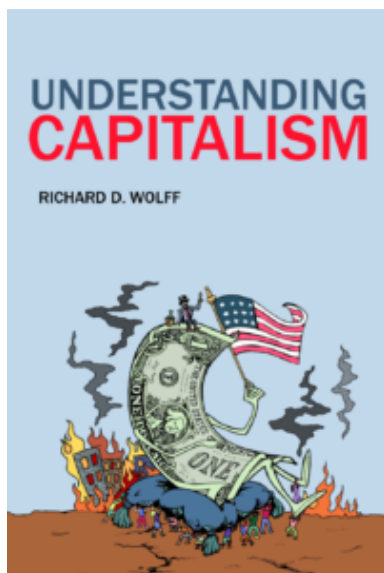


Capitalism's Unequal Distribution Deprives You Of True Freedom



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08-13-2024 ~ As the French economist Thomas Piketty [most recently exposed](#), capitalism, across time and space, has always tended to produce ever-greater economic inequality. Oxfam, a global charity, [reported](#) that 2022's 10 richest men together had six times more wealth than the poorest 3.1 billion people on earth. The lack of democracy inside workplaces or enterprises is both a cause and an effect of capitalism's unequal distribution of income and wealth.

Of course, inequality predates capitalism. Powerful feudal lords across Europe had blended autocracy with unequal distributions of wealth on their manorial estates. In fact, the largest *and* most powerful among the lords—the one named king—was usually also the richest. Although revolts against monarchy eventually retired most kings and queens (one way or another), similarly rich dictators reemerged inside capitalist enterprises as major shareholders and CEOs. Nowadays, their palaces imitate the grandeur of kings' castles. The fortunes of kings and top CEOs are similarly extreme and attract the same kind of envy, adulation, and reverence. They also draw the same criticism. Inequalities that

marked the economy, politics, and culture of European feudalism reappeared in capitalism despite the intentions of many who revolted against feudalism. The problem: the employer/employee relationship is far less a break from the master/slave and lord/serf relations of production than capitalism's champions had hoped for, assumed, and promised in order to secure mass support for their revolutions against slavery and feudalism.

The employer/employee relationship that defines capitalism has created staggering inequality by allowing the employer full control over production's surplus. In the past, inequality provoked references to rich capitalists, variously, as "robber barons" or as "captains of industry" (depending on the public's feelings about them). Today, they're referred to as "the rich" or sometimes "the superrich."

Is it true that everyone is free in a capitalist system? The answer depends on what is meant by "free." Compare the freedom of Elon Musk, Jeff Bezos, or other rich capitalists with your freedom. Capitalism distributes some income to you and some to Musk, Bezos, and the other rich capitalists. However, to say that capitalism makes each of you free ignores the reality that capitalism's unequal distribution of wealth makes you unfree relative to Musk, Bezos, and the other rich capitalists.

Freedom was never only about keeping the government from bothering you; it was always also about being able to act, choose, and make a life. To call us all free, to use the same word for everyone, erases the very real differences in our access to resources, opportunities, and choices needed for life. Musk is free to enjoy life, going wherever he likes and doing almost anything you could imagine. He may work but need not. The financial cost of anything he might want or need is totally irrelevant to him. The overwhelming majority of Americans have nothing remotely like such freedom. To say that in capitalism, all are free, like Mr. Bezos is nonsense. His freedom depends on the resources at his disposal. You lack the freedom to undertake all sorts of actions and choices because those resources are not at your disposal.

The freedom of the rich is not just different; their freedom negates the freedom of others. Unequal income and wealth always provoke anxiety among the rich. They fear the envy their wealth excites and invites. To protect their positions as systemically privileged recipients of income and, thus, accumulators of wealth,

the rich seek to control both political and cultural institutions. Their goal is to shape politics and culture, to make them celebrate and justify income and wealth inequalities, not to challenge them. We turn now to how the rich shape culture to their benefit.

Unequal access to culture is a feature of capitalism. Culture concerns how people think about all aspects of life—how we learn, make, and communicate meanings about the world. Our culture shapes what we find acceptable, what we enjoy, and what we come to decide needs changing. In European feudalism, access to culture for most serfs was shaped chiefly by what the church taught. In turn, the church carefully structured its interpretation of the Bible and other texts to reinforce feudal rules and traditions. Lords and serfs funded the church to complete the system. In modern capitalism, secular public schools undertake formal education alongside or instead of churches and other private schools. In today's world, school education celebrates and reinforces capitalism. In turn, the state taxes employers and mostly employees to fund public schools and subsidizes private schools (which also charge students).

Writers like Howard Zinn and Leo Huberman have penned histories of the U.S. showing that much of what standard school U.S. history textbooks lacked were accounts of the many class struggles against capitalism. Instead, rags-to-riches stories about people like Horatio Alger were popularized. Examinations of the roots of revolt and rebellion against low wages, bad working conditions, and all manner of hardship imposed on the workers of America, however, were not.

