During the last two centuries, the productive systems of many societies have undergone a profound change. In this relatively short space of time, techniques of production and patterns of economic organization which had endured for thousands of years have been replaced by new and radically different ones. These developments have laid the foundation for a new and profoundly different kind of society, the modern industrial.

Unfortunately for purposes of the present analysis, it is still not possible to observe a fully mature industrial society. As events of the last twenty years have made clear, the technological revolution of modern times is far from complete, and those who supposed otherwise a few short years ago were badly mistaken. Though it is tempting to speculate about the nature of more advanced industrial societies than any yet in existence, such efforts are likely to degener-
erate into social science fiction, à la Huxley and Orwell. Hence this and
the next two chapters claim to be no more than an analysis of the dis-
tributive systems of the most advanced industrial societies of the present
time, except for pages 432 to 433 where the intriguing, but treacherous,
problems of the future are briefly examined.

Common Features of Industrial Societies

From the technological standpoint, the more advanced industrial societies
of the present day differ greatly from agrarian. The raw materials used
are far more diversified, the sources of energy quite different, and the
tools far more complex and efficient. Differences are so great, in fact, that
it is possible to mention only a few of the most significant in the compass
of the present analysis.

One of the most important differences sociologically pertains to the
sources of energy used in the performance of "work," i.e., activities such
as pushing, pulling, lifting, cutting, and digging which have been, or
theoretically could be, performed by the muscle power of men, but not
activities such as smelting metals, cooking food, or providing heat, light,
or refrigeration.¹ In agrarian societies, men and animals were the two
chief sources of such energy. In a recent study it was estimated that in
the United States in 1850, 65 per cent of the energy employed in work
activities was supplied by men and animals, despite the fact that indus-
trialization was already under way.² Another 25 per cent was supplied by
the ancient triad of wind, water, and wood which have long supplemented
the efforts of men and animals. Only 7 per cent was provided by any of
the newer energy sources, and this entirely in the form of coal.

A century later the picture was radically altered. All of the traditional
forms combined—men, animals, wind, water, and wood—supplied only
1.6 per cent of the energy used in work. All the rest was supplied by the
newer forms, the fossil fuels and hydroelectric power. In fact, 65 per cent
of the energy came from sources, such as petroleum, natural gas, and
hydroelectric power, which were virtually unknown a century earlier. At
the present time, still another new energy source is becoming significant,
namely, atomic power.

Not only have energy sources changed, but the quantities consumed
have multiplied. In 1850 the work output of the American nation totaled
only 435 horsepower-hours per person per year, a figure probably not far

¹ This definition of work is based on J. Frederic Dewhurst and Associates, America's
² Ibid., p. 1116.
in excess of the average for advanced agrarian societies. By 1950 this had increased more than ten-fold, to a total of 4,470 horsepower-hours per person per year. Furthermore, if all forms of energy consumption are included (and not work alone), a twenty-fold increase is indicated for the century in question.

The greatly increased consumption of energy associated with the rise of industrial societies is matched by the consumption of other resources. For example, as recently as 1800 the total production of iron in all parts of the world is estimated to have equaled only 400,000 metric tons, or about 1 metric ton for every 2,000 persons. By 1950 iron production totaled 132 million metric tons, or more than 1 ton for every twenty persons. In other words, on a worldwide basis there was a hundred-fold increase in the per capita consumption of iron in the period from 1800 to 1950. If the comparison were limited to the more advanced industrial societies, it would be even more dramatic. In the United States, for instance, there was 1 metric ton produced for every two persons in 1950, representing a thousand-fold increase over the worldwide figure for 1800.

Equally dramatic increases are indicated in the consumption of other raw materials. As long ago as 1949, America was consuming 7,300 pounds of stone, sand, and gravel, 520 pounds of cement, 210 pounds of common salt, 130 pounds of phosphates, 89 pounds of gypsum, 71 pounds of sulphur, 23 pounds of copper, 16 pounds of zinc, 13 pounds of aluminum, and 13 pounds of chromium per person per year, to cite but a few of the more familiar items. Consumption of most of these items is still rising, and no end to the increase is in sight.

The great increase in the consumption of raw materials is paralleled by a very substantial increase in production. For example, from 1849 to 1961 the per capita income of the American people rose from approximately $320 to $1,950 per year. Since these figures are standardized on

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8 All figures in this paragraph are based on the Twentieth Century Fund’s study of America’s resources, Diewhi, pp. 1114 and 1116, together with census data. The per capita figures are my own calculations based on these sources.


6 Ibid., pp. 198–199.

7 The former figure is from Woytinsky and Woytinsky, p. 381. The latter is calculated from data on national income, price indexes, and population provided in Statistical Abstract of the United States, 1962 (Washington, D.C.: GPO, 1962), pp. 5, 312, and 343.
the value of the dollar in 1949, they represent a real increase, not merely a paper increase. Especially significant is the pattern of the trend: half the total increase was registered in the last two decades alone, indicating a rapidly accelerating rate.

As great as the difference is between the figures above, even they fail to reveal fully the magnitude of the change involved in the shift from an agrarian to an advanced industrial economy. To begin with, the United States in 1849 was by no means typical of advanced agrarian societies. Industrialization had already been under way for some decades, especially in New England. Furthermore, the population was still quite sparse, permitting much larger farms than were customary in agrarian societies, thus raising the per capita income well above what it would otherwise have been. One can get a far better idea of the traditional agrarian pattern by examining figures from nations which in the mid-twentieth century were still essentially agrarian in character. In 1948, for example, the per capita income of Mexico, as measured in American dollars, was only $106 per year; of Brazil, $112; Peru, $88; Egypt, $112; India, $75; and Thailand, $79. The Chinese figure for 1938, adjusted upward to allow for the inflation of the American dollar in the next decade, was still only about $35 per person per year. Keeping in mind that all these societies had been influenced by industrialization to some degree, it seems clear that in pure agrarian societies of times past, the per capita income was almost certainly no more than $100 per year as measured by 1949 dollars, and probably less. In other words, the per capita income of the United States today is already at least twenty times that of the typical agrarian society of the past, and is still rising.

The technological advances responsible for this tremendous increase in productivity have also affected almost every other aspect of human existence. Some of the most direct and substantial effects have been on the economic institutions of society. To begin with, the technological revolution of the last two centuries has destroyed economic self-sufficiency. Even farmers no longer provide most of their own necessities, except in the more remote and backward regions. Exchange relationships are rapidly becoming essential for every member of these societies. This means, among other things, that money plays a much more important role in the economic life of industrial societies than in agrarian. In the latter, money did not enter into the usual daily routine of the peasant masses, while in the more advanced industrial societies, it is an integral element in the daily lives of even the poorest citizens.

8 Woytinsky and Woytinsky, pp. 389-393.
With advances in the fields of transportation and communication, local market systems have been all but destroyed through absorption into larger and more inclusive market systems. As a consequence, the economically self-sufficient community is virtually absent in advanced industrial societies. The trend toward the enlargement of markets has, in fact, already been carried to the point where international markets now exist for most major commodities, and if it were not for political restrictions, the entire world would soon become a single market for many commodities.

As markets have grown and technology has become more complex, ever larger units of production have become a necessity. In the United States today there are a number of corporations which employ a hundred thousand or more workers and pool the capital resources of hundreds of thousands of investors. American Telephone and Telegraph is at present the largest, employing three-quarters of a million people.

This growth in the scale of organization in the economic area has facilitated another development, intensive specialization. According to the Department of Labor, there are currently more than twenty thousand different kinds of jobs in this country, most of them extremely specialized in nature. This is true not only of manual work, as on the assembly line, but also of nonmanual. The general practitioner is rapidly becoming an anachronism, not only in medicine but in most other professions.

Intensive specialization is also characteristic of communities. Some specialize in the production of autos, others in textiles, recreation, education, or government. Even at the national level, there is evidence of specialization. In a world dominated by advanced industrial nations, some countries specialize in the production of machine tools, some in oil, and some in other raw materials. Were it not for the division of the world into autonomous nation-states, this tendency would be even more pronounced, since greater specialization would be more economical.

These changes in technology and in the economy have inevitably produced demographic changes. To begin with, these advances, like earlier ones, have made possible substantial increases in numbers and density at the societal level. Table 1 shows the growth in population of a number of industrial societies which were formerly advanced, and heavily populated, agrarian societies. As this table indicates, all except France at least doubled in population during the period covered, and in most instances a three-fold increase is indicated, with populations still growing.

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Table 1  Population Growth in Selected Countries from 1800 (or Year of Earliest Record) to 1960

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>POPULATION IN MILLIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1800 (OR FIRST YEAR OF RECORD)</td>
</tr>
<tr>
<td>Belgium</td>
<td>4.3 (1850)</td>
</tr>
<tr>
<td>France</td>
<td>27.3</td>
</tr>
<tr>
<td>Germany</td>
<td>24.6</td>
</tr>
<tr>
<td>Italy</td>
<td>18.1</td>
</tr>
<tr>
<td>Japan</td>
<td>37.0 (1880)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3.1 (1850)</td>
</tr>
<tr>
<td>Spain</td>
<td>10.5</td>
</tr>
<tr>
<td>Sweden</td>
<td>2.3</td>
</tr>
<tr>
<td>U.S.S.R.</td>
<td>37.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>16.1</td>
</tr>
</tbody>
</table>


Industrialization has also led to the enlargement of communities. In agrarian societies, it may be recalled, the largest communities never numbered much over a million persons, and in the 5,000 years of agrarian history, this figure was attained only a few times, and then only by the capitals of great empires. Today, by contrast, there are already approximately a hundred cities with a population of a million or more, and nearly twenty with a population of three million. Greater New York has passed the ten million mark and the metropolitan communities of Greater London and Tokyo are rapidly approaching that figure.

Industrialization means not only larger cities, but also a greater proportion of the population living in urban communities. In Chapter 8 it was noted that typically 90 per cent of the population of agrarian societies lived in rural communities and only about 10 per cent in urban. In the most advanced industrial societies, these figures are just about reversed. In the United Kingdom, for example, farmers constituted only 4.5 per cent of the total population in 1955 (though that country was not agriculturally self-sufficient). In the United States in 1962 only 9 per cent of the males in the labor force were in farming, and this small group con-

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stantly produced surpluses.\textsuperscript{12} No more than 5 per cent of the male labor force need have been engaged in agricultural activity (assuming the smallest and least efficient farmers were eliminated). Assuming another 5 per cent of the male labor force are in related occupations, e.g., farm implement distributors, teachers, ministers, etc., which necessitate rural residence, no more than 10 per cent seem to be required to live in truly rural communities, i.e., communities in which the production of food and fibers is the major economic activity.

