

Class and Inequality in the United States

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INVESTOR IN PEOPLE

*Dedicated to the Memory of
Larry T. Reynolds
Teacher, Mentor, and Friend*

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Contents

List of Figures and Tables	<i>xi</i>
About the Author	<i>xiii</i>
Preface	<i>xv</i>
Acknowledgments	<i>xvii</i>
Chapter 1 Introduction: Class and Inequality in the United States	1
Theoretical and Conceptual Framework	2
Class and Inequality: An Analytical Approach	4
Class and Other Forms of Inequality	7
Plan of the Book	9
Chapter 2 Origins and Development of Class and Inequality in the United States	13
From Plantation Slavery to Modern Capitalism	13
The Development of the Capitalist Class Structure in the United States	16
The Contemporary Class Structure of the United States	19
Class, State, and Inequality in the United States	21
Chapter 3 Wealth and Income Inequality in the United States	27
The Nature and Extent of Wealth and Income Inequality	27
The Sources of Wealth and Income Inequality	44
Chapter 4 Class, State, and Inequality in the United States	49
The Class Origins and Role of the State in the United States	50
The Powers and Functions of the Capitalist State in the United States	54
The Rise of US Capital and the State to the Global Scene	57
The Fiscal Crisis of the US State	60

Chapter 5 The Effects of Race and Gender on Class and Inequality in the United States	67
Historical Background: Origins of Racial and Gender Inequality	68
The Functions of Racism and Sexism	72
Racial and Gender Inequality in Income and Employment	74
The Intersection of Class, Race, and Gender Inequality	79
Chapter 6 Class Consciousness, Class Struggle, and Social Change in the United States	83
Class Consciousness	84
Class Struggles in the United States	87
The Prospects for Social Change	89
Chapter 7 Conclusion: Class, Inequality, and Social Transformation	95
Bibliography	99
Index	113

List of Figures and Tables

Figures

Fig. 2.1.	The Development of the Class Structure of the United States: From Slavery to Capitalism.	17
Fig. 2.2.	The Contemporary Class Structure of the United States.	20
Fig. 3.1.	Holdings of US Family Wealth, 1989–2013 (in Trillions of 2013 Dollars).	28
Fig. 3.2.	Average Wealth of 1 Percent Wealthiest Adults in the United States (Divided by Average US Income Per Adult), 1970–2020.	30
Fig. 3.3.	Total Net Worth of the Top 20 Richest People in the United States, 2000–2022 (in Billions of Dollars).	32
Fig. 3.4.	Wealth Inequality: Household Net Worth Owned in 2019 (in Percent).	36
Fig. 3.5.	The Median Wealth Gap Between White and Black Families, 1989–2019 (in Dollars and Percent).	38
Fig. 3.6.	The Median Wealth Gap Between White and Hispanic Families, 1989–2019 (in Dollars and Percent).	39
Fig. 3.7.	Average Real Wealth Gaps Between Racial and Ethnic Groups, 1989–2020.	40
Fig. 3.8.	Ownership of Assets by Race, Second Quarter of 2023 (in Trillions of Dollars).	41
Fig. 3.9.	Growth in US Household Income for the Top 0.01 Percent, Top 1 Percent, and Bottom 20 Percent Before Taxes and Public Assistance, 1979–2019 (in 2019 Dollars).	43
Fig. 3.10.	Average Income Before Taxes and Public Assistance, by Household Income Group, 2019 (in Dollars and Percent).	44
Fig. 3.11.	(Top) The Rate of Surplus Value, 1925–2011 (in Percent). (Bottom) Labor’s Share in Production, 1925–2011 (in Percent).	45
Fig. 5.1.	Median Weekly Earnings of Full-Time Workers 16 Years and Older by Gender, Race, and Hispanic Origin, 2018 (in Dollars).	76

