	5.7
8 <sup>th</sup> decile	165	847	10.9	165	847	9.7
9 <sup>th</sup> decile	262	1 313	17.0	262	1 313	15.0
10 <sup>th</sup> 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. <sup>1)</sup>						
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:

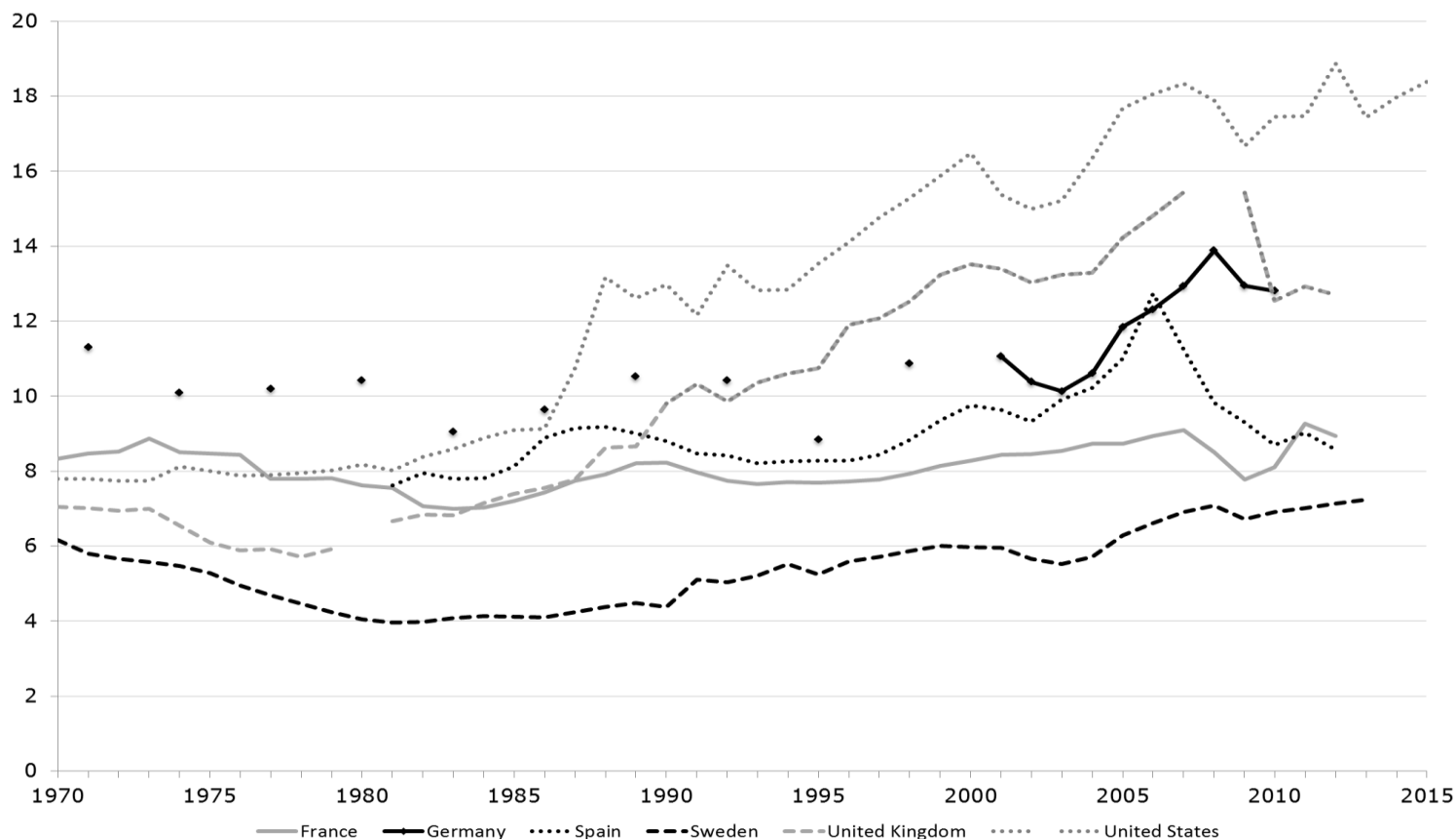
France: 0.6730 (0.6857)