Industrialization affects human populations in yet another way. It results in drastically lowered birth and death rates and correspondingly increased life expectancy. In most of the more advanced industrial societies, the crude death rate is 10 or less per 1,000 population per year, whereas two centuries ago "a death rate of 40 per 1,000 inhabitants was not unusual . . . [and] a rate of 25 per 1,000 was considered exceptionally low."\textsuperscript{13} The decline in the birthrate has not been so precipitous, but it, too, has been substantial. In the traditional agrarian societies of the past, birthrates seem to have averaged well over 30 per 1,000 per year, and in many instances 40 or more.\textsuperscript{14} In advanced industrial societies, by contrast, they presently range from about 15 to 25 per 1,000 population, with the mode around 17 or 18 per 1,000.\textsuperscript{15}

These figures point to what has probably been the most revolutionary demographic development of modern times, namely, the development of safe and efficient techniques of limiting fertility. At the bottom of the class system in every agrarian society, the unhappy expendables testified to the perennial demographic crisis. Today, thanks to technological advances in various fields, the more advanced industrial societies are approaching the point where the birthrate largely reflects the wishes and desires of its members. This is indicated by the variability of the birthrate and its tendency to follow fluctuations in the business cycle.

Industrialization has also contributed to a number of significant developments in the political realm. In the first place, there has been a virtual elimination of the monarchical form of government, especially in the classical sense of the ruler with proprietary and patrimonial rights. In its stead, republican governments of various types have assumed power, though in a number of instances certain monarchical trappings have been retained (as in Britain, Scandinavia, and the Low Countries). In a few other instances, individuals have assumed dictatorial powers for a time.

\textsuperscript{13} Woytinsky and Woytinsky, pp. 166 and 163, and Statistical Abstract of the United States, 1962, pp. 913–914.
\textsuperscript{14} Woytinsky and Woytinsky, pp. 141f.
but this has never yet led to a truly stable, institutionalized system of one-man rule. At most this appears to be a possible, but less likely, alternative to the usual republican pattern.

Though obviously there are wide variations in the degree to which the members of different industrial societies share in the political process, on the average political power is much more widely diffused in industrial societies than in agrarian. This development has important consequences for the distributive process, as will become evident shortly. For the present it is enough to note that one of the concomitants of this development is the emergence of mass political parties. These are unique to industrial societies, and to societies under their influence or in process of becoming industrialized.16

This relative democratization of the state is linked with a second important development, the tremendous increase in the functions performed by the state. This trend is most pronounced in socialist nations, and especially in those governed by parties with a totalitarian philosophy. However, the trend is also evident in nations, such as the United States, where the philosophies of both socialism and totalitarianism have been rejected. One need only examine a list of the various departments and agencies of this country, together with their major subdivisions, to realize how many varied functions the Federal government now performs.17 Such a list must be compared with lists from the late eighteenth and early nineteenth centuries to appreciate the magnitude of the change involved.

A third important political development has been the growth in the military power of governments. This trend was readily apparent in World Wars I and II and has become even more pronounced with the development of atomic weapons. From the standpoint of the distributive process, however, this may be less significant than a related development, the trend toward total warfare, or the involvement of the total population in the war effort. In agrarian societies wars were usually the concern of professional military men, and the majority of the population was not greatly involved. Since World War I, however, the distinction between soldier and civilian has become quite blurred.

The growth in the military power of industrial societies in the nineteenth and twentieth centuries also led to the creation of a number of European colonial empires, which for a time virtually circled the earth.

17 See, for example, *The World Almanac, 1961*, pp. 121-123 for a list of the major divisions of the ten departments of government, and pp. 755-756 for a list of the many agencies.
This development, together with advances in the field of communications, led to the rapid spread of European culture traits throughout most of the world. Now, for the first time in human history, mankind seems to be approaching the point where all peoples could share a single basic culture (this would not, of course, preclude regional, class, age, sex and other kinds of subcultures). Whether this possibility will ever be realized is still debatable, but the technological base for its accomplishment is taking shape rapidly. The same may be said regarding the possibility of a unified government for the entire planet. From the technological standpoint, the obstacles preventing this are steadily being eliminated.

The general level of knowledge is substantially higher in industrial societies than in agrarian, especially with respect to literacy. Whereas the ability to read and write was limited to a small minority in agrarian societies, in the more advanced industrial societies it is nearly universal. In fact, in an increasing number of these societies, the majority of young people receive formal education through their middle teens, and a growing minority receives it well into the third decade of life. In the United States, for example, 92 per cent of males aged fourteen to seventeen were in school in 1961, 49 per cent of those aged eighteen and nineteen, and 20 per cent of those aged twenty to twenty-four.\(^{18}\) In fact, 7 per cent of the males from twenty-five to twenty-nine, and 3 per cent of those from thirty to thirty-five, were still enrolled in schools and universities of some kind.

The great growth of educational institutions has been due in part to the need for more extensive training, but it has also reflected the declining need for child labor. Thus, in the more advanced industrial societies, educational institutions often perform a custodial function in addition to their educational function, occupying the time of young people whose labor is not needed. In the process, however, the schools isolate them from the adult population, with the result that a significant cultural cleavage is created, and adolescent members of these societies increasingly develop their own distinctive subculture. The differences between the adolescent and adult subcultures in industrial societies are often as important and as divisive as those which separated city dwellers and countryfolk in agrarian societies. As we shall see later, there is good reason to believe that the cultural cleavage which divides adolescents and adults is linked with a very important new development in distributive systems.

Before leaving the subject of educational institutions, it is necessary to take note of their changing character. In agrarian societies, educational institutions were typically adjuncts of religious institutions. This is much less often the case in industrial societies. Even where religious institutions

have managed to retain their formal control over educational institutions, formal religious instruction is seldom the chief activity. Educational institutions have come increasingly under the control of organized communities of teachers and scholars. The development of these communities and their great growth in power and influence are among the more important developments associated with the rise of industrial societies.

This trend is linked with yet another, the growing emphasis on planning in all fields of human activity. In agrarian societies, planning was at best an occasional activity. Men typically assumed that the outcomes of their activities were beyond their control, and trusted in Fate or Destiny. With the rapid increase in scientific and technical knowledge, and with the development of new techniques for storing, organizing, and reacquiring specific pieces of information, e.g., via modern methods of accounting or through the use of computers, continuous and comprehensive planning has become a practical and profitable activity for the first time in human history. Increasingly, every major organization engages in planning.

As many writers have noted, the shift from agrarian to industrial societies has also affected the family. To begin with, it has meant a substantial transfer of functions to other institutions. Many activities which were once the responsibility of families have been relinquished by them. From the standpoint of the distributive process, one of the more important of these transfers has been that involving the care of the aged. Once this was the exclusive concern of the family; today it is increasingly the concern of the state. With the transfer of functions, there has been a corresponding decline in the need for large families. In industrial societies, unlike agrarian, children are liabilities from the economic standpoint, and parents have a positive incentive to limit the number of their offspring.

The rise of industrial societies has also brought greater freedom to women. With fewer children and with greatly expanded opportunities for education, they are no longer severely limited in their choice of careers. Furthermore, industrialization has generally meant increased legal rights, including the franchise. It has also meant the elimination of polygyny. In short, the last vestiges of the ancient concept of women as property are rapidly disappearing.

Finally, with respect to religious institutions, the rise of industrial societies has been associated with a significant shift in the content of religious thought. In agrarian societies, the forces shaping the destiny of men were usually thought of in personal terms, and the dominant religions

\[19 \text{ See especially William J. Goode, World Revolution and Family Patterns (New York: Free Press, 1963).} \]
were theistic in character. In advanced industrial societies, by contrast, new religions which conceive of these forces in impersonal terms have enjoyed great growth, sometimes through persuasion, sometimes through coercion. Humanism is the classic example of the former, Communism of the latter. Both of these faiths have gained considerably at the expense of older ones, such as Christianity, Judaism, Islam, Buddhism, Hinduism, and Confucianism, which emerged in the agrarian era. While it is doubtful that the older faiths will be eliminated, they have nevertheless been altered to some degree. In various subtle ways, their theologies are undergoing a partial process of depersonalization.

This shift from a personal to an impersonal theology, which is linked with the rise of industrial societies, may be, in part, a reflection of the changing character of society itself, and especially of its dominant institutions. In agrarian societies the dominant political and economic institutions were operated on a highly personal patrimonial basis; in industrial societies they are run on an impersonal bureaucratic basis. This change in the nature of the most powerful human institutions may well have contributed to the shift in men's conception of the Ultimate Power.

The rise of industrial societies seems to have affected the religious scene in yet another way. Alliances between state and church are much less common in industrial societies than in agrarian, and where such ties survive, they are usually of a tenuous nature. However, as the emergence of Communism as the state religion in a number of nations demonstrates, this trend is by no means universal.

The explanation for the decline in church-state alliances appears to be linked with the decline of patrimonial and proprietary monarchies, the rise of republican governments, and the wider diffusion of political power generally. In democratic or republican nations, governments are not so dependent on the legitimizing function that religious groups are capable of performing, because they now provide real and obvious benefits to a considerable portion of the population and thus can be justified on mundane utilitarian grounds. Hence, many governments are able to dispense

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20 Hinayana Buddhism might be called an exception to this, but even there the impersonal view of the forces controlling life was largely transformed into a personal view.

21 See, for example, the writings of Christian theologians such as Tillich and Bultmann or the recent book Honest to God by Bishop Robinson of the Anglican Church. One can argue, however, that these writers are not introducing something new, but merely reasserting in modern form the ancient doctrine of the transcendence of God.

21a I do not mean to exclude here the more obvious influence of modern science which also presents an impersonal view of power in the physical realm.

with the services of their former religious allies. This trend has probably been hastened by the weakening hold of the traditional faiths on certain important segments of the population and the spread of new and competing cults such as Humanism, Freudianism, and so forth. Confronted with the growing heterogeneity of religious belief, political authorities have moved even more rapidly toward disestablishment than they might have otherwise.

Reversal of a Basic Trend

Of all the types of societies we have examined, none illustrates better than the industrial, the difficulties and limitations of a purely deductive and highly general approach to stratification theory. Given the vastly increased productivity of this type of society and the greatly enlarged powers of industrial states, nothing would be more logical than to predict inequalities in power and privilege even greater than those found in agrarian societies. However, even a limited survey of the contemporary scene suggests that this is not the case, and a more intensive examination confirms this impression. If anything, inequalities in power and privilege seem usually somewhat less pronounced in mature industrial societies than in agrarian. In short, the appearance of mature industrial societies marks the first significant reversal in the age-old evolutionary trend toward ever increasing inequality.

