Politics and Class in the United States

The Assault on the Middle Class and the Poor*

by Douglas Low

Introduction

It has been said that the liberal values of Western democracies are associated with individual conscience, truth based on knowledge, the order of law, and with an appeal to universality and equality, that is, to legal and moral principles applied consistently to all. Yet, it has also been claimed that these values are often not practiced as they are preached by Western societies. In fact, these societies often display a dramatic gap between theory and practice, for their appeal to law frequently justifies exploitation and suppression by force both at home and abroad. (See Maurice Merleau-Ponty, *Humanism and Terror*, trans. J. O’Neill, Boston: Beacon Press, 1969, pp. xiii, xli, 35 note, 187)

Now, since we certainly want to improve the democratic institutions that exist within Western societies, we must vigorously point out where democracy does not live up to its ideals, always in an attempt to move toward increased democratic participation by all, toward a society that functions for the common good and not just for the good for some far more than for others. Again, we can do this by pointing out the gap between democracy’s theory and practice, between its ideals and what it actually does, between its claim to universal access to the economic and political process, on the one hand, and the inequitable influence of classes, on the other.

Reflections on Current Events

With these goals in mind, let us now turn to current economic conditions in the U.S. and how they undermine, first, democracy (one person/one vote), second, liberal principles (do what you want as long as you do not harm or deny another, another’s property, or another’s freedom; equality under the law; and equality of opportunity), and third, identification with the community—principles that most support and that in general may be corrupted by the class structure of capitalism.
Sociologist agree that social stratification exists in the United States, that this stratification is based in large part on economic stratification, and that this stratification lends itself to the formation of social and economic classes. More specifically, G. William Domhoff’s two important studies *Who Rules America?* (Englewood Cliffs: Prentice Hall, 1967) and *Who Rules America Now: A View for the 80s* (Englewood Cliffs: Prentice Hall, 1983. Hereafter cited as AN) claim that there is an upper class in the U.S. and that it dominates both economic and political policy. Moreover, if Domhoff is correct, as the evidence will show, then U.S. democracy, liberal principles and identification with the community will all be seriously undermined. Let us briefly investigate Domhoff’s claims, with an eye toward the evidence that he offers for them.

Domhoff argues that the following indicators can be used to demonstrate power or the ability to influence others. 1.) “Who Benefits?”—by which he means the following: “Those who have the most of what people want are, by inference, the powerful. Put another way, the distribution of valued experiences and objects within a society can be viewed as the most visible and stable outcome of the operation of power…” (AN 11) 2.) “Who Governs?”—by which Domhoff means: “Power also can be inferred from the studies of who occupies important institutional positions and takes part in important decision-making groups. If a group or class is highly over-represented…in relation to its proportion of the population, it can be inferred that the group is relatively powerful…” (AN 12) 3.) “Who Wins?”—by which Domhoff means: “Power can be inferred from…issue conflicts by determining who successfully initiates, modifies, or vetoes policy alternatives.” (AN 12) Using these three indicators, Domhoff will argue that in the U.S. there is an upper class and that this class has a disproportionate influence on economic and political policy.

Along with social registers and elite social clubs and schools, the most compelling evidence for an upper class in the U.S. is income and wealth distribution. Domhoff points out that “studies…suggest that just 5% of all people in the United States own from 20% to 25% of all wealth [defined as marketable assets].” In addition, “since the 1950’s the top 5% of income earners…have received 14% to 16% of all income in the United States.” (AN 42) Supplementing Domhoff’s analysis with more recent figures, a clear view of income distribution and class structure in the U.S. comes into focus.

### Annual Family Income 2015

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<thead>
<tr>
<th>Proportion of Households</th>
<th>Annual Family Income</th>
<th>Class</th>
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<tbody>
<tr>
<td>6.1%</td>
<td>$200,000 and above</td>
<td>Upper</td>
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<td>6.2%</td>
<td>$150,000 to $200,000</td>
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<td>14.1%</td>
<td>$100,000 to $150,000</td>
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<td>12.1%</td>
<td>$75,000 to $100,000</td>
<td>Upper middle</td>
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<td>29.4%</td>
<td>$35,000 to $75,000</td>
<td>Middle</td>
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<td>10.0%</td>
<td>$25,000 to $35,000</td>
<td>Working</td>
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<tr>
<td>10.5%</td>
<td>$15,000 to $25,000</td>
<td>Working poor</td>
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<tr>
<td>11.6%</td>
<td>$0 to $15,000</td>
<td>Underclass</td>
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Notice that approximately 25% of U.S. households earn at least $100,000, and in some cases substantially more, while almost 30% earn less than $35,000, with US Census Bureau stating the following regarding the poor: “The official poverty rate in 2015 was 13.5 percent…In 2015, there were 43.1 million people in poverty…” [https://www.census.gov/library/publications/2016/demo/p60-256.html](https://www.census.gov/library/publications/2016/demo/p60-256.html) In 2015 the poverty level for a single person was $11,770, for two people: $15,930, for three people: $20,090, for four people: $24,250. [https://aspe.hhs.gov/2015-poverty-guidelines](https://aspe.hhs.gov/2015-poverty-guidelines)