Tables

Table 3.1.	The 20 Richest Families in the United States, by Rank, Name, Net Worth (in Dollars), and Source of Wealth, 2020.	30
Table 3.2.	The 20 Richest People in the United States, by Rank, Name, Net Worth (in Dollars), and Source of Wealth, 2022.	32
Table 3.3.	Distribution of Net Worth and Financial Wealth of Households in the United States, 1983–2013 (in Percent).	34
Table 3.4.	Distribution of Wealth in the United States, 2001, 2007, and 2013 by Type of Assets (in Percent).	35
Table 3.5.	Ownership of Assets by Race, Second Quarter of 2023 (in Trillions of Dollars).	41
Table 3.6.	Share of Aggregate Income Received by Each Fifth and Top 5 Percent of All Families, 1970–2020 (in Percent).	42
Table 4.1.	Military Spending, Gross Federal Debt, Annual Budget Deficits, and Net Interest Paid on Debt, 1970–2024 (in Billions of Dollars).	61
Table 4.2.	Inflation and Wages: Consumer Price Index and Average Weekly Earnings for Private Nonagricultural Workers, 1970–2022 (in Dollars and Percent).	63
Table 5.1.	Money Income of Families: Median Annual Income by Race and Hispanic Origin, 1990–2020, Selected Years (in Current Dollars).	73
Table 5.2.	Occupational Structure of Blacks and Hispanics, 2022 (in Percent of Labor Force).	74
Table 5.3.	Average Annual Unemployment by Race and Hispanic Origin, 1990–2020, Selected Years (in Thousands and Percentages).	75
Table 5.4.	Occupational Structure by Gender: Percentage of Each Occupation That is Male and Female, 2002 and 2022.	77

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Preface

This book is a product of more than five decades of research and analysis of class and inequality in the United States that I have been engaged in since the early 1970s. Much of my previous research and scholarship on inequality, including class, race, gender, and more broadly social, economic, and political inequalities, have stemmed from my keen interest in the study of society and social relations that I have viewed to be the starting point for understanding the origins, nature, dynamics, and contradictions of social life that I have taken up for study as a sociologist over the course of my long academic career spanning nearly half a century. In doing so, I have reached the conclusion that social classes and class relations are the fundamental bases for an understanding of social life in class societies throughout history ever since the formation of classes in the world, including the United States. Thus, this book is aimed to address the central questions related to class and inequality in the United States historically and today under conditions of historical and contemporary class relations that are the foundations of American society since its origins two and a half centuries ago.

Class and inequality are the central realities of our time. They are pervasive in all aspects of social existence in the United States and throughout the world. Focusing on the origins and development of class and inequality in the United States, this book aims to explore and expose the deep-seated conflicts and crises that are based on class relations that have shaped the nature, dynamics, and contradictions of American society over the past two and a half centuries. Moreover, class and inequality are the twin features of social relations in the United States that have resulted in wealth and income disparities that are based on first and foremost the exploitation of one class (wage-labor) by another (capital), but also contain within them racial, ethnic, gender, and other forms of oppression that reinforce the prevailing class structure of the United States that perpetuates these inequalities that are multi-dimensional both in terms of their nature and effects on millions of Americans who live and die under the weight of all forms of inequities that I argue are based on the interests of the dominant class that rules over American society from which it immensely benefits in promoting its interests against that of other classes over which it exercises its hegemony. It is for these reasons and for explaining in detail the persisting realities of class and inequality in the United States that I undertook this project.

This book, focusing on class and inequality in the United States, examines the complex evolution of class relations from the days of slavery to the modern-day exploitation of wage-labor by capital that has resulted in immense inequities

along race, gender, and class lines, translating into social, economic, and political divisions among the people of the United States that have led to a widening gap in the distribution of wealth and income and to class polarization and class struggles.

In a previous book that I published more than three decades ago in 1992, *The Legacy of Empire: Economic Decline and Class Polarization in the United States*, I argued that the development of capitalism in the United States and the evolution of the US class structure through the 20th century has led to enormous wealth and prosperity for a small class of capitalists, while bringing immense misery and destitution to the great majority of the American people when today, as we enter the third decade of the 21st century, the top 1% of the population own more than half the total wealth and the top 10% of the population own more than 90% of the country's wealth, while the bottom 90% can claim merely 10% of the national wealth, with more than two-thirds of the people are in debt and live from paycheck to paycheck. And this is the way it is in the wealthiest country in the world!