The evidence supporting these assertions takes several basic forms. To begin with, a comparison of the political systems of agrarian and industrial societies makes it clear that political power is much more concentrated in the former. In agrarian societies, the powers of government were nearly always vested in the hands of the few; the great majority were wholly excluded from the political process. In industrial societies this is a minority pattern, limited only to those societies in the earlier stages of industrialization and to those ruled by totalitarian parties. In the majority of industrial societies, all adult citizens not only enjoy voting privileges but, far more important, the right to organize politically to promote their own special interests or beliefs, even when these are in opposition to the interests or beliefs of those in power.23 While this does not mean that all inequalities in political power are eliminated or the democratic millennium ushered in, it does mean a significant reduction in political inequality and a substantial diffusion of political power, both of which are readily evident when these societies are compared with agrarian. This

23 In some countries the right of opposition is limited to those who are willing to support democratic procedures, with the result that Communist and Fascist parties are excluded by law, but even this limitation is absent in the majority of democratic nations.
can be seen most clearly in the case of the Scandinavian democracies, where Socialist Parties have been the dominant political force in recent decades, but the pattern is also evident in countries such as the United States and France, where the political influence of the lower classes has not been nearly so great. It should also be noted that even in some of those industrial societies where democracy was not permitted, as in post-Stalinist Russia or Perón’s Argentina, the political elite used much of its power to promote programs designed to benefit the lower classes, a practice virtually unknown in agrarian societies.

A second indication of declining inequalities can be found in data on the distribution of income. Earlier we saw evidence which indicated that in agrarian societies the top 1 or 2 per cent of the population, usually received not less than half of the total income of the nation.24 In the case of industrial societies the comparable figure is substantially less. According to official governmental reports, the top 2 per cent of the population of democratic nations receives about 10 per cent of the total personal cash income after taxes. For example, British figures for 1954 indicate that the top 2 per cent received 8.5 per cent of the total income after taxes; Swedish figures for 1950 show the top 1.8 per cent received 9.9 per cent before taxes; Danish figures for 1949 show the top 1.1 per cent received 10.3 per cent before taxes; United States figures for 1958 show the top 1.3 per cent received 8.1 per cent, and the top 2.3 per cent received 11.6 per cent, before taxes.25

These figures cannot, of course, be taken at face value. As a number of recent writers have pointed out, they do not include many billions of dollars of income, sometimes because of fraud and evasion by taxpayers, but more often because the tax statutes do not define certain forms of income as income.26 For example, as Gabriel Kolko has shown, in the United States such factors have led to underreporting of cash income to the extent of more than $30 billion each year; in addition, corporate ex-

24 Supra, p. 298. This figure includes the income of the ruler as well as that of the governing class.
expense account outlays are estimated to have been between $5 and $10 billion. Kolko suggests that, conservatively, a third of the corporate expense account outlay represented income-in-kind for the top 10 per cent of the population, and that from a third to a half of the errors and evasions should be assigned to the same group. If one accepts these estimates (and they are not likely to be low, given Kolko’s evident political sympathies), this means that the upper-income tenth received from $12 to $18 billion more in annual income than was reported in their tax returns. If, to avoid any danger of conservative bias, we assume that almost all of this went to the upper 2 per cent of the population, we arrive at an error estimate of $10 to $15 billion for this group. Offsetting this in part, however, is the balance of the evasions and errors estimate, totaling roughly $20 billion, which must be assigned to the remaining 98 per cent of the population. Taking the higher estimate for underreporting by the upper-income group, i.e., $15 billion, we arrive at the conclusion that, before taxes, 15.5 per cent of the personal income of the American people went to the top 2.3 per cent.

Even this figure, however, is far short of the 50 per cent estimated to be the elite’s share of the gross national product in agrarian societies. This difference arises, in part, because the revenues of government are included in agrarian societies but not in industrial. On first inspection this may seem both arbitrary and unjust. Actually it is neither. In agrarian societies government functions almost entirely, as we have seen, as an instrument of, by, and for the few. In modern industrial societies, this is no longer the case. While it is true that the upper classes still benefit disproportionately from the actions of government in every industrial society, it is also true that the masses of ordinary citizens benefit to an extent undreamed of in the agrarian societies of the past, or even in those which still survive.

It is impossible to determine with any precision what percentage of the benefits of government go to the top 2 per cent of the population and what percentage to the remainder in industrial societies. However, even if one were to assume that they went entirely to the elite, the total would still fall short of the agrarian figure of 50 per cent. In most industrialized societies, the costs of government at all levels, from local to national, constitute only 20 to 30 per cent of the gross national product, with an average of about 25 per cent. If this average figure were added to our earlier estimate that up to 15 per cent of personal income (which means about 12 per cent of the gross national product), goes to the upper 2 per cent,

27 Kolko, pp. 16-23.
then less than 40 per cent of the gross national product would go to the equivalent of the agrarian elite, i.e., the top 2 per cent. If we were to assume, more realistically, that only as much as half of the benefits of government went to the favored 2 per cent, the elite's share of the gross national product would drop to only 25 per cent.\textsuperscript{29} Thus, while it may not be possible to determine precisely what percentage of the gross national product is enjoyed by the top 2 per cent in mature industrial societies, it is safe to conclude that the percentage is considerably less than in agrarian. In fact, it is probably no more than half so large, and quite possibly less than that.\textsuperscript{30}

Since the foregoing estimates are all based on data from democratic nations, one may properly ask whether the situation in totalitarian states is not different. This question is not easily answered owing to the paucity of trustworthy quantitative data. However, such as we have indicates that in the Soviet Union, at least, income inequality is substantially less than in the United States. According to one recent study, the minimum Soviet wage is 300 rubles monthly, and the average from 800 to 900. By comparison, highly placed executives in Soviet industry receive from 4,500 to 7,500 rubles per month, fifteen to twenty-five times the minimum and five to ten times the average.\textsuperscript{31} These figures are very similar to those reported by others who have studied the subject.\textsuperscript{32} However, one other re-

\textsuperscript{29} Critically minded readers may wonder why lower estimates of the elite's share of governmental benefits have not been used. In part this is because it is not necessary to prove the basic point. In part, however, it is because it appears that the privileged classes benefit from the actions of government to a far greater degree than we ordinarily suppose. For example, it is the wealthy owners of private property who are the chief beneficiaries of the expenditures for defense and police services. It is they, not the poor, who would be the chief losers if their country were conquered, or could not protect its interests abroad, or if internal anarchy developed. They also benefit disproportionately by highways and other governmental services which facilitate trade and commerce. They even benefit to a considerable degree from the technical education their nation provides, since this insures their industries a ready supply of skilled technicians, engineers, and scientists. By contrast, welfare expenditures, which go chiefly to the lower classes, are only a minor cost of government in comparison—despite the heated controversies they create. Thus, all things considered, it is probably not unrealistic to estimate that one-third to two-thirds of the value of all governmental services redound to the benefit of the most privileged 2 per cent.


\textsuperscript{32} See, for example, Nicholas DeWitt, Education and Professional Employment in the USSR (Washington, D.C.: National Science Foundation, 1961), especially pp. 537–545 and appendix table 6-W. DeWitt states that the Russian government reported that the average wage was 710 rubles in 1955, and estimated that this had risen to 800 rubles by 1960. He also shows that wages reported in official Soviet publications sometimes ranged up to thirteen times the average without bonuses, and that with bonuses, which were largely limited to upper income groups, wage differentials would
cent report adds that top incomes in the Soviet Union "reach a million rubles a year," or about 80,000 rubles per month.\textsuperscript{83} This is nearly three hundred times the minimum and about a hundred times the average. As in the case of non-Communist nations, these figures omit many very tangible benefits for the rich as well as the poor. It appears, however, that these are roughly proportional to cash incomes and thus have no great effect on the ratios.

Turning to the United States, we find that one who currently earns the minimum wage for businesses engaged in interstate commerce would, if fully employed, receive about $2,500 per year. The median income reported in 1958 tax returns was about $4,000 per year.\textsuperscript{84} The earnings of important executives in major industries in recent years have ranged from $50,000 to over $500,000 a year and have almost always been supplemented appreciably by unearned income from stock and bond holdings.\textsuperscript{85} At the upper end of the income ladder, we have definite knowledge of one officially reported income of over $28 million in 1960, and if it is true, as reported, that J. Paul Getty owns assets valued at $2 billion, and if he obtains no more than a modest 4 per cent return on his investments, he should have an income of about $80 million per year (though obviously most of this would not be classified as "income" by the government).\textsuperscript{86} Putting all these figures together, we find that American industrial executives receive from twenty to two hundred times the income indicated by the minimum wage law, and from 12 to 125 times the median income. Ignoring estimates of Getty's income, and taking as the maximum the more modest figure of $28 million, we find that this is eleven

be increased 20 to 50 per cent. See also Emily Clark Brown, "The Soviet Labor Market," in Morris Bornstein and Daniel Fusfeld (eds.), The Soviet Economy (Homewood, Ill.: Irwin, 1962), fn. 19, pp. 201-202, who reports a range for manual workers from 450 to 2,500 rubles per month, with the latter apparently very exceptional. She reports average earnings for production workers in five large plants as ranging from 750 to 1,000 rubles per month. Margaret Dewar reports that after the reforms scheduled for 1962, there would probably be a 15 to 1 differential in income between the extremes in Soviet industry, i.e., between top managers and workers at the minimum wage. See "Labour and Wage Reforms in the USSR," in Harry G. Shaffer (ed.), The Soviet Economy: A Collection of Western and Soviet Views (New York: Appleton-Century-Crofts, 1963), p. 222.


\textsuperscript{84} See The World Almanac, 1961, p. 744.

\textsuperscript{85} See, for example, Mabel Newcomer, The Big Business Executive (New York: Columbia University Press, 1955), p. 124, or the annual reports in United States News and World Report.

\textsuperscript{86} For the reported income of $28 million in 1960, see the speech of Sen. Paul Douglas, reported in The Washington Post, Dec. 14, 1963, p. A-4. On Getty's wealth, see Philip Stern, p. 21, or Newsweek, July 15, 1963, p. 48. As Stern makes clear, only half of capital gains are classified as "income" if taken during one's lifetime and none are so classified if the assets are kept until death (pp. 91-92).
thousand times the minimum and seven thousand times the average. All these ratios are substantially larger than the corresponding Soviet ratios, which suggests that income inequality is much less pronounced in the Soviet Union than in the United States, a conclusion in keeping with the unsystematic and impressionistic observations of most trained visitors to Russia. Thus, it appears that the Soviet Union provides no exception to the conclusion about the historic decline in income inequality formulated on the basis of data from democratic nations.