Also notice that the middle and working classes comprise approximately 42% of U.S. households. In addition to revealing a strikingly large number of poor, these figures clearly show, to repeat, the existence of a large middle/working class, with approximately 42% of the U.S. households getting at least a small piece of the American pie. Yet the picture of income distribution comes into clearer focus if we observe the chart below, which divides the national income pie into fifths. (See US Census, *Income and Poverty in the United States: 2015*, p. 9. [https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf](https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf))
Percent Distribution of Total Income

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<th>Percent Distribution of Total Income</th>
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<tr>
<td>Lowest 5th</td>
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<td>3.1%</td>
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The chart above reveals that the top 5% of the earning population has 21.1% of the annual income, while the top 20% has 51.1%. This of course means that the other 80% of the earning population must divide the remaining 48.9% of the annual income. In addition, the figures on wealth are even more striking, for they reveal that the top 10% possess “84% to 94% of stocks, bonds, trust funds, and business equity, and almost 80% of non-home real estate.” (See G. William Domhoff, “Wealth, Income, and Power,” where the figures are stated for 2013. http://www2.ucsc.edu/whorulesamerica/power/wealth.html ) These cited figures show the stark difference of income in the U.S and that a vast amount of the nation’s wealth goes to a small percentage at the top. These figures coupled with other evidence (of social registers and elite clubs and schools) provide significant evidence for the claim that an upper class exists in the U.S.

In order to show that an upper class dominates public policy decisions Domhoff provides evidence for the following. “First, [members of the upper middle class and corporate community] finance the organizations that are at the core of these efforts. Second, they provide a variety of free services for some of the organizations in the network…Finally, they serve as directors and trustees of these organizations, setting their general directions and selecting the people who will manage their day-to-day operations.” (AN 82)

Domhoff’s evidence shows that members of the upper class and corporate communities dominate the financing of, the management of, and membership in important policy shaping organizations such as The Council of Foreign Relations (AN 85-88), The Committee for Economic Development (AN 88-89), The Conference Board (AN 89-90), as well as the financing and management of, if not membership in, foundations, think tanks, and research institutes. (AN 92-98)

Finally, Domhoff attempts to show that the “members of the power elite directly involve themselves in the federal government through three basic processes…,” 1.) the candidate selection process, 2.) the
special interest process, and 3.) the policy-making process. (AN 116) To provide evidence for 1.) above, Dommhoff informs us that the elite’s campaign contributions and favors to politicians far outweigh those by other groups. To provide evidence for 2.) above Domhoff reminds us that the special-interest process is one of the most documented relationships between big business and government. (AN 129-131) And finally, in his analysis of 3.) above, Domhoff sees three main groups involved in the struggle to enact policy in the federal government. Two of these groups are “rooted in the power elite and corporate community.” They are the moderate conservatives, rooted in the Council on Foreign Relations and the Committee for Economic Development, and the ultraconservatives, exemplified by the Chamber of Commerce of the United States, the Hoover Institute, and the American Enterprise Institute. “The third grouping…is the more loose knit and divided liberal-labor coalition that is rooted in trade unions, middle income liberal groups, environmental and consumer groups, university communities, and the foundations and advocacy groups financed by a few rich mavericks.” (AN 144) Domhoff shows that “generally speaking, the leanings of the moderate conservatives determine the outcome of any policy struggle.” (AN 144ff)

Domhoff’s *Who Rules America Now?* provides significant evidence showing that there is an upper class in the United States and that this class has an influence on economic and political policy disproportionate to its representation in the population. If Domhoff’s arguments are sound, as I believe they generally are, then our current class and economic stratification in the U.S. rather seriously undermine its democratic process.

First, the current class and economic stratification undermines the democratic process as one person/one vote, for the wealthy clearly influence the political process well beyond their proportional representation in the population.