Berch Berberoglu
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A major macro-sociological endeavor of this nature involves the participation and input of many people who have contributed to our knowledge on this topic through previous research and publications as well as other forms of production of new knowledge to enhance our understanding of these enormously important phenomena today and for many generations yet to come in the future. In this context, I would like to thank those who have contributed to this effort, both directly and indirectly, in impacting the final product that I have produced here, which I consider to be the result of a collective effort to understand *and change* society for the better in some significant way. My thanks, as always, go first and foremost to my mentors Larry T. Reynolds, Blain Stevenson, James F. Petras, and Albert J. Szymanski who have instilled in me the tools of analysis that I needed to carry out my sociological studies. I am deeply indebted to them for setting me on the correct path to explore and engage in projects such as this one to sort out the realities of life in the United States and other societies around the world. Others who have contributed to this project, directly or indirectly, include colleagues with whom I have exchanged views with which they may or may not have agreed, but who have nonetheless made an important contribution in the formation of my thinking on some of the major issues of our time. Here, I would like to thank David L. Harvey, Karl Kreplin, Lyle G. Warner, Walda Katz-Fishman, Judy Aulette, Marty Orr, Alan J. Spector, Michael Parenti, Howard J. Sherman, Henry Veltmeyer, Patrick Bond, Johnson W. Makoba, and many others for their valuable input over the years. My special thanks go to Katy Mathers, my commissioning editor at Emerald Publishing, for her continued support and for allowing me additional time to complete this project over the course of the COVID-19 Pandemic when my family faced multiple health challenges that delayed the publication of this book. My wife Suzan and my sons Stephen and Michael have always been supportive of my work, which makes efforts such as this one very rewarding. I thank them all for their encouragement to complete this important project.

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Chapter 1

Introduction: Class and Inequality in the United States

The study of social class and inequality in the United States has become an urgent task among social scientists in general, and sociologists in particular, as the gap between the wealthy and everyone else has widened over the past several decades to an alarming level. Wealth and income are based on the amount of assets and earnings one has and is able to utilize to further expand one's social-economic position in society. Such wealth, accumulated by individuals and families, is often inherited and transmitted over generations. Great wealth brings in higher income and this leads to more wealth – a continuous process of private accumulation of assets in the hands of a small class of wealthy owners of capital that makes it possible for this class to disproportionately own and control the vast resources of society for private and secure political power to advance the class interests of this class as the dominant ruling class.¹

The study of class and inequality in the United States is an ambitious undertaking – no less today than it has been historically over the past two and a half centuries. This book attempts to examine the class basis of social inequality in the United States by looking at the origins and development of class relations in the United States from a historical perspective. This task is a formidable one, as it involves an analysis of the structure, dynamics, and contradictions of social classes, class conflict, and class struggles that lead to social change and social transformation.² In our case, it requires us to study the development of American society from its origins to the present, examining the nature, sources, and extent of social inequality since the founding of the Republic with special emphasis on the period from the Great Depression of the 1930s to the present. This will be done through a close look at our past by taking account of class, race, and gender inequalities that have defined the nature, dynamics, and contradictions of American society since its origins.

The modern United States is a creation of the old European colonial and imperial powers that fought to expand their territorial ambitions in the aftermath of the discovery of these shores some five hundred years ago. The British Empire, no less the French and the Spanish, had the greatest impact in setting the course that shaped the nature and foundations of the nation yet to come after the

dismantling of its colonial outpost by the American Revolution.³ Post-Colonial America, which emerged as a nation-state following its victory against the British Empire, set the stage for the evolution of social classes and class-based inequalities in the United States to this very date.⁴

Theoretical and Conceptual Framework

Class and inequality are phenomena that transcend the empirical realities of society and social relations from which they originate and are specific to particular social formations, historically and today. It is the social essence of these phenomena that provide us the tools for analysis of concrete societal relations that are socially constructed but also have social-psychological and ideological dimensions (e.g., awareness of class identity by individuals that lead to the development of class consciousness) which reveal the multi-dimensional nature and impact of class and inequality in society.⁵

While it is important to measure the depth and intensity of class-based inequalities in society that provide us with the extent of inequality in social relations, it is in essence the nature and structure of such inequality that sets the stage to explore not only the underlying dynamics of the processes that define and explain the reality of class-based inequalities in society, but also other forms of inequality, such as racial/ethnic and gender inequalities that are rooted in class relations in society.⁶ This is so in all class-divided societies, especially in the United States.