**Causes of the Reversal**

From the theoretical standpoint, the decline in political and economic inequality associated with the emergence of industrial societies is extremely important. This constitutes a reversal in a major historical trend, and the reasons for this reversal are by no means obvious. On the contrary, given the increased productivity of industrial societies and the growth in the powers of the state, one would normally predict even greater inequality than in agrarian societies. The fact that the opposite occurred indicates either that one or more of the basic postulates with which we began is in error, or that other factors are at work which were not taken into account (or, at least, not sufficiently) in our original, highly general formulation. The evidence, as I shall show, favors the latter interpretation, indicating again the serious difficulties which attend any effort to develop a general theory by purely deductive means.

Among the factors not considered in our earlier assumptions about the nature of man and society, was the relationship between technological and cultural complexity on the one hand, and administrative efficiency on the other. In modern industrial societies, technology in particular, and culture in general, are far more complex than in even the most advanced agrarian societies. In fact, they are so complex that it is no longer possible for those in positions of high command to begin to understand the work of all those beneath them. In effect, there is a growing "ignorance" on the part of those in positions of command. This is not to say that those in authority in industrial societies are less intelligent or knowledgeable than their counterparts in agrarian societies, but rather that they are masters of a smaller proportion of what they need to know to maintain effective control over those beneath them. Thus, because of the many gaps in their knowledge, they are often compelled either to issue commands based on insufficient information, or to leave matters to the discretion of

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37 One of the best evidences of this is the rapid growth of vocabulary in the language of every industrial society.
their subordinates, thus opening the door to encroachments on their prerogatives. In the former case, authority is preserved, but at the expense of efficiency and productivity, while in the latter case a measure of authority is sacrificed to increase efficiency and productivity. In short, the relationship between productivity and authority appears to be curvilinear in industrial societies, at least up to the present time. Thus, unless political authorities are willing and able to sacrifice productivity, it is unlikely that they will be able to rely on the technique of command to the extent their agrarian counterparts did. However, to the degree that they delegate authority or rely on market mechanisms, they facilitate the diffusion of power and privilege.

A second factor which seems to have contributed to the reversal in the historic trend toward greater inequality is the rapidity and magnitude of the increases in productivity. In societies in which the gross national product and per capita income are rapidly rising, and promise to continue rising, elites find themselves in the paradoxical situation in which they can maximize their net input of rewards by responding to pressures from below and making certain concessions. By granting the lower classes some share in the economic surplus, they can reduce worker hostility and the accompanying losses from strikes, slowdowns, and industrial sabotage. In an expanding economy, an elite can make economic concessions in relative terms without necessarily suffering any loss in absolute terms. In fact, if the concessions are not too large, and the rate of the economy’s growth is great enough, relative losses can even be accompanied by substantial absolute gains. For example, an elite would enjoy a substantially greater income if it took 40 per cent of the gross national product in a $100 billion economy, than if it stubbornly fought to maintain a 50 per

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[38] Recent events in the Soviet Union provide a good illustration of this. The increasing reliance on market mechanisms in economic decision making represents a deliberate effort to increase efficiency and productivity while sacrificing centralized authority. This development was forced on Soviet authorities by the physical impossibility of developing an adequate, workable, and comprehensive plan for the whole Soviet economy. According to reports, one Soviet economist predicted that unless there were drastic reforms, planning work would increase thirty-six-fold by 1980, and would require the services of the entire adult population, and this presumably would not raise the level of efficiency of the planning procedures. Another Soviet economist is reported to have argued that a sound plan must take account of all the possible interrelationships between products in the plan and the number of these interrelations is the square of the number of products. Since the Soviet machine industry alone now turns out 125,000 different products, a comprehensive plan for this one industry would require provision for more than 15 billion interrelations. See Joseph Alsop, “Matter of Fact,” The Washington Post, Jan. 13, 1964. While the use of modern high-speed computers will undoubtedly alleviate the problems of planners to a considerable degree, it is not likely that in the foreseeable future the curvilinearity in the relationship between productivity and authority can be eliminated, especially in societies in which the diversity of goods and services produced is constantly increasing.
cent share and thereby held the economy at the $50 billion level. If we assume that the majority of men would willingly make modest relative concessions for the sake of substantial absolute gains, and if we also assume that leading members of the elites in industrial societies have an awareness of the benefits they can obtain from concessions, then we can only predict they will make them.

A willingness to make concessions may also be encouraged by the principle of marginal utility. This principle serves as a reminder that the first million dollars normally has greater value to a man than any subsequent million he may acquire. In societies with very productive economies, many members of the elite may be prepared to make some economic concessions in order to maximize other kinds of rewards, such as safety, respect, and leisure. In other words, after a certain level of wealth has been attained, elites may prefer to sacrifice a portion of the economic surplus in order to reduce hostility and the dangers of revolution, and to win for themselves a greater measure of respect and affection. Or, they may find it impossible to maintain tight control over political and economic organizations and at the same time enjoy the benefits of leisure, and so permit a portion of the economic surplus to pass into other hands. In short, because elites have multiple goals, and are not concerned with maximizing material rewards alone, they may be willing to make certain economic concessions in a highly productive and expanding economy.

Yet another factor which has played a role in reducing inequality is the development of new and highly effective methods of birth control. In the past, the natural tendency of the human race to multiply usually had the effect of offsetting whatever economic gains might otherwise have resulted from technological advance. Numbers tended to increase up to the carrying power of the economy except as limited by the development of tyrannical political systems which diverted the "economic surplus" to the elite at the expense of further population increase. One consequence, of course, was the large and wretched class of expendables, whose very presence served to prevent any substantial long-run improvement in the lot of the peasants and artisans with whom they constantly competed for employment.

Today the situation is rapidly changing, and promises to change even more in the future. For the first time in history, mankind has found safe, simple, and effective means of controlling population growth. In societies where these have been most widely used, the rate of population growth has been slowed to the point where real and substantial gains in per capita income have been achieved in a fairly short time, thus reducing the intensity of the competitive pressures. Now, for almost the first time
in centuries, the lower classes are able to bargain for wages in markets no longer perennially glutted with labor. This development has almost certainly contributed to the decline in inequality.

Another factor that has probably contributed to the decline in inequality is the great expansion in human knowledge. In the past, the dominant class chiefly needed unskilled labor, and thanks to human fecundity, this was always plentiful. This put the vast majority of men in a poor bargaining position, and hence the price of labor was minimal. Today, in the more advanced industrial societies, the situation is radically changed. Because of the great functional utility of so much of the new knowledge, a host of occupational specialists have appeared who are not interchangeable to any great degree. This introduces into the labor market certain rigidities which favor the sellers of labor, especially in an era in which the demand for technical skills is rapidly rising. Furthermore, even if the dominant classes could obtain the necessary labor for a subsistence wage, it is doubtful that this would prove expedient. The efficiency of work requiring mental effort or alertness can be seriously reduced when those performing it are not physically fit. Two men working at 50 per cent efficiency in this situation are not the equal of one man working at top efficiency, as in work requiring brute strength alone. Moreover, expensive machines and tight production schedules are vulnerable to the mistakes of inattentive workers to a degree that is not characteristic of agrarian societies. These factors all prevent the dominant classes from driving the wages of this increasingly numerous segment of the population down to the subsistence level, and prevent the system from reaching the level of economic inequality that is found in agrarian societies, both past and present.

The egalitarian trend in modern industrial societies is evident in the political area no less than in the economic. In many respects the trend toward greater political equality is more surprising than the corresponding economic trend, because the struggle for political power is essentially a zero-sum "game," i.e., gains by one party necessarily entail corresponding losses by opponents. The struggle for privilege, on the other hand, is a positive-sum "game," thanks to the constantly rising level of productivity. Thus in the political realm the privileged classes cannot accept losses in relative terms and still realize absolute gains.

All the reasons for the spread of democratic government are still not completely understood. Obviously, it has not been dictated by economic necessity, as shown by the vigor of a number of nondemocratic, totalitarian nations. On the other hand, the relative frequency of democratic government in industrial states and its virtual absence in agrarian, strongly
indicate some connection. Specifically, this suggests that industrialization creates conditions favorable to the growth of democracy, but does not make it inevitable.

One favorable condition is the spread of literacy and the extension of education. An illiterate peasantry lacking access to mass media of information is in a poor position to participate in the political process; a literate middle and working class with many media of information available is much more favorably situated. Advances in the level of living have a similar effect. Peasants and artisans living at, or near, the subsistence level cannot afford the luxury of sustained political activity; workers in an industrial society have more leisure, energy, and money to devote to this. Still another factor favoring the growth of democracy is the modern pattern of warfare which involves the entire population to an extent unknown in agrarian societies. As many observers have noted, the traditional distinction between the military and civilian segments of the population has been almost obliterated, and military men have come to regard urban centers of production as prime military targets. If Andrzejewski and other writers are correct, this trend should have an egalitarian influence, since inequality tends to be most pronounced where military activities are limited to the few.

More important than any of these, however, has been the rise and spread of the new democratic ideology which asserts that the state belongs to the people. This ideology is not simply a reflection of changing economic conditions, though, as we have seen, it has been affected by them. Rather, the historical record indicates it had its origin in religious and philosophical developments of the seventeenth century and spread rather widely in the eighteenth century in countries which were still thoroughly agrarian in character, e.g., the United States and France. In fact, there appears to be as much justification for the thesis that this new ideology contributed to the emergence of industrial societies as for the converse.

In any case, this new ideology became an important force in the political life of industrial societies. It captured the imagination of all kinds of men, even some of the political elite, thus making the traditional monopoly of political power increasingly untenable. As the democratic

40 In one sense this ideology is not at all new, as shown in Chap. 1 and also in the practices of hunting and gathering and simple horticultural peoples. In another sense, however, modern democratic beliefs can be said to derive from the work of seventeenth-century political theorists such as John Locke, who put this ancient idea in a modern form which made it a significant force first in the intellectual world and then in the political.
ideology spread, those who governed had to make substantial concessions in order to avoid massive challenges to their power—challenges which would have been costly to resist, and might even have led to their overthrow. The idea that the state should be the servant of all the people continues to be a major force in the modern era, mobilizing the egoistic impulses of the disadvantaged classes in an idealistic cause, thereby uniting morality and egoism in a manner reminiscent of their union under the banner of "the divine right of kings," but with the opposite effect.