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)*



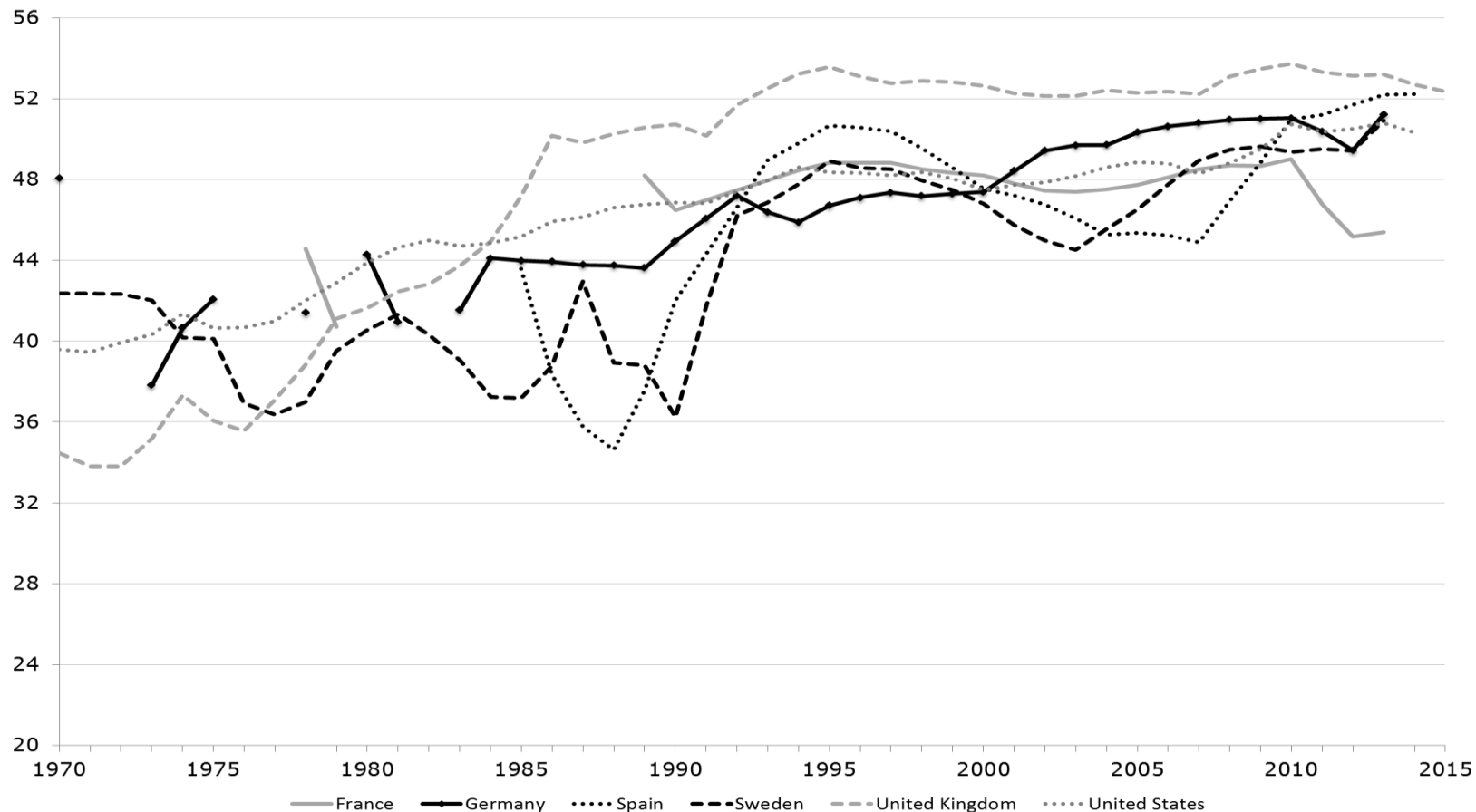
Note: For France, Germany, Spain, Sweden, and the USA, top income shares relate to tax units; in the case of the UK, data covering the years 1970 until 1989 comprise married couples and single adults and from 1990 until 2012 adults.