In exploring the theoretical and conceptual framework of the class dynamics of social inequalities in class society in general, and capitalist society in particular, it is important to understand the nature and structure of social relations that generate and perpetuate class-based inequalities that are a product of the way in which wealth is socially created and distributed, as the classical social theorists Adam Smith, David Ricardo, and Karl Marx have articulated in studying the sources of the creation of wealth in society.⁷ Despite differences in their theoretical and political orientations, these theorists have agreed on one fundamental principle that applies to all human societies: that all value is created by labor in every society, including capitalist society. What distinguishes Marx's analysis of the labor process associated with the creation of value from that of Smith and Ricardo, however, is the *social* nature of production which is based on *class relations* in capitalist society. Thus, according to Marx, in capitalist society, the relations between the two antagonistic classes (wage-labor and capital) form the core of the social-economic base within which struggles between these two opposing classes develop and persist.⁸

This brings up an important theoretical and conceptual issue in the analysis of capitalist society with regard to the creation and distribution of value between the classes involved in the production process. In considering the class structure of capitalist society, we find that a large portion of the value created by labor is expropriated by the owners of the means of production (i.e., owners of capital) in the form of *surplus-value* (or gross profits) after the workers are paid a small portion of it in wages.⁹ This results in the accumulation of wealth (or capital) in the coffers of the capitalists, which through time enhances the wealth and fortunes of the capitalist class while subsistence wages given to the workers barely sustain

life among members of the working class, an outcome that leads to wealth and income inequality.

The *exploitation of labor* through the expropriation of surplus value by the capitalists thus leads to wealth in one pole and poverty on the other, resulting in class-based social inequalities. It is, therefore, on the basis of exploitative class relations in the creation of wealth in society that we find the source of wealth and income inequality.¹⁰ However, the extent and intensity of this unequal distribution of wealth created by labor and expropriated by capital is based on the balance of class forces and the class struggles between these chief contending classes in capitalist society.¹¹ It is here that the level of class consciousness attained by the exploited class (wage-labor) determines the final outcome of the class struggle between labor and capital and the extent of social inequality in capitalist society.

Marx, in his seminal analysis of capitalist production, provided a detailed account of the exploitation of wage-labor as the material basis of class divisions, class conflict, and class struggle in capitalist society. He argued that *surplus value* (the difference between what labor produces and what it receives in wages) is the basis for the accumulation of capital, i.e., the wealth of the capitalist class.¹² This wealth, produced by labor and expropriated by the capitalists and transmitted to future generations of capitalists through inheritance, leads to the consolidation of class power and constitutes the basis of class divisions in capitalist society, which in time results in conflict and struggle between labor and capital along class lines.

Awareness of labor's central role in the production of value and its subordinate relationship to capital that assured its exploitation did not escape one of Marx's contemporaries on this side of the Atlantic, in the United States, in the person of President Abraham Lincoln, who in agreement with Marx stated in 1847:

And in as much as most good things are produced by labor, it follows that all such things of a right belong to those whose labor has produced them. But it so happened, in all ages of the world, that some have labored, and others have without labor enjoyed a large proportion of the fruits.¹³

Adding: "This is wrong, and should not continue. To secure each laborer the whole product of his labor, or as nearly as possible, is a worthy object of any good government."¹⁴ And in his first Annual Message to Congress on December 3, 1861, President Lincoln stated: "Labor is prior to and independent of capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration."¹⁵

Clearly, the exploitation of labor based on capital's expropriation of surplus value from the working class forms the historical basis of the accumulation of capital under capitalism. Whereas labor is the source of value created under conditions of capitalist production, the process of capital accumulation through the exploitation of wage-labor constitutes the basis on which capitalist society exists.¹⁶ Just as without workers all productive activity would come to a