Wherever democratic theory has become institutionalized, a dramatic new possibility has arisen: now the many can combine against the few, and even though individually the many are weaker, in combination they may be as strong or stronger. With this development, the door is opened to a host of revolutionary developments in the distributive realm.

The Role of Government

In industrial societies, as in agrarian, control of the machinery of government is vitally important from the standpoint of the distributive process. Those who control the government are able to determine the rules governing the competition for rewards in society, and by virtue of this power are able to influence profoundly the outcome of this competition.40a

It would be a mistake to suppose, however, that government plays the same role in industrial societies that it does in agrarian. Given the democratic revolution of modern times, this is impossible. To begin with, the age-old concept of the state as a piece of private property to be handed down from father to son has been completely destroyed in all of the more advanced industrial nations. This has had many far-reaching consequences. Above all, it has meant that the powers of government may no longer be used solely for the benefit of the few at the expense of the many. It also means that in the majority of the more advanced industrial societies all, or nearly all, segments of the population are permitted to organize and act politically, even for the purpose of opposing the policies and programs of those currently in power. Thus, the machinery of government has become the object of a never ending struggle between a variety of organized groups which, in their totality, represent the special interests of most of the population.

This typical pattern is currently evident in all the Scandinavian countries, the United Kingdom and all the English-speaking overseas members of the British Commonwealth, the Low Countries, Switzerland, West

Germany, Austria, France, Italy, the United States, and Japan. In all these countries three basic conditions prevail:

1. There is universal, or virtually universal, adult suffrage.
2. The right of organized political opposition is protected by both law and custom.
3. Disadvantaged elements in the population are permitted to organize and engage in collective action on their own behalf.

While some of the nations listed above refuse to permit antidemocratic parties to participate in the political process, this is not done with the intent to destroy the principle of political opposition or the right of disadvantaged classes to organize, as partisans of the totalitarian parties often claim. The falsity of their claim is best demonstrated by the freedom these same nations accord Socialist and Labor Parties, which are committed to the principles of political democracy, even when they advocate radical changes in distributive policies.

To date, the outcomes of the struggles for power in the more advanced industrial democracies have varied considerably. To illustrate the range of variation, one need only compare the Swedish pattern with the American. In Sweden the Socialist Party, representing the special interests of the urban working class, has been the leading political force since 1932. With the exception of a brief three-month period in 1936, the Socialists have either been in exclusive control of the government or formed the dominant element in a coalition government. Though some of the party’s leaders have come from the middle and even the upper classes, all observers agree that it has functioned as a party of, by, and for the working class, at least in those matters where class interests are relevant.

This is evidenced by the fact that labor unions played the major role in the formation of the party at the end of the last century, and still continue to play a dominant role. In recent years, two-thirds of the party’s dues-pay-

41 The same pattern, or a similar one, is evident in some other countries not listed here, such as India and the Philippines. These countries cannot be called advanced industrial nations, but neither can they be called agrarian. As noted earlier, such nations require a special analysis since they are, in effect, hybrid societies. Furthermore, unlike the agrarian societies of an earlier era, they are forced to exist in a world dominated by industrial societies, a fact of profound importance for them.


ing members have been union members enrolled “collectively” by their unions, and two-thirds to three-quarters of the party’s representatives in the Riksdag are persons who are, or have been, union members.44 Furthermore, in recent years roughly 70 per cent of the working-class vote has been given to the Socialist Party, and this has constituted about three-fourths of the party’s total vote.45 But most important of all, the party’s policies have been directed consistently toward the goal of advancing the interests of the working class, and have resulted in the creation of a welfare state in which social inequalities of nearly every kind have been substantially reduced.46 However, it must be added that the continuing strength of the opposition parties, and the inability of the Socialists to obtain a decisive majority either at the polls or in the Riksdag, serve as restraining influences on the party’s leaders. On the other hand, the basic principles of the welfare state have now come to be accepted by all the opposition parties, even the Conservatives.47

In the United States the situation is quite different. To begin with, the Republican Party, which prides itself on its defense of traditional property rights, enjoys a far greater degree of electoral success than its Swedish counterpart, the Conservative Party (even greater, in fact, than the Conservatives and Liberals combined). Though it has controlled the executive branch of the Federal government for only eight years since 1932, and the Congress for even less, its power has been substantial because of the absence of party discipline in Congress and the frequent support of Southern Democrats.48 Also, thanks to gerrymandering of state legislatures, Republican strength was, till recently, disproportionate to its voting strength at the state level, outside of the one-party South.49

However, more important than the power of the Republican Party is the nature of the Democratic Party, which is the only significant alternative. Though this party has often been called the instrument of the labor

41 On the “collective” affiliation of union members, see either Rustow, pp. 48–49 and 155, or Andrén, p. 25. On union members in the Riksdag, see Andrén, p. 57, who reports that a study of the Riksdag in 1949 showed that 37 per cent of the total membership were or had been union members. Since almost all such individuals were members of the Socialist Party, and since the Socialists constituted slightly less than half of the total membership of the Riksdag at the time, it appears that two-thirds to three-quarters of the Socialist members were or had been union members.

45 These figures are based on Gallup polls.

46 See Fleisher, op. cit.; Nelson, op. cit.; J. A. Lauwers, Scandinavian Democracy (Copenhagen: Danish Institute et al., 1958), especially chaps. 1 and 5; or Göran Tegner, Social Security in Sweden (Tiden: Swedish Institute, 1956).

47 Among others, see Andrén, p. 30, or Rustow, pp. 232f.


49 Recent Supreme Court decisions may change this, though the struggle over reapportionment is still far from ended.
unions and the representative of the working class, the relationship has never been comparable to that between the Swedish Socialist Party and the unions or working class. Though the rhetoric of the leaders of the Democratic Party and their official platforms have often had a pronounced working-class bias, the legislation enacted by the party has not reflected this with any great consistency. For example, though the Democrats have controlled the White House and Congress most of the time since 1932, it was still possible, in 1959, for fifteen persons with annual incomes ranging from $1 million to $28 million to incur no Federal income tax obligations whatsoever, while those with incomes of less than $1,000 per year were held liable for an average tax of $13.50

This situation reflects the nature of the Democratic Party and the pronounced differences between it and the Socialist Party in Sweden. As Maurice Duverger, the noted French student of political parties, observed, the Democratic Party is a nineteenth-century style party, lacking the centralized authority, party discipline, and ideological commitments which are the mark of twentieth-century type parties.51 Instead, it tends to be a loose-knit (though enduring) federation of locally based politicians and political organizations which cooperate with one another only to the extent they deem it mutually beneficial. Each individual or local organization is free to seek support, both in votes and money, wherever it can be found. This is true even of those members of the party who are elected to Congress, a situation which forces many to enter into quid pro quo relationships with well-financed lobbyists representing business interests in particular and privilege in general.52

Compared with the Swedish Socialist Party, leadership positions in the American Democratic Party are more often “up for grabs” by anyone with money or financial backing and a reasonably attractive personality.

51 Duverger, op. cit. See especially the Introduction.
52 See, for example, Matthews, chap. 8; Raymond Bauer, Ithiel de Sola Pool, and Lewis Dexter, American Business and Public Policy: The Politics of Foreign Trade (New York: Atherton, 1963), especially chaps. 23 and 24; or V. O. Key, Jr., Politics, Parties, and Pressure Groups, 3d ed. (New York: Crowell, 1952), especially chap. 18. These writers generally agree that the influence of lobbyists and money in American politics has often been exaggerated, but also insist that it is far from negligible. The vulnerability of Congress is due not only to the nature of the party organizations, but also to the unwillingness of Congress to appropriate sufficient funds to provide adequate staffs for its members. For an opposing, and I believe much too optimistic, view on the influence of money in American politics, see Alexander Heard, The Costs of Democracy: Financing American Political Campaigns (Garden City, N.Y.: Doubleday Anchor, 1962), especially chap. 4.
As a consequence, persons from the upper-middle and upper classes tend to predominate. For example, Donald Matthews has shown in his study of the United States Senate that 58 per cent of the Democrats in that body from 1947–1957 were the sons of business and professional men, while only 5 per cent were the sons of industrial wage earners. Another 33 per cent were the sons of farmers, but judging from the fact that 87 per cent of these sons attended college (and this at a time when only 15 per cent of the American population could do this), it is safe to say that most of their fathers were of upper-middle-class status or better. Thus, probably no more than 10 per cent of these influential leaders of the Democratic Party were born into the working class or poor farm families, and Matthews’s data indicate even fewer were still in those classes at the time of their election. Lest these figures be thought unrepresentative, one should note a statement of G. Mennen Williams, former Governor of Michigan, a state in which labor influences in the Democratic Party have been as great as anywhere in the country. In an article in the Harvard Business Review, Williams stated that in Michigan “people associated with business outnumbered those identified with labor in the roster of delegates and alternates to the 1956 Democratic National Convention,” and that business and professional people constituted a majority of the county chairmen in that state. If this is true in Michigan, one suspects that the pattern is even more pronounced in most other states, and especially in the one-party states of the South.

In view of all this, it is clear that the Democratic Party does not stand in the same relationship to the working class as does the Socialist Party of Sweden. If we add to this the fact that the Democratic Party has had to share power to a degree that the Socialists in Sweden have not, it becomes clear that the two situations differ greatly. In fact, one must conclude that in the United States, unlike Sweden, the propertied classes and their allies still remain the dominant political force.