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*

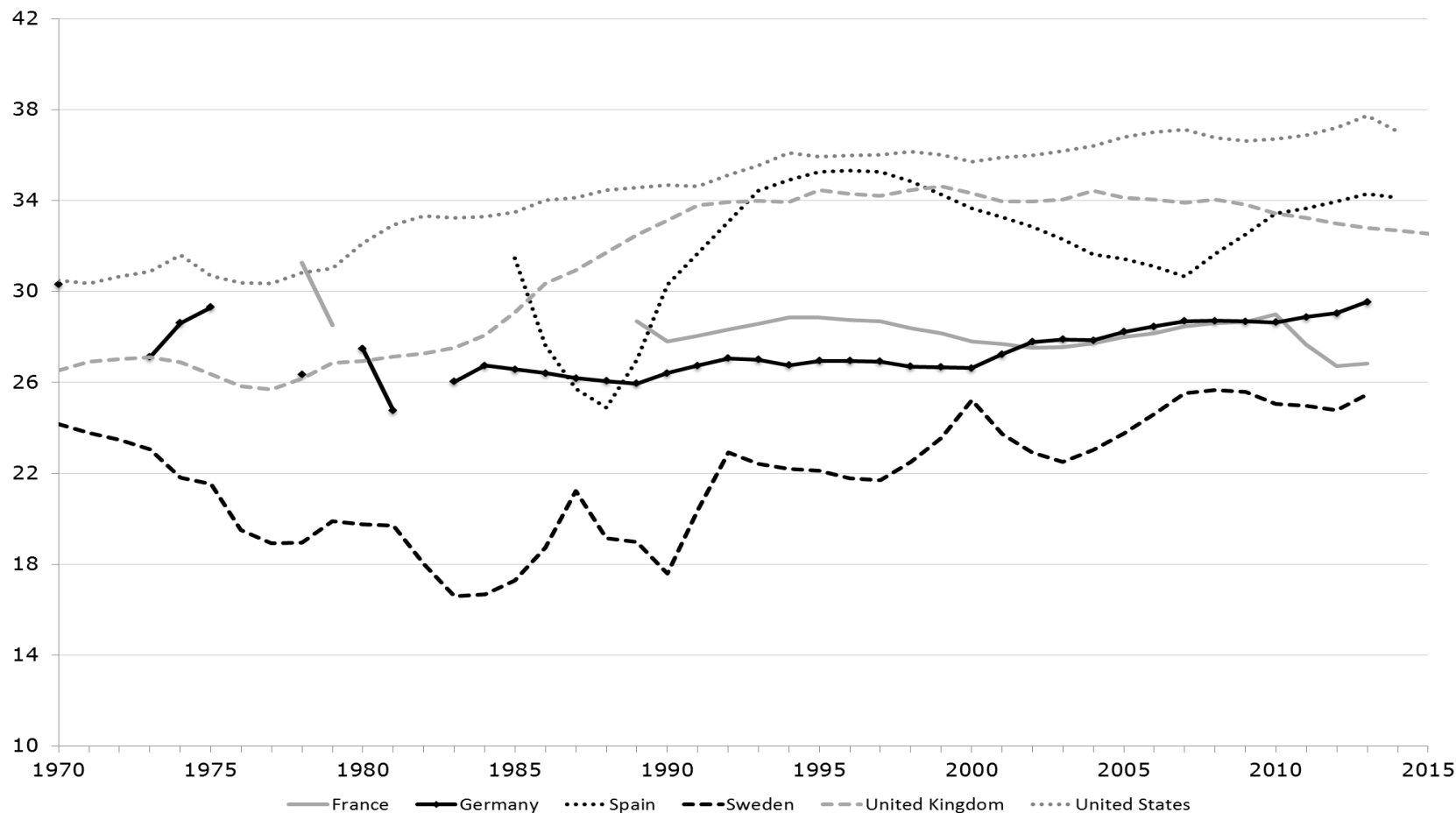


Note: The Gini coefficient is based on equivalised (square root scale) household market (pre-tax, pre-transfer) income.