4 *Class and Inequality in the United States*

halt, the accumulation of capital for private profit cannot proceed without the labor-power provided by the workers. Thus, as Marx has meticulously explained at great length, it is through this process of exploitation (or surplus value extraction) that the capitalists have come to amass enormous wealth; the exploitation of wage-labor, then, is *the motive force of capitalist production* that results in wealth and income inequalities that are the main characteristics of capitalist society.¹⁷

The experience of class domination under capitalism eventually leads the working class to develop collective awareness of its position in society. This awareness, when it is socially conceived, translates into class consciousness. A class-conscious working class that is politically organized becomes well-positioned in initiating collective class action. Such action is a crucial ingredient of the ensuing struggle against the capitalist class and the entire capitalist system.¹⁸

In examining the nature of class relations and the extent of class-based inequalities in capitalist societies such as the United States, it is important to clearly delineate the theoretical and conceptual framework that guides us to understand the nature and essence of class relations that translate into inequalities that are economic, political, and social. Thus, a clear conceptualization of the social relationships that people enter into and articulate is the necessary first step in developing the theoretical framework that would inform us to make sense of societal dynamics by providing the tools for understanding the contradictions embedded in exploitative class relations that generate social inequalities. It is critical, therefore, that the class dynamics of social relations in American society are clearly understood in order to comprehend the nature and extent of inequalities that exist under advanced capitalism in the United States.¹⁹ And this needs to be accomplished by employing a *class analysis approach* that lays bare the inner logic of class relations informed by the material conditions of class-based inequalities that prevail in contemporary American society.

Class and Inequality: An Analytical Approach

An analytical approach to class and inequality in the United States entails the adoption of a *class analysis* perspective informed by the nature, development, and transformation of class relations and class struggles between the contending class forces in American society.²⁰ An analysis of class relations and class struggles in the United States provides us the basis for an understanding of the US class structure that supports and legitimizes the prevailing social, economic, and political system through the ideological hegemony of the dominant ruling class. This is the case not only in the United States but also in all other societies that are divided along class lines.²¹

According to Marx and Engels, the control of the major superstructural institutions by the dominant ruling class reveals the nature of the dominant ideas of a given epoch.²² This means that the concept of *class* is not simply a descriptive expression of people's social position and life chances in society that place them in a hierarchy of privilege or want based on one's occupation or income or other social-economic characteristics, but above all, it is a phenomenon that explains the *relationship* between individuals and groups in society engaged in the

production and reproduction of social life, including its economic, socio-cultural, political, and ideological manifestations.²³ Thus, a class that dominates a society's economy through its superior economic position also dominates that society's political and ideological institutions in order to protect and advance its interests as opposed to that of other rival classes with which it is in fundamental conflict. As Marx and Engels point out: "The ideas of the ruling class are in every epoch the ruling ideas: i.e., the class which is the ruling material force of society, is at the same time its ruling intellectual force."²⁴ And this ideological hegemony of the ruling class is made possible by the domination and control of the state by the capitalist class.

This was later studied in great detail by Antonio Gramsci, a prominent Marxist in the early 20th century, who examined the impact of ruling-class ideology on the working class in the struggle against capitalism. In explaining the process by which the capitalist class disseminates its ideology through control of the state and other superstructural institutions of society, Gramsci drew attention to the *ideological apparatuses* of the capitalist state and introduced the concept of bourgeois cultural and *ideological hegemony*.²⁵ He stressed that it is not enough for the capitalist class simply to take control of the state machine and rule society directly through force and coercion; it must also convince the oppressed classes of the legitimacy of its rule: "The state is the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance, but manages to win the active consent of those over whom it rules."²⁶ Thus, through its domination of the superstructural organs of the state, the ruling capitalist class controls and shapes the ideas, hence consciousness, of the masses.²⁷

With the acceptance of its ideas and the legitimization of its rule, the capitalist class is able to exercise control and domination of society through its ideological hegemony at the level of the superstructure with the aid and instrumentality of the state. Gramsci argued that "the system's real strength does not lie in the violence of the ruling class or the coercive power of its state apparatus, but in the acceptance by the ruled of a 'conception of the world' which belongs to the rulers."²⁸ He pointed out that it was in this way that the ruling class came to obtain the consent of the masses. "The philosophy of the ruling class," writes Giuseppe Fiori, "passes through a whole tissue of complex vulgarizations to emerge as 'common sense': that is, the philosophy of the masses, who accept the morality, the customs, the institutionalized behavior of the society they live in."²⁹ "The problem for Gramsci then," Fiori continues, "is to understand *how* the ruling class has managed to win the consent of the subordinate classes in this way; and then, to see how the latter will manage to overthrow the old order and bring about a new one of universal freedom."³⁰