Secondly, the current class and economic stratification undermines the liberal principle of “do what you want as long as you do not harm another, another property, or another’s freedom,” for harm is brought to the middle class and especially the poor by the gross inequality of wealth and power. The whole point of the liberal principle is to express a principle for *community* that respects the rights of each
individual. The whole purpose of the well known “state of nature” thesis (approached as a question: “how can individuals in a constraint free ‘state of nature’ enter a community without the loss of freedom, or with the loss of as little freedom as possible?”) is to find a principle for a community that provides a minimum of constraint of each individual on each of the others. The answer to this question is that each is to have as much freedom as is consistent with the freedom of everyone else. This implies an equality of constraint, that is, each person’s freedom is constrained by that of all the others. Or stated positively, as has been done above: you can do whatever you want as long as you do not harm another, another’s property, or another’s freedom of choice and action. Yet this is precisely what is violated by the unequal distribution of wealth and power. Moving from the last point back to the first, inequality of wealth and power means a.) that the freedom of choice and action of one class is not only greater than that of the others but that it also severely limits the freedom of choice and action of the others. The wealthy can influence economic and political policy in ways that benefit them and constrain the middle class and poor. The wealthy can influence economic and political policy in ways the middle class and poor cannot. This obviously violates the principle of equality of constraint, for the wealthy constrain the middle class and poor far more than vice versa. Greater equality of income and wealth, and therefore greater equality of power, would undoubtedly mean greater freedom of choice for the vast majority of the population. The inequality of wealth and power (the lack of mutual constraint, particularly in the economic and political process) also puts the wealthy in the position b.) to harm the property values of others, for, generally speaking, their disproportionate control of economic policy favors their own property values often at the expense of others. And finally, the inequality of wealth and power brings c.) direct harm to the middle class and poor in the form of unequal access to and control over physical and mental health care, retirement programs, legal advice, etc. This liberal principle of “do whatever you wish as long as you do not harm another, another’s property, or another’s freedom of choice or action” is thus violated on each count.

Moreover, the idea that economic benefits to the wealthy (in the form of tax breaks) will “trickle down” to the middle class and poor has proven to be patently false. The gap between the wealthy, on the
one hand, and the middle class and poor, on the other, got dramatically wider under such programs in the 1980s. In 1991 *U.S. News and World Report* indicates that “the share of the nation’s wealth held by the richest 10 percent climbed from 67.5 percent to 73.1 percent between 1979 and 1988” and that “the ratio of CEO’s income to that of an average worker was 12 to 1 in 1960; in 1988, it was 93 to 1.” (*U.S. News and World Report*, November 18, 1991, p. 35) Commenting on similar trends a major metropolitan newspaper reports the following decline of middle class income over the twenty year period from 1973 to 1993. Those households earning below $25,000 grew from 39% in 1973 to 40.3% in 1993. Those earning $25,000 to $75,000 fell from 52.7% in 1973 to 47.1% in 1993. And those earning above $75,000 increased from 8.2% in 1973 to 12.5% in 1993. (*The Columbus Dispatch*, Columbus, Ohio, October 18, 1995, Section B, p. 1) More recently, Jacob Hacker and Paul Pierson also draw our attention to these same trends. They report that “the richest 1 percent’s share of national income (including capital gains)” went from approximately 9% in 1976 to approximately 24% by 2007 and that “the average after-tax income of the richest 1 percent of households rose from $337,100 a year in 1979 to more than $1.2 million in 2006—an increase of nearly 260 percent. Put another way, the average income of the top 1 percent more than tripled in just over a quarter-century.” Moreover, Hacker and Pierson confirm that these changes and the dramatically widened gap between the wealthy and the middle/poor classes were brought about primarily by changes in the tax structure. (Jacob Hacker and Paul Pierson, *Winner-Take-All Politics*, New York: Simon & Schuster, 2010, 18, 22-23, 38-39, 47-51.) This suggests, of course, that the gap can now be narrowed by returning to these tax structures, this time to favor the middle class and poor. Not only will this make economic distribution more equitable and fair, but there is at least some evidence to suggest that overall economic growth increases during periods of lower inequality. (Edward Wolff, “How the Pie is Sliced: America’s Growing Concentration of Wealth” in *American Prospect*, Summer 1995, 62-63) In addition, since the economic system as a whole produces a nation’s wealth, it is unjustifiable for some members of the system to receive benefits far exceeding those rewarded to any of the others.