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



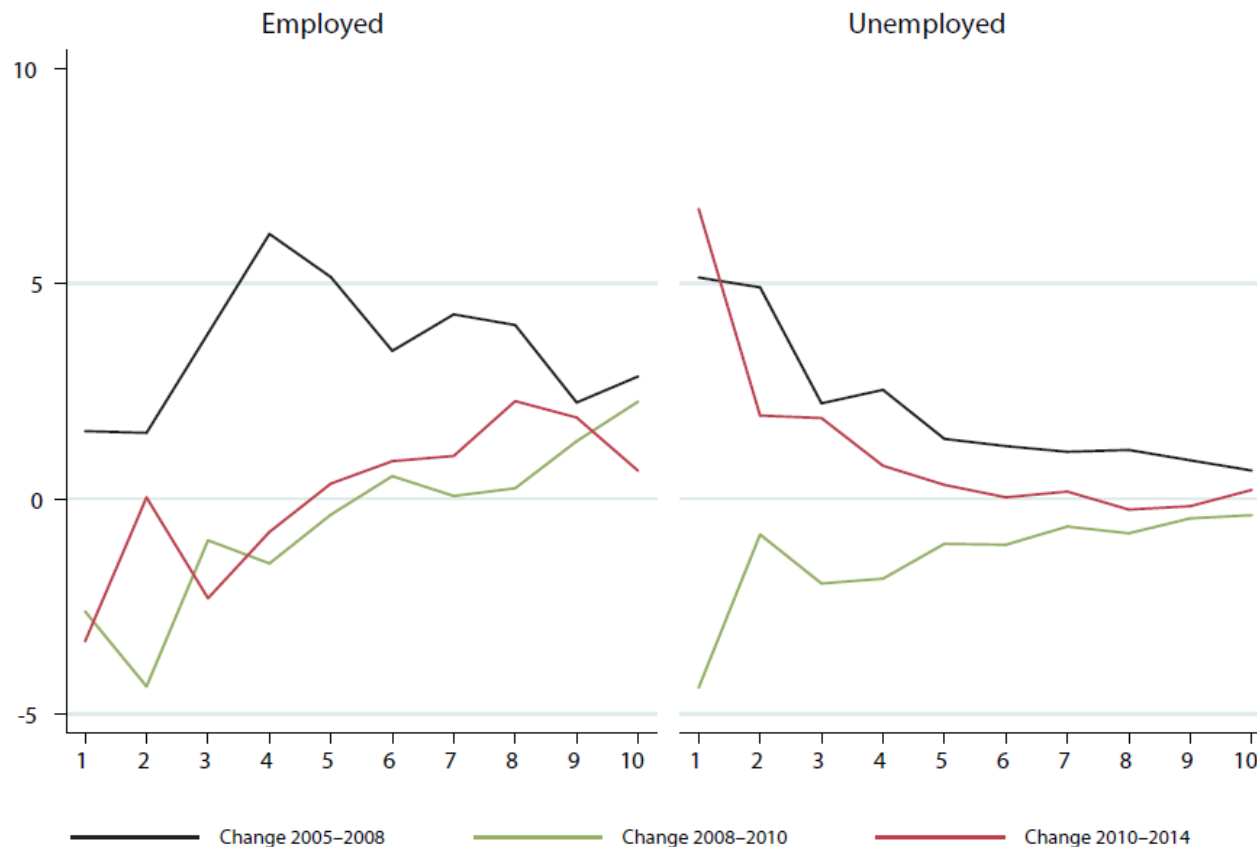
Note: The Gini coefficient is based on equivalised (square root scale) household disposable (post-tax, post-transfer) income.