Among the more advanced industrial societies with democratic regimes, the United States and Sweden appear to represent the two extremes with respect to the pattern of political control. Most other industrialized democracies stand somewhere in between. The other Scandi-
navian countries approach the Swedish model, the chief difference being that the Socialist Parties in these countries have not achieved quite the same measure of popular support, and conversely, those parties representing the propertied classes have retained a somewhat greater measure of electoral support and political power.\footnote{Duverger, p. 311; Lauweys, chap. 3; Rustow, "Scandinavia: Working Multiparty System," in Sigmund Neumann (ed.), Modern Political Parties: Approaches to Comparative Politics (Chicago: University of Chicago Press, 1956), pp. 160–193.}

Britain appears to be roughly midway between the Swedish and American patterns in most respects.\footnote{See, for example, Robert Alford, Party and Society: The Anglo-American Democracies (Chicago: Rand McNally, 1963), p. 15, chap. 5, etc.} One indicator of this is the representation of the working class in parliamentary bodies. In Sweden in 1949, 37 per cent of the members of the Riksdag were, or had been, members of workers’ trade unions; in Britain in 1959, 19 per cent of the members of the House of Commons were members of the working class; in the United States in 1949, only 3 per cent of the members of the House of Representatives were recruited from the working class.\footnote{See Andrén, p. 57 on the Swedish Riksdag, and Alford, p. 98 on the House of Commons and the House of Representatives.} Britain’s Socialist Party, like Sweden’s, is relatively impervious to financial subversion by propertied interests. However, unlike the Swedish Socialists, the British Socialists have been unable to win elections and control the government with any great consistency. Nevertheless, they are such a serious threat that their chief rivals, the Conservatives, have been forced to accept much of their welfare program (including even the nationalization of the railroads and mines). It should also be noted, however, that the Socialists have found it expedient to give up their more extreme positions on the nationalization of industry, and that the British system of public education still lags far behind the American when judged by socialist standards.\footnote{See, for example, D. E. Butler and Richard Rose, The British General Election of 1969 (London: Macmillan, 1960); Cole, chap. 29; Alford, chap. 5; Samuel H. Beer, "Great Britain: From Governing Elite to Mass Parties," in Neumann, pp. 9–57; Anthony Richmond, "The United Kingdom," in Arnold Rose (ed.), The Institutions of Advanced Societies (Minneapolis: University of Minnesota Press, 1958), pp. 43–130; etc., etc.}

In Australia a somewhat similar pattern has developed, though the Australian Labor Party does not seem to have been quite so closely tied to the labor unions nor so strongly committed to the goal of socialism as the British Labor Party.\footnote{See L. F. Crisp, The Australian Federal Labour Party, 1901–1951 (London: Longmans, 1955); Louise Overacker, The Australian Party System (New Haven, Conn.: Yale University Press, 1962); Alford, p. 15 and chap. 7; and Owendolen Carter, "The Commonwealth Overseas: Variations on a British Theme," in Neumann, pp. 85–89 and 92–105.} In Belgium, the Socialist Party (formerly the
Labor Party) has shared in governmental coalitions most of the time since 1914, but the party has not yet won the support of even 40 per cent of the electorate. Furthermore, the party has been dominated by moderates committed to a pragmatic approach.64 France and Italy stand closer yet to the American pattern, since in neither of these countries have the two major working class parties, the Socialists and Communists, ever been in really effective control of the government, as the British Socialists were from 1945 to 1950 and, more recently, since 1964. Furthermore, those parties which have been in control have been highly vulnerable to the financial blandishments of propertied interests, a fact reflected in their legislative record if not in their rhetoric.62 Though details vary considerably among the other advanced industrial nations, most seem closer to the American pattern of governmental control than to the Swedish or even to the British. This appears true of the Federal Republic of Germany, Switzerland, Holland, Canada, Japan, and New Zealand.63

On the basis of the foregoing, one might conclude that the American pattern, or some slight modification of it in the British direction, represents the normal pattern for advanced industrial democracies. However, this ignores one very important fact, namely, the shift to the left in the political spectrum. In virtually all of the nations mentioned above, the long-term trend in governmental control has involved a strengthening of those parties, and those factions within parties, which are most responsive to the desires and demands of the common people. Sometimes this trend has manifested itself in declining support for conservative parties and growing support for liberal and socialist parties.64 Other times it has been evident in a progressive leftward shift in the stands of the major parties. Often, as in the United States, both tendencies have been evident. This trend suggests that the modal pattern for advanced industrial democracies will eventually be somewhere substantially to the left of the present

64 A recent report by George Gallup documents the decline of the Republican Party in recent decades. In 1940 he found that 38 per cent of Americans called themselves Republicans, and 42 per cent Democrats (the remainder called themselves Independents). By 1950 these figures had changed to 33 and 45 per cent respectively, by 1960 to 30 and 47 per cent, and by 1964 to 25 and 53 per cent. See The Washington Post, Nov. 8, 1964.
American pattern, though just how far is not yet clear. In view of the
difficulties, both economic and electoral, encountered by Swedish and
British Socialists in their efforts to carry out the classical Socialist pro-
gram, it seems unlikely that, in the next generation at least, the trend will
carry the modal pattern much beyond the present British position.\textsuperscript{65} It
could, in fact, stop considerably short of that point.

**Ruling Class: Fact or Myth?**

With the rise and spread of political democracy, students of power have
become increasingly divided over the applicability of the concept of a
governing or ruling class in industrial societies. Some claim to see no great
difference from the past and write persuasively of the Power Elite and The
Establishment; others deny their existence and write no less persuasively
of Political Pluralism, Countervailing Power, and Strategic Elites.\textsuperscript{66}

As is so often the case in controversies of this nature, there is a measure
of truth in both positions. For example, if one compares traditional
agrarian societies with modern industrial, it is clear that political power
has become much more widely diffused in the latter, at least in the democ-
kratic nations which constitute the great majority. One cannot honestly
say of the governmental institutions of any of these societies that they are
of, by, and for the privileged few to anything like the degree observed
in virtually all agrarian states. On the other hand, if one compares any of
these societies with the egaliitarian ideal, it is clear that none approaches
this standard either. In all industrial societies there are substantial in-
equalities in political power; most political decisions are made by a small
number of men, and the average citizen plays no role at all. In fact, he is
often totally unaware of the decisions being made.

As noted in an earlier chapter, there is much to be gained by viewing
this problem in variable, rather than categorical, terms. Much more is
gained by asking to what degree the political leadership of advanced in-

\textsuperscript{65} For evidence of the difficulties encountered by Swedish and British Socialists, see
Rustow, *Compromise*, chap. 8; Fleisher, chaps. 12 and 13; or Cole, chap. 29.

\textsuperscript{66} Among recent American writers on this subject, Floyd Hunter and C. Wright Mills
have been the two most prominent spokesmen for the elitist view, while Robert Dahl,
Suzanne Keller, David Riesman, and Kenneth Galbraith have been influential spokes-
men for the opposing view. See especially Floyd Hunter, *Community Power Structure*
(Chapel Hill, N.C.: University of North Carolina Press, 1953); C. Wright Mills,
*Democracy and Power in an American City* (New Haven, Conn.: Yale University
Press, 1961); Suzanne Keller, *Beyond the Ruling Class: Strategic Elites in Modern
Society* (New York: Random House, 1963); David Riesman et al., *The Lonely Crowd*
(New Haven, Conn.: Yale University Press, 1950); and Kenneth Galbraith, *American
dustrial nations conforms to the theoretical ideal of a ruling class monopolizing power and privilege, than by asking whether or not a ruling class exists.

Viewed in this way, it quickly becomes evident that there are varying degrees of approximation of the elitist ideal in industrial societies. In the Scandinavian democracies, the departure from the ideal is so marked that continued use of traditional concepts such as “the ruling class” can only cause confusion. In these societies, inequalities in power and privilege seem to approach the minimum which is possible without seriously jeopardizing the Socialists’ chances of attaining other party and national goals. Furthermore, in these societies power and privilege have largely been separated: those who enjoy the greatest measure of political power no longer enjoy a corresponding measure of economic privilege, and those who enjoy the greatest measure of economic privilege tend to be weak politically. By contrast, in those societies where the American pattern prevails, inequalities in power and privilege not only are much greater but are more highly correlated with one another. The concept of a ruling class is, therefore, somewhat more appropriate, though, as already stated, not nearly so appropriate as in traditional agrarian societies. In totalitarian societies of the fascist variety (a relatively uncommon type), a still better approximation of the elitist ideal is customary, with inequalities in both power and privilege being even greater and more highly correlated than in democracies of the American pattern. In totalitarian societies of the Communist variety, inequalities in power are extreme, but inequalities in privilege are more limited, though unlike the situation in Scandinavia, power and privilege are highly correlated. In short, there is considerable variability among industrial societies in this respect, but the modal pattern is quite different from that observed in traditional agrarian societies, indicating the need for considerable caution in the use of concepts such as “the ruling class,” “the governing class,” and “the political elite” in reference to industrial societies.

If one turns from past and present patterns to current trends and probable future patterns, the need for caution becomes even greater. In nearly all industrial societies the long-term trend has been, and continues

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67 This statement is no more than an educated guess, but it is based on observations of the reluctance of the Scandinavian Socialist Parties to press for complete economic equality, despite historic ideological commitments. This seems to reflect an awareness on the part of party leaders that the single-minded pursuit of this one goal could endanger their chances of attaining other important goals, e.g., the party goal of retaining control of the government or the national goal of maximizing production and productive efficiency. The accuracy of this interpretation can be tested properly only if these Socialist governments press for more perfect economic equality and the consequences of their efforts are observed.
to be, one involving a reduction in both political and economic inequality. The chief exceptions to this generalization seem to be (1) the Soviet Union, where there has been a definite rise in economic inequality since 1931, and (2) the Scandinavian democracies, where there seems to be a definite slowing, and perhaps even a halting, of the drive toward economic equality. Both exceptions involve societies in which economic inequality had already been greatly reduced, and there is reason to think that the halting or reversal of the general trend reflected their leaders' commitment to a plurality of partially incompatible goals and their unwillingness to jeopardize other goals solely for the sake of this one. Thus, looking to the future, one is led to make two predictions. First, the great majority of the more advanced industrial societies will move even further from the traditional elitist ideal in which a tiny minority monopolizes both power and privilege. Second, this trend will stop substantially short of the egalitarian ideal in which power and privilege are shared equally by all members of society.

The Political Class System

Despite substantial movement toward the democratic ideal, political inequality is still a basic fact of life in all advanced industrial societies, and political resources are the basis of one of the more important, but neglected, class systems. Where an individual stands with respect to such resources can have a decisive influence on his chances of obtaining many of the things he desires most. Though political status is obviously more important for an individual in a totalitarian nation than in a democratic, it is not without considerable influence in both.

Since the nature of the political class system is more clearly defined in totalitarian nations, it may be well to start with them. In such nations one can readily identify at least four basic classes, each standing in a different relation to the means of political control—that is, the Party.

At the top of this hierarchy, one always finds a rather small group of Party functionaries, persons who serve the Party on a full-time basis and for whom Party activity is their livelihood. This class can be further differentiated into a small Party elite, which controls the decision-making process within the Party, and the great majority of lesser functionaries, whose task it is to implement the decisions of the elite. Beneath the functionaries

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69 See footnote 67 above for suggestions of the nature of other goals of the Scandinavian Socialists.
is the class made up of Party members, persons who hold membership in the Party without being engaged in full-time Party work. This class, too, can be subdivided into activists, who provide leadership in the lower echelons of the Party on a volunteer basis, and others, who do little more than what is necessary to maintain membership in the Party.