The main point I wish to make here is that under current class and economic conditions the liberal principle of “do what you what as long as you do not harm another, another’s property or another’s
freedom of choice or action” is dramatically violated. The freedom of choice and action of one class far outweighs that of others and begins to harm and severely limit the freedom of choice and action of the others. The principle of the mutuality of constraint has thus given over to the practice of the constraint of most by the very few.

The current class and economic stratification also undermines both the principle of equality under the law, for the poor (and even the middle class) do not have the access to the legal system or to the legislative process that the rich do, and the principle of equality of opportunity, for dramatically different economic conditions create dramatically different enabling conditions. Opportunity in a capitalist society has sometimes been compared to a race, say a 100 yard dash, in which all can run toward the victory line of financial reward. Equality of opportunity is here revealed as an open invitation to run the race and as the same 100 yards run by all. Yet, as others have pointed out, the analogy would be more accurate if we visualize many of the runners, the middle class and poor, with 50 to 100 pound sandbags on their backs and some runners, the wealthy, carrying nothing at all. A less fantastic, more realistic vision reveals nonetheless the same stark inequality of opportunity in U.S. society. Jonathon Kozol informs us that many inner city school systems spend approximately $4,000-$5,000 per student per year, while many of the wealthier suburban school districts spend twice that amount, approximately $10,000-$12,000 per student per year. (Savage Inequalities: Children in American Schools, New York: Crown, 1991, pp. 83ff, 236-237) If this is multiplied by the average number of students in a class, say twenty-five, then the difference in spending is approximately $125,000 per classroom per year. It does not take much vision to see, with such dramatically different enabling conditions, who will succeed in the system, who will “win the race.” Indeed, this is far from equality of opportunity.

Third and finally, the current class and economic stratification undermines the principle of identification with the community which is so important to the maintenance of the values of the community, for so many people in the middle and poor classes (the vast majority of the population) feel they have little or no influence over the community’s economic and political forces, the forces that so powerfully impact upon their lives. If people are to value and identify with the community, then they
must have meaningful and equal access to it. And this access must not be only an empty formal equality of opportunity. It must be based upon an actual equality of enabling conditions. If we want people to value and identify with the community, then they must have real access to and democratic control over the economic and political institutions that so impact upon their lives. The current class and economic stratification largely prevents this access and denies broader democratic control.

The main purpose of this section has been to show that our current class and economic stratification undermines, first, democracy (one person/one vote), second, liberal principles (do what you want as long as you do not harm another, another’s property, or another freedom; equality under the law; equality of opportunity), and third, identification with the community. The case has been made here with respect to class structures within the U.S. can be made even more strongly with respect to class structures in the world economy. As is well know, Immanuel Wallerstein, followed by Daniel Chirot, advanced the thesis that the industrialized economies of Europe and North America put them in the position of the “upper class” relative to the rest of the world and put them in the position to control much of the world’s economy. The developing economies of the third world now primarily act as a “lower class,” supplying mostly cheap labor and raw materials. Their economies tend to be forced into exporting a few cash crops, often benefiting large farms and displacing small, self-sufficient local farm economies, or exporting raw materials, often benefiting a few owners of one industry but creating limited job opportunities for the great majority of the population. (Gelles and Levine, Sociology, pp. 304-308) What is perceived as the disruptive action of the West is here very likely to incur resentment and perhaps even violence. And while the West extols the virtues of democracy and the freedom of the market place, for those in the third world that are displaced from their economy and community these virtues often sound empty and do not match the reality of their real life conditions. Thus, at both the national and international level the appeal to Western principles often does not match its practice.

What I have attempted to accomplish in this brief essay is to point to the dangers of economic stratification and its negative influence on the democratic process. I have also tried to provide evidence for these claims by appealing to Domhoff’s work and to recent observations of current socio-economic
relationships and events. In closing I would like to make (i.e., largely repeat) a few suggestions about what can be done to correct this situation. 1.) Increase awareness by continually communicating these points via the Internet and other means. 2.) Encourage increased and responsible involvement in the democratic process, including, of course, voting for candidates and policies that support the common good rather than just the good for one sector of society, the wealthy. 3.) Continue to inform political representatives (by email, letters, telephone calls, etc.) of the common good, i.e., that laws and policies should reflect the needs of all citizens, not just those of the wealthy class. And finally, encourage political representative to redress the imbalances in our current tax structure. It is unconscionable that so few are rewarded so disproportionately by an economic system that is really the product of all participants. While individual incentive and innovation should certainly be rewarded by our economic system, it is unconscionable that some receive millions and in some cases billions of dollars annually while the vast majority of the hard working U.S. population struggles merely to make financial ends meet. A graduated income tax (the more you make, the more you return to the system that allowed you to make it) would at least begin to correct this absurd and immoral imbalance.