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)



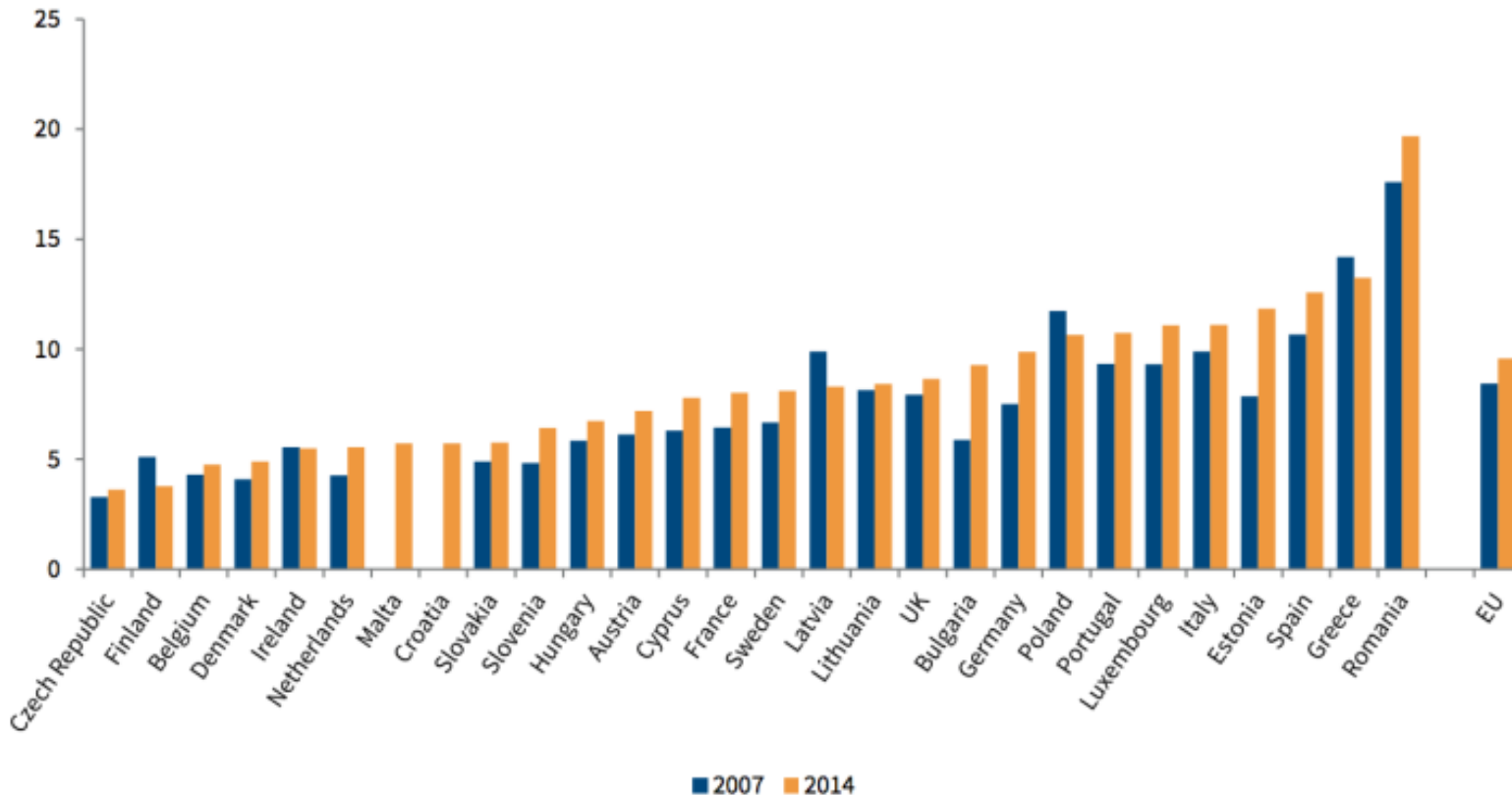
Source: EU-SILC.