In capitalism, mainstream media sources are themselves mostly organized as capitalist enterprises. They depend on, understand, and support profit maximization as the driving force of their enterprises. Their CEOs can and do make all sorts of definitive decisions about what is aired, how events are interpreted, whose careers blossom, and whose end. CEOs hire and fire, promote and demote. On mainstream radio, TV, and film, we almost never see exciting dramas about anti-capitalist revolutionaries who win the day by successfully persuading employees to join them. Rags-to-capitalist-riches dramas are, in comparison, routine storylines in countless mainstream media productions.

In capitalism, culture is constrained to reinforce that system. Even individuals who privately criticize capitalism learn early in their careers to keep such criticisms private. Periodically, ideological battles can and do break out. If and

when they coalesce with anti-capitalist upsurges elsewhere in society, cultural criticism of capitalism has been, and can again be, a powerful revolutionary force for systemic change. That is why defenders of the capitalist system instinctually and ceaselessly shape politics, economics, and culture to reinforce that system.

Capitalism has often undermined democracy and equality because doing so has reinforced and actually strengthened the capitalist organization of the economy. As an example of capitalism's corruption of democracy and equality, we consider the mid-American town of Kalamazoo, Michigan.

As in so many other U.S. cities, Kalamazoo's corporations and its rich have used their wealth and power to become richer and more powerful. By donating to politicians, threatening to take their businesses elsewhere, and hiring better lawyers than the city could afford, the rich reduced the amount of taxes they needed to pay to the local government. The rich funded costly, broadly targeted anti-tax campaigns that found a receptive audience among the already-overtaxed average citizens. Once deprived of the tax revenue from the rich, local politicians either (1) shifted more of the tax burden onto average citizens, (2) cut public services in the short run, and/or (3) borrowed money and thereby risked having to cut public services in the longer run to service city debts. Among those they borrowed from were sometimes the same corporations and the rich whose taxes had been reduced after they funded successful anti-tax campaigns.

Eventually, the city saw an accumulation of resident complaints about steadily cut public services (uncollected garbage, neglected streets, and deteriorated schools), alongside rising taxes and government fees. This litany is familiar in many U.S. cities. Eventually, upper- and middle-income residents started to leave. That worsened the existing set of problems, so even more people left. Then, two of Kalamazoo's wealthiest and most powerful capitalists—William U. Parfet and William D. Johnston—developed a solution they promoted to “save our city.”

Parfet and Johnston established the “Foundation for Excellence in Kalamazoo.” They contributed, according to reports, over \$25 million annually to it. Since such foundations usually qualify for tax-exempt status at federal, state, and local levels of government, the two gentlemen's contributions lowered their personal tax bills. More importantly, the two could wield outsize local political influence. They would have much to say about how their foundation funded public services in Kalamazoo. In this city, the old democratic notion of everyone paying taxes to

share in funding the public well-being was replaced by private charity. Public, reasonably transparent accountability was replaced by the less transparent, murkier foundation activities. Public accountability faded as the private whims of private foundations took over.

What used to be called a “company town” (when a major employer substituted its rule for any democratic town rule) often amounted, in the words of PBS, to “slavery by another name.” In their modern form, they appear as “foundation cities.” Old company towns were rejected nearly everywhere across U.S. history. But, as the Kalamazoo example shows, they have returned with names changed.

While capitalism’s general tendency is toward ever-greater inequality, occasional redistributions of wealth have happened. These moments have come to be called “reforms” and include progressive taxation of income and wealth, welfare entitlements, and minimum wage legislation. Redistributive reforms usually occur when middle-income and poor people stop tolerating deepening inequality. The biggest and most important example in U.S. history was the Great Depression of the 1930s. The New Deal policies of the federal government then drastically reduced the inequality of wealth and income distribution. Yet employers and the rich have never ceased their opposition to new redistributions and their efforts to undo old ones. U.S. politicians learn early in their careers what results when they advocate for redistributive reforms: an avalanche of criticism coupled with shifts of donors to their political opponents. Thus, in the U.S., after the end of World War II in 1945, the employer class changed the policies of the federal government. Over the past 80 years, most of what the New Deal won has been undone.

Corporations and the rich hire accountants skilled in hiding money in foreign and domestic places that evade reporting to the U.S. Internal Revenue Service. Called “tax havens,” those hiding places keep funds that remain untouched by tax collectors. In 2013, Oxfam [published findings](#) that the trillions stashed away in tax havens could end extreme world poverty—twice over. Yet since the revelation of this shocking statistic, the inequality of wealth and income has become more extreme in nearly every nation on earth. Tax havens persist.

Conflicts over income, wealth distribution, and wealth redistribution are thus intrinsic to capitalism and always have been. Occasionally they become violent and socially disruptive. They may trigger demands for system change. They may

function as catalysts for revolutions.

No “solution” to struggles over income and wealth redistribution in capitalism was ever found. The reason for that is a system that increasingly enriches a small group. The logical response—proposing that income and wealth be distributed more equally in the first place—was usually taboo. It was thus largely ignored. The French revolutionaries of 1789, who promised “liberty, equality, and fraternity” with the transition from feudalism to capitalism, failed. They got that transition, but not equality. Marx explained the failure to achieve the promised equality resulted from capitalism’s core structure of employer and employee preventing equality. In Marx’s view, inequality is inseparable from capitalism and will persist until the transition to another system.

By Richard D. Wolff

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