The increasing awareness of the working class of this process, stresses Gramsci, helps expand the emerging class struggle from the economic and social sphere into the sphere of politics and ideology, so the struggle against capitalist ideology promoted by the capitalist state and other ruling class institutions becomes just as important, perhaps more so, as the struggle against capital develops and matures in other spheres of society. Countering the ideological hegemony of the capitalist class through the active participation of workers in their own collective

organizations, the class-conscious organs of workers' power – militant trade unions, workers' political parties, and so forth – come to play a decisive role in gaining the political support of the laboring masses. In turn, through their newly gained awareness of their own class interests, the workers transcend the bounds of capitalist ideological hegemony and develop their own counter (working class) political outlook – a process that accelerates with the further development of working-class consciousness. Thus, as the struggle against the state becomes an important part of the class struggle in general, the struggle against capitalism takes on a truly *political* and *ideological* content.

Extending Gramsci's concept of ideological hegemony of the ruling class to the role of the state in this process, Louis Althusser in the essay "Ideology and Ideological State Apparatuses" in his book *Lenin and Philosophy and Other Essays*, advanced Gramsci's analysis of the dominant ideology in capitalist society through a broader analysis of what he called the "ideological state apparatuses" that played a central role in reinforcing the dissemination of bourgeois ideology among the masses.³¹ Thus, the state – the supreme political institution and repressive apparatus of society – Althusser argued, "enables the ruling classes to ensure their domination over the working class."³² Expanding his analysis of Marx's base-superstructure relationship to include the major superstructural institutions of society – cultural, religious, educational, legal, and so on – Althusser argued that the domination of these superstructural institutions of society by the ruling class becomes decisive for its control and domination of the masses as the struggles between the dominant and the dominated classes take place especially at the ideological level, as well as the economic and political levels, because ideology plays a central role in the development of class consciousness and class struggle.³³ It is here that Althusser goes beyond Marx and Gramsci in valuing Lenin's conception of ideology *as a weapon in the class struggle* that provides the working class the tools to combat capitalist ideological hegemony in the ensuing class struggles that would empower a class-conscious working class to advance its interests through its revolutionary leadership to challenge capitalism and the capitalist state in the protracted struggle for socialism.³⁴

An analysis of class relations and class struggles in the United States, therefore, must of necessity be based on the nature and structure of class divisions and class relations that arise from the prevailing social, economic, political, and ideological conditions in American society that are socially determined and reinforced. Here, besides the material conditions that inform us of the nature and structure of class divisions and class relations in contemporary American society, it is also important to understand and assess the level of class consciousness among the contending class forces to be able to evaluate the balance of class forces in the class struggle. Class analysis, then, in particular analysis of class relations provided by Marx and other critical social scientists that focus on social relations leading to class-based inequalities and class conflict in society, provides us the tools with which we can examine and understand the nature of class relations and class struggles in the United States.³⁵

An analytical approach to the study of class and inequality in the United States would thus reveal the dynamics of class relations that are based on the complex

web of social, economic, political, and ideological components that explain the nature and development of social classes from their formation through their evolution over the various stages of the development of classes and class consciousness that lead to political action.³⁶ Taking these aspects of classes as the basis on which class relations between various antagonistic classes develop, the outcome of the prevailing class contradictions in the United States depends on the balance of class forces and the nature and extent of the class struggle between the two opposing classes (i.e., labor vs capital). It is on the basis of an analysis of this process that we are able to understand the outcome of the protracted class struggles between these classes that will ultimately determine the future course of development of American society and the nature of class relations in the United States.