Still lower in the class hierarchy of totalitarian states is the class composed of persons who, though outside the Party, are not regarded by the Party as hostile to it. This non-Party class has always been the largest class, including, as it does, at least three types of persons: (1) those who desire membership in the Party but lack relevant qualifications, (2) those who are covertly hostile to the Party and do not seek membership on grounds of principle, and (3) those who are indifferent. Finally, beneath the non-Party class there is usually a class of persons who are officially classified as enemies of the Party. This class varies considerably in size and social situation. Its members are subject to imprisonment or even execution, but, under favorable circumstances, are allowed their freedom subject to penalties or limitations not imposed on others.

Political class systems of this type develop automatically in any industrial society where a single, authoritarian party gains control of the state. Considering the heterogeneity of a modern industrial society and the self-seeking tendencies of men, it is impossible for all to agree voluntarily on any single political program or policy. Varying responses to the programs of a totalitarian party are inevitable, and lay the foundation for the differentiation of the population into Party members, non-Party people, and Party enemies. Furthermore, the needs of the Party lead quite naturally to the differentiation of Party members into the categories described above.

The existence of this type of class system is coming to be recognized even in the Communist sphere, where the first to speak openly of it was Milovan Djilas, once Marshal Tito's chief lieutenant. In a series of essays published in the early 1950s, Djilas strongly condemned the rise of what he called "the new class." He stated that the new class is "made up of those who have special privileges and economic preference because of the administrative monopoly they hold." More specifically, he identified it with the "Party bureaucracy," or those we have labeled the Party functionaries. Since the death of Stalin, criticism of the new class has emerged even in the Soviet Union, though most critics there are still quite cautious about applying the hated label "class" to the objects of their attacks.  

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Thanks to the work of these critics and of foreign scholars as well, it is now possible to form a fairly clear image of the nature of this class system and how it operates within the Soviet Union. To begin with, official Party reports show that approximately 10 million persons are currently members of the Communist Party. This is about 8 per cent of the adult population. At the present time it is not altogether clear in what ways and to what extent ordinary Party members benefit from Party membership. In the past, however, there were obvious material benefits. For example, one Russian refugee interviewed after World War II described the situation this way:

Now take the time of the famine; who lived and who didn’t live? The party people lived because when everybody else had nothing to eat, the party people could go to special stores and get food.

Turning to the then current situation, he went on to say:

Suppose I am a Communist and you are not. I will live well and you will live poorly. If I am a nonparty man and I have three children, they cannot get the education they need and they cannot get the food they need. If I am a party man, we will have plenty of money and we will get along well. Our kids can go to school.

At the present time, with food and other consumer goods more plentiful, it appears that Party membership and activity are important chiefly as qualifications for occupational advancement. Apparently non-Party people cannot hope to rise to the top in most fields of endeavor. It must be noted, however, that in more recent years entry into the Party has been made relatively easy for talented and ambitious persons. In fact, it seems to have become a deliberate policy to recruit such persons for the Party.

The desire of Party leaders to recruit the more talented elements in the population has led to an interesting and important bias in the composition of its membership. Official Party statistics reveal that the Party includes a disproportionate number of persons in professional and managerial occupations, and is underrepresented among workers and peasants. For example, one report indicates that 73 per cent of the delegates to the Twenty-first Party Congress in 1959, and 52 per cent of all Party members, were at least secondary school graduates, even though only 16 per cent of

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74 See, for example, Fainsod, pp. 215 and 234; Granick, p. 173; Inkeles and Bauer, pp. 324–329; Dpitas, pp. 72–73; or DeWitt, p. 537 and 463–468.
the general population had reached this level. Since educational attainments are so highly correlated with occupational status, there are similar discrepancies between the status of Party members and others in the occupational class system. For example, despite the fact that professionals and semiprofessionals constitute only 1.8 per cent of the total population, or roughly 4 per cent of the labor force, they represent more than a quarter of the Party's membership. As one expert put it, "Although the integration of professionals with the Communist Party is far from complete, substantial interlocking between the two groups is in effect. . . . The degree of interlocking between the top echelons of the party and the leading administrative elite is even more extensive." Recent reports from Yugoslavia reveal a similar situation there, and less systematic evidence from other Communist nations suggests that the pattern is virtually universal.

Things were not always so in the Communist Party. At the time of the Russian Revolution, more than 60 per cent of the Party members were listed in Party records as being of worker origin, and another 8 per cent of peasant origin. By 1956 the percentage of the former had been almost halved (to 32 per cent), and though the percentage of peasant origin had risen (to 17 per cent), together they accounted for less than half of the Party's membership.

Despite its proletarian ideology, this kind of development seems almost inevitable. Merle Fainsod identified the basic factor responsible for the trend when he wrote, "As the dominating force in Soviet society, the Party can discharge its governing responsibilities effectively only by assimilating the most highly trained and educated representatives of the younger generations. In consolidating its position as a governing elite, the Party needs to incorporate the rising stratum in Soviet society—the engineers and technicians, the plant managers, the bureaucrats, and other representatives of the new technical, administrative, and cultural intelligentsia." In short, there is no alternative to at least partial coordination of the political class system with the occupational and educational class systems in totalitarian nations.

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76 See DeWitt, pp. 533 and 534 and table 6-79. Fainsod reports somewhat lower figures for Party members, but still a substantial difference between them and the general population (see p. 281).
77 DeWitt, pp. 533 and 535.
78 Ibid., pp. 536-537.
79 Ibid., p. 276.
80 Fainsod, p. 250.
81 Ibid., p. 281. Quoted by permission.
Though all Party members probably benefit somewhat because of their membership, the chief beneficiaries are the Party functionaries who make up "the new class" which Djilas attacked. The exact size of this class is not known, but it has recently been estimated to number from 150,000 to 750,000. The powers of this class, which are immense, derive ultimately from its control of the state. This means that the entire police system and all of the armed forces are at its disposal and can be used at all times to implement its decisions.

Since the Party is organized along authoritarian, hierarchical lines, tenure and advancement within Party ranks have depended to a large degree on an individual's ability to satisfy his superiors. As a result, positions in the organization have often been quite insecure. This reached its extreme during the Stalin era. Premier Khrushchev reported in his famous address to the Twentieth Party Congress that "of the 139 members and candidates of the Party's Central Committee who were elected at the Seventeenth Congress, 98 were arrested and shot (mostly in 1937-38)" and that of the 1,066 delegates with either voting or advisory rights at the same congress, 1,108 "were arrested on charges of antirevolutionary crimes." While there has been a substantial improvement in the security of Party functionaries since Stalin's death, the dangers are not completely eliminated. As one authority put it very recently,

The life of the apparatchik remains hazardous. Though there have been no blood baths on the scale of the Great Purge since the mid-thirties, shake-ups in the apparatus are frequent, and punishment for serious mistakes is severe. Even the most powerful may fall from the heights to the lowest depths with dizzying swiftness.

Because of the serious risks involved, compensations have been essential. Among these, two in particular stand out. The first is the opportunity for rapid advancement, an inevitable by-product of shake-ups, dismissals, and purges. The more high ranking officials removed from office, the more openings become available for younger men of lesser rank. Furthermore, there is a multiplicative tendency involved, because a single dismissal of a high ranking official normally creates the need for a series of promotions in a multilevel organization.

The second compensation which the Party has traditionally offered is privilege on a lavish scale. This was especially true during the Stalin period, when risks were so very great. However, the privileges accorded

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83 The lower estimate is by Fainsod, pp. 206-207, and the higher by Mehlert, p. 21.
84 Fainsod, pp. 195-196.
85 Ibid., p. 207. Quoted by permission.
86 See, for example, David J. Dallin, The New Soviet Empire (New Haven, Conn.: Yale University Press, 1951), chap. 9.
members of the political elite even today are comparable in many respects
to those enjoyed by the property and managerial elites in capitalistic
nations. These include not only such material benefits as lovely homes
and estates, fine clothes, good food, and servants, but also the opportunity
to provide one's children with special access to elite positions. This is
especially important because it lays the foundation for the hereditary
transmission of power and privilege from generation to generation.

Despite the lavish rewards the political elite receives, not all of them
are satisfied. It is apparent from Soviet sources that the apparaatchiki have
often used their powers of office for private gain, sometimes on a very
substantial scale. This supports Djilas's thesis about the declining influ-
ce of the Party's egalitarian ideology in its own ranks and the growing
influence of simple self-seeking.

Though the existence of a political class system is most easily seen in
one-party, totalitarian nations like the Soviet Union, it can also be ob-
served in any multiparty nation in which the nature and extent of a per-
don's political activity affect his access to rewards. Naturally, however,
there are certain differences in the structure and functioning of such sys-
tems. To begin with, a democratic party cannot dominate the state as can
a totalitarian. Therefore, it is not able to use so freely the resources of the
state to support party personnel. This means that the political class, i.e.,
the party functionaries, or professional politicians, tends to be smaller in
democratic nations. Second, because of this inability to utilize freely the
resources of the state, party leaders are forced to turn elsewhere. In many
instances this permits wealthy individuals to "buy" their way into the
inner circle of democratic parties. This is most likely to occur in non-
ideological, brokerage-type parties, such as exist in the United States,
and least likely to occur in Socialist and Labor parties, with their strong egal-
tarian ideology. Third, the distinction between party members and non-
party people is highly blurred in most multiparty states, with the result
that large numbers of persons who regard themselves as party members or
adherents, pay no dues and in no way share in party activities. Finally,
there is much less likely to be a class of political outcasts in multiparty

87 See Mehnert, especially chaps. 5 and 8, or Djilas.
88 Mehnert, p. 103, or David Burg, "Observations of Soviet University Students," in
Richard Pipes (ed.), The Russian Intelligentsia (New York: Columbia University
89 Fainsod, pp. 240-242. See also recent Soviet novels, such as Dudintsev's, Not by
Bread Alone.
90 For examples of this, see James Reichley, The Art of Government: Reform and
Robert Lynd and Helen Lynd, Middletown in Transition (New York: Harcourt, Brace
& World, 1937), especially chaps. 3 and 9; or Key, pp. 537-547, among many others.
nations, and when one does exist (as in the case of Communists in the United States), the numbers involved tend to be small and the individual is normally free to leave the class if he is willing to abandon his deviant views.\footnote{A notable exception to this is the case of the Negroes of the deep South at present, and much of the South in an earlier period. It is noteworthy, however, that this pattern has existed in areas lacking a true multiparty system.} By contrast, in totalitarian states, escape from that class is entirely dependent upon the decision of officials of the party in power, and merely adjuring one’s former beliefs cannot insure escape.