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.

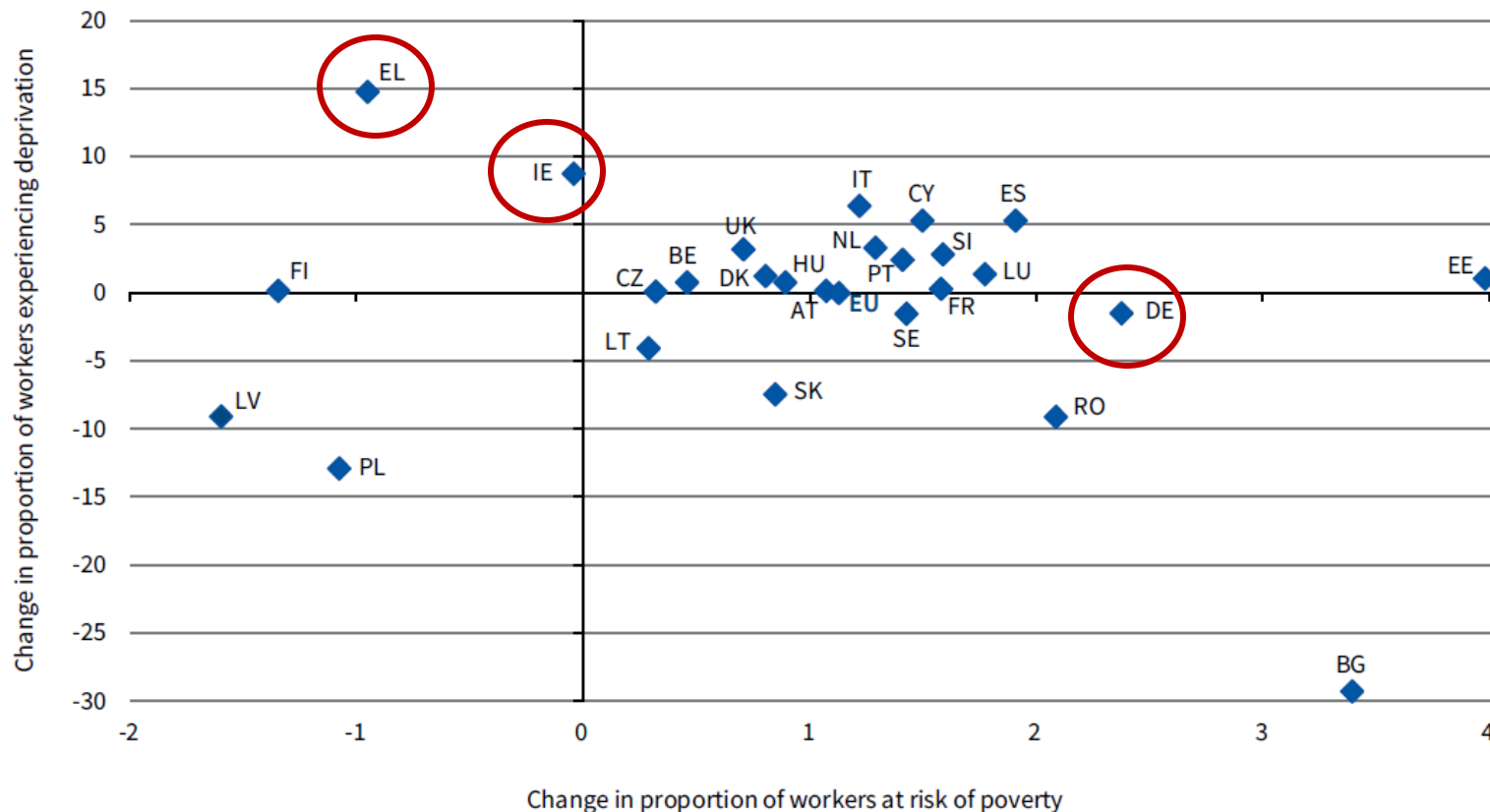
**Source:** EU-SILC 2007 and 2014 microdata, weighted by PB040 or PB060, all working-age people

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.