Class and Other Forms of Inequality

In addition to the analysis of class relations in the United States, class analysis provides us the basis on which we can examine the nature and extent of other forms of inequality that are ultimately based on class. The relationship between class and inequality is a complex one that entails the study of not only inequalities that are social-economic in nature – though they are the foundation on which other inequalities are based – but also *other forms* of inequality and oppression, such as racial, ethnic, and gender, which in the first instance may not appear to be related to exploitation and oppression based on class, but in fact they are.³⁷

It is important to understand that despite their special nature and dynamics, racial/ethnic and gender oppression that result in such inequalities are rooted in the *class structure* of American society that spans more than two centuries.³⁸ Thus, racial/ethnic and gender inequities in the United States are a manifestation of *class relations* that are at base social, economic, and political. These linkages between seemingly distinct inequalities that appear at first sight as racial/ethnic- or gender-based, are in fact an outcome of racist/ethno-nationalist and patriarchal *class practices* that stem from the domination of American society by a slave-owning and later capitalist patriarchal ruling class from its inception over the course of its two-and-a-half-century history.³⁹

There are, to be sure, other forms of inequality and oppression that one can think of that have left their dark mark in the annals of American history, such as the genocide perpetrated against the native peoples of these lands, the exploitation of slaves in the fields and of child labor in the mines and mills, and the exploitation of working women and waves of immigrant workers who came to these shores in search of a “promised land.” But they were all taken advantage of first and foremost for their *labor* that generated *profits* for the wealthy dominant classes, in addition to the humiliation they suffered for their race, ethnicity, and gender.⁴⁰

While the contradictory relationship these populations have experienced in America in terms of their racial, ethnic, and gender identity that were brutally oppressive, clearly it was their utility to generate wealth that resulted in their exploitation and oppression, culminating in the inequalities in concrete social-economic terms that at first may have appeared to be motivated by race and

gender, but deep down have always been *economic* based on *profits* to generate wealth for the ruling classes of slave masters and capitalists, clouded by racist and patriarchal practices of these ruling classes intended to cover up the *real source* of the exploitation and oppression of working people in the United States.

It is within this framework of a class-based analytical approach that dissects racial/ethnic and gender inequalities in the context of economic benefit to the dominant ruling classes that the true nature of social relations becomes clear in analyzing broader social inequalities in American society.⁴¹ This book provides just such a framework to examine the dynamics of class and other forms of inequality in the United States from its origins to the present, as it develops a comprehensive macro-sociological view of the evolution of American society from earlier times to our day and beyond toward the future.

Social change comes about through the resolution of built-in contradictions in a system such as capitalism. The inherent contradictions of the capitalist system that fosters class, racial, ethnic, gender, and other forms of inequities and oppression lead to protests by movements to bring about social change.⁴² This occurs within the context of societal problems that a large segment of society faces, such as wealth and income inequality, class-based exploitation, racial, ethnic, and gender oppression, as well as a host of other inequities that significant numbers of people experience in their lives. This has been the case and continues to be so in the United States since its inception, especially under conditions of servitude over the course of the first century after independence and under capitalist expansion after the Civil War to the present when the exploitation of labor intensified across the nation, coupled with continued racist and patriarchal domination and oppression affecting millions of working people.

The continued exploitation and oppression of workers – black, brown, red, and white, as well as female and male – over the course of US history culminated in a collective response in the form of the abolitionist movement in the early years of the republic, followed by women's suffragist movement and the labor movement of the early 20th century, when courageous working women and men of all colors and ethnicity came together to protest their predicament under the rule of capital and the capitalist state over the course of the 20th and early 21st century.⁴³ From the heroic struggles of the suffragists to the revolutionary mobilization of the industrial workers through their radical unions to the moral high ground of battles for human dignity by the civil rights movement and more, working people of the United States took things into their own hands to fight for their freedom through protracted struggles to overcome exploitation and oppression that they suffered under both slavery and capitalism throughout the course of US history.⁴⁴

It is through these historical struggles of the working class against capitalism that working people of the United States came together to fight for equality, social justice, and the creation of an egalitarian society – a struggle that continues unabated to this day. It is in the context of these struggles against the persistent exploitative and oppressive conditions under capitalism in the United States that diverse segments of the working class have come together to demand a more equal and just society that serves the people – working people – to abolish not only a system that enslaved them in chains, but continues to enslave them today,