Bibliography


The Columbus Dispatch. Columbus, Ohio, October 18, 1995.


Appendix

Is the Free Market Free?

Frequently we hear capitalism described as a free market economy, as laissez faire, as an economic exchange without government control. Yet this is far from the truth, especially when referring to the present day marketplace. The question now (and probably always has been) is not “control vs. no control” but “who is in control, or who has the most control.” Who is it that has the greatest control over the government laws, rules, and regulations that guide and even control the economy? The US economy is not laissez faire. It is governed by rules that have been set in place, and have been set in place for the benefit of some and not for all.

These points are (surprisingly) confirmed by the billionaire capitalist Nick Hanauer in his PBS essay “This is Why the Middle Class Can’t Get Ahead.” (See PBS, Making Sense, December 1, 2014 at 12:16 PM EST at http://www.pbs.org/newshour/making-sense/middle-class-cant-get-ahead/) Specifically, he draws our attention to the regulation and severe restriction of overtime pay for the middle class. “In 1975,” Hanauer reports, “more than 65 percent of salaried American workers earned” overtime pay, with this pay playing a significant role in their rise into and stability within the middle class. Now, he continues, “only workers earning an annual income of under $23,660 qualify for mandatory overtime,” with just 11 percent qualifying by 2013. “And so,” he frankly reports, “business owners like me have been able to make the other 89 percent of you work unlimited overtime hours for no additional pay at all.” Hanauer’s main point here is that the level set for mandatory overtime is not simply the result of market forces but the outcome of government policies, policies that were passed with much lobbying on the part of corporations.

Hanauer continues to make a similar claim about stock manipulation. He states that “ever since a former Wall Street CEO in charge of the Securities and Exchange Commission back in 1982 loosened the rules that define stock manipulation…, U.S. corporations have increasingly resorted to stock buybacks to prop up share prices.” In total, Hanauer estimates that US companies spent almost $7 trillion dollars in the last 10 years to buy their own stocks, mostly to inflate the value of these stocks, and mostly to reap rewards for company executives, with little or no impact on the real growth of the economy. He candidly wonders what else could have been done with this 7 trillion dollars, and he offers the following answer. “Well, we could have forgiven the $1 trillion in student debt currently crippling the purchasing power of young Americans; funded the looming $3.6 trillion maintenance backlog on our roads, bridges, dams, schools and the rest of our nation’s public infrastructure; boosted our nation’s annual R&D expenditures by more than 20 percent a year,” and so on. Here again, where money goes, who gets it, and who reaps its benefits is determined by policy decisions, and not simply by free market fluctuations.

Moreover, when discussing the trillion or so dollars in extra profits that accrue to corporations because of the unpaid overtime referred to above, Hanauer states that “we capitalists will tell you that our increasing profits are the result of some complex economic force with the immutability and righteousness of divine law. But the truth is, it is simply a result of a difference in negotiating power. As in, we have it. And you don’t.” In other words, the economy is regulated, and it is regulated by and for those who possess considerable wealth.

The Washington Post recently ran an article that makes similar points. (See “Democrats to propose major shift in tax burden.” By Lori Montgomery and Paul Kane, January 12, 2015, page 3.) The article reports that (at least
some) Democrats recognize that significant policy changes need to be put in place in order to assist middle class families. These policy changes would include a significant increase in child care credits, the creation of bonuses for those who contribute to retirement programs, and the reduction of “marriage penalties for dual-income couples, particularly the working poor.” To off-set the cost of these program, a proposal was being put forth that recommends an increase in fees for stock trades and a decrease in tax breaks for the wealthiest 1%.

Here again, we see that there is an awareness on the part of (at least some) public officials that government policy influences the distribution of wealth, that the US economy is not a free market economy but is an economy that is regulated. Again, the question is not “some regulation vs. none at all” but “who does the regulating and who benefits from it.” We must thus set aside the myth of a free market and focus on those who currently have the greatest power to manipulate it. The manipulation frequently occurs through government policies, and it is frequently initiated by those who have the greatest quantities of capital. At least the awareness of this manipulation allows those without great quantities of wealth to begin to bring pressure to bear on policy makers: either begin to address the needs of the middle class and the poor with the appropriate policies, or you will not be elected to or stay within public office.