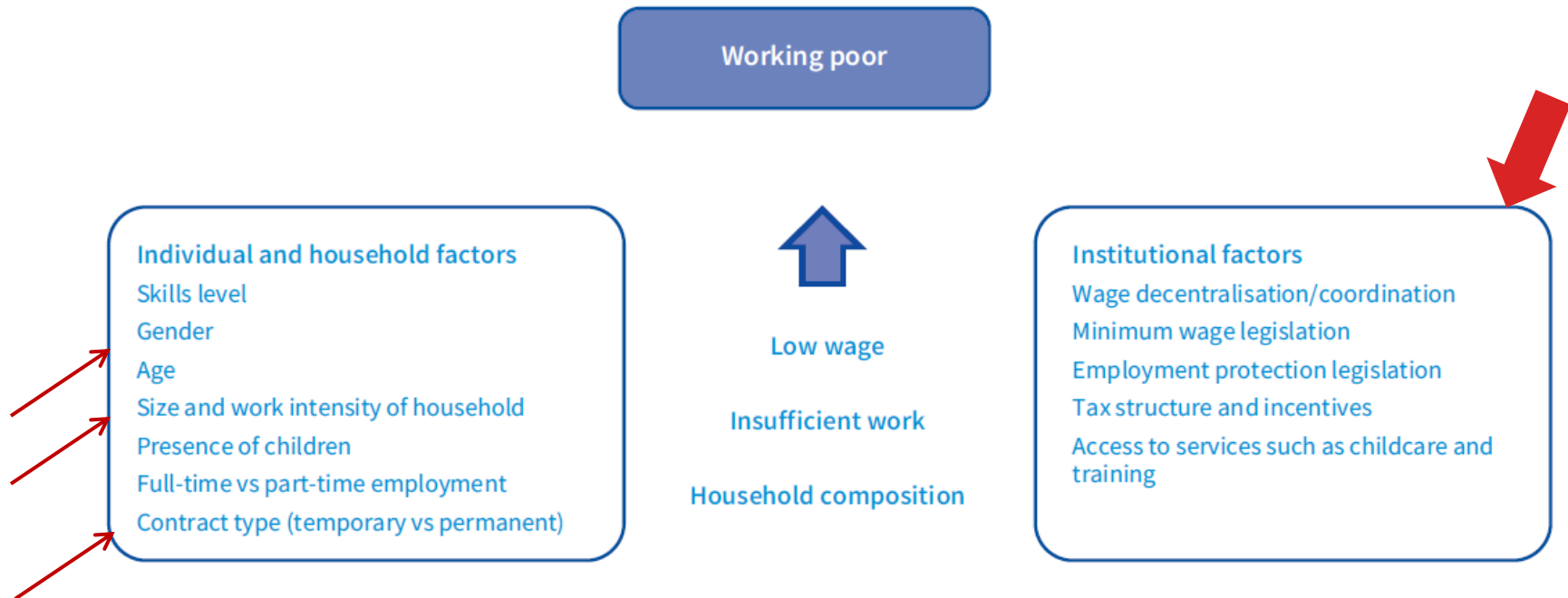
Source: EU-SILC 2007 and 2014 microdata, weighted by PB040 or PB060, all working-age people

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 <sup>a</sup>	% anti-welfare attitudes <sup>b</sup>
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

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

<sup>b</sup> 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!