Membership in the political class often is just as rewarding in multiparty nations as in one-party nations. Though it has long been known that political activity in the former affords unusual opportunities for self-aggrandizement, the magnitude of these opportunities has not always been appreciated by those outside political circles. In a famous study of twenty American city bosses, made more than a generation ago, it was found that at least nine left estates officially valued at $1 million or more, including one valued in excess of $11 million.\footnote{Harold Zink, \textit{City Bosses in the United States: A Study of Twenty Municipal Bosses} (Durham, N.C.: Duke University Press, 1930), pp. 37–38. Some of the figures which follow are based on data presented in the individual biographies in the second section of this book.} In addition, two others were millionaires at some point in their career, and five others left estates valued at $200,000 to $800,000. Only three men never accumulated a substantial fortune, and no information was available on the finances of one. All this they achieved in an age when the dollar was worth at least twice what it is today, and despite the fact that none came from prosperous homes (six were raised in abject poverty and eight came from poor homes).\footnote{Ibid., p. 9.} These men were not unique. The list could be extended considerably.\footnote{See, for example, the career of the former Kansas City boss, Tom Pendergast, who in a single year bet $2 million on horse races and lost $800,000, and made over $300,000 on a single “deal.” Over a ten-year period Pendergast failed to report over $1 million in income in his tax returns (the record fails to show how much more he reported). See William Reddix, \textit{Tom’s Town: Kansas City and the Pendergast Legend} (Philadelphia: Lippincott, 1947), pp. 278–279, and Maurice Milligan, \textit{The Missouri Waltz} (New York: Scribner, 1948), p. 191.} In recent years, the opportunities for financial gain through party politics seem to have declined considerably, though a recent study of the financial history of President Johnson indicates that it would be premature to suppose that such opportunities have ceased altogether. According to this study, President Johnson, his wife, and daughters were worth approximately $9 million in 1964, and this vast fortune “was amassed almost entirely while Mr. Johnson was in public office; mainly since he entered the Senate and began his rise to national power in 1948.”\footnote{\textit{New York Times}, June 10, 1964, p. 25. Later reports raised the estimate of the Johnson family fortune to $14 million.}
It is often supposed that when party leaders in countries like the United States acquire great fortunes it is by illegal means. While this has sometimes been true, it overlooks the fact that those who occupy high positions in party organizations have many opportunities to get rich without ever violating the law. Boss Crump of Memphis made a fortune by channeling most of the insurance business of that city through a firm in which he had a major interest. Boss Pendergast made many thousands of dollars selling Kansas City concrete, which it bought in inordinate quantities at premium prices. Others have used inside information about city plans as a basis for “speculation” in real estate or have invested in businesses whose markets are protected by governmental agencies vulnerable to their influence. In short, there has been no lack of perfectly legal opportunities for self-aggrandizement by the political elite in the United States.

Despite the fact that both American and Soviet political elites have benefited enormously from their control of key political offices, it should not be supposed that this is a universal pattern in industrial societies. In some instances political elites have studiously avoided economic self-aggrandizement. This has been true of Socialist Party elites in both Scandinavia and Britain. Similarly, in the Conservative Party in Britain, the pattern seems to have been rare in recent years. The explanation for these differences appears to lie largely in the nature of the party organizations. In Socialist parties with their strong egalitarian ideology, strict discipline, and freedom from terror, excessive rewards are not necessary, and individuals usually have neither the desire nor the opportunity to use their political office as a means of self-aggrandizement. The same can also be true of such parties as the Conservative Party in Britain, where discipline is strict, where subelites (such as the backbenchers in Parliament) have little independence, and where the top leadership is made up largely of persons of considerable wealth who are less interested in using party office as a resource for private financial aggrandizement than as a means of protecting class and national interests.

Though membership in the political class is often highly rewarding in nontotalitarian nations, this is not true of mere party membership. Psychic rewards and the chance of moving into the ranks of the party professionals seem to be the chief benefits a party has to offer mere members.98 This is undoubtedly one of the reasons why this class is seldom more than a small minority of the population. In the United States, for example, studies show that not more than 10 per cent of the adult popula-

tion claims ever to have had any kind of active involvement in party organizations.97 The situation in Europe does not seem to be very different. Duverger has shown that only a minority of the voters who support the highly organized Socialist parties at the polls are even dues paying members, e.g., less than 10 per cent in France, Germany, and Holland.98 He also shows that the true activists are only a fraction of the dues paying minority, stating that, "In no party do they seem to exceed a half of the [dues paying] membership: when they reach a third or a quarter, the party may be considered to be active." 99

When one examines political class systems in a comparative and historical perspective, two important trends seem to emerge. In the first place, it appears that there is a widespread trend toward a decline in the importance of political class systems relative to other class systems, especially the occupational class system. A declining proportion of the rewards in advanced industrial nations are distributed on the basis of the individual's status in the political system. This trend is clearly evident in the United States, where the political class has been under attack for roughly a century by major segments of the propertied, entrepreneurial, and managerial classes. Hoping to reduce the costs of government while increasing its efficiency, these groups have introduced a number of major reforms designed to reduce the powers of professional politicians.100 One of the early reforms sought to replace the traditional patronage system, which placed vast appointive powers in the hands of party leaders, with the merit, or civil service, system. Though party leaders have found ways to get around these laws to some extent, their powers of appointment have been greatly curtailed. To cite but a single example, in New York City the proportion of exempt appointments in the classified service, i.e., not subject to civil service regulations, was reduced more than 80 per cent in the first half of the present century.101 While this figure is probably higher than average, it reflects the general trend.

98 Duverger, book 1, chap. 2, especially p. 95. In some countries, such as Sweden and Britain, where many union members are automatically enrolled in the Socialist Party by their union, the proportion rises to a third or more, but only because the responsibility is taken out of the individual's hands.
99 Ibid., p. 114.
100 For a good discussion of this reform movement, see Edward Banfield and James Wilson, *City Politics* (Cambridge, Mass.: Harvard University and M. I. T. Presses, 1967), especially part 3 and the concluding chapter.
101 Theodore J. Lowi, *At the Pleasure of the Mayor: Patronage and Power in New York, 1898-1939* (New York: Free Press, 1964), table 4.1. Lowi also reports that the percentage of nonparty appointments in the mayor's "cabinet" rose from 10 per cent in the predepression era to 30 per cent since World War II (p. 92).
A second important reform has been the rise of the council-manager form of local government and related developments, which put increasing power in the hands of professional administrators. At the present time, more than 36 per cent of American cities with a population of 5,000 or more have managers.\textsuperscript{102} As one writer put it, "In practice, although the manager plays a public role of 'the expert' who is available only to answer questions and to administer, in fact, he or his subordinates are the principal sources of policy innovation in [council-manager] cities today."\textsuperscript{103} Even in cities which have not adopted the council-manager plan, the same trend is evident, with the power of administrators or managers steadily increasing as the departments they manage grow in size and complexity.\textsuperscript{104}

Similar trends exist in the Soviet Union. During the first two decades of Communist rule, Party membership and loyalty were often sufficient qualifications for appointment to important posts in industry and government.\textsuperscript{105} As a consequence, as late as 1934, 50 per cent of the factory directors in the Soviet Union had only a primary school education. Today, Party loyalty is not enough. Higher education is the chief criterion and Party membership has become a secondary requirement. While Party membership apparently is still essential to appointment in top managerial posts, entry into the Party seems little more than a formality for occupationally qualified persons. Another indication of the weakening of the Party and the political class system can be seen in recent decisions, in the Soviet Union and other Eastern European countries, to reduce the scope of planning in their economies and to increase the scope of market forces.\textsuperscript{106} Whatever the reasons behind these decisions, the results will almost certainly be increased power for the managerial and professional classes and further reduction in the power of Party functionaries. Finally, political status has come to count for relatively little in those countries of Western Europe where the Socialist Party is dominant, and probably for little more in others, like Britain, where a strong civil service system has become entrenched. In short, political class systems seem to be in a period of decline in most advanced industrial nations.

The reasons for this are varied, but most of them are related to the great growth in the size and complexity of economic and governmental

\textsuperscript{103} Ibid., p. 250.
\textsuperscript{104} See Banfield and Wilson, p. 184.
\textsuperscript{105} See, for example, \textit{Faunsod}, pp. 503-505.
\textsuperscript{106} Various aspects of this development have been widely reported in the press in 1964. See footnote 38 above.
organizations. A considerable measure of autonomy has become essential for the managers of these organizations. What is more, the management must be technically trained. The only alternative would be the sacrifice of efficiency and productivity, and this is a price few political elites are willing or able to pay.\textsuperscript{107}

The second trend is more debatable, since the evidence suggesting it is limited to the United States and Soviet Union. It is possible that it may not apply to all, or even most, advanced industrial societies. In these two nations, however, one can observe a definite curvilinear trend in the correlation between status in the political class system and status in several of the other important class systems. During the early stages of industrialization, status in the political class system was highly correlated with status in the occupational, educational, and property systems, reflecting the agrarian pattern. With the rise of mass parties and the increasing power of the working class, this relationship was weakened in all industrial societies, and especially those under Socialist or Communist control. In recent years, however, there have been definite signs of a reversal of this trend.\textsuperscript{108} In both the United States and the Soviet Union, political status is increasingly correlated with occupational and educational status, and in the United States with property status as well. Whether the same trend exists in the democracies of Western Europe is not clear at present.

Though the reasons for this trend vary somewhat in the two countries, in both instances the recent reversal is linked with the weakening of the political system of stratification. In the United States the reversal apparently reflects the decline in the number of low-level patronage positions, which formerly gave men of humble background an opportunity to get a start in politics as a career. With the spread of civil service, traditional channels for upward mobility within the party have been reduced and the higher posts within the parties are increasingly taken by persons of means who can “afford” them. In the Soviet Union the increasing correlation between political, economic, and occupational status appears to be due to the weakening of the Party through the loss of ideological fervor and the Party’s resultant desire to strengthen itself by bringing into its ranks the leading elements in the population. As a result, the correlation between political status on the one hand and occupational and educational status on the other is probably at least as high in the Soviet Union as in any non-Communist democracy.

\textsuperscript{107} For a more extended discussion of this and related points, see pp. 313–314 of this chapter and pp. 347–361 of the next.

\textsuperscript{108} In the case of the United States, see Dahl, chap. 4, on the rise of “the new men,” or Banfield and Wilson’s concluding chapter. On the U.S.S.R., see the statistics cited previously (pp. 329–330) on the changing composition of the Party.
The Property Class System

A second important resource in the majority of advanced industrial societies is the ownership of private property. This is especially true in those societies conforming to the American pattern, where wealth can be a means of obtaining both political and economic power. In societies corresponding to the Swedish pattern, and in fascist states, wealth loses much of its political utility, but retains its economic value. In Communist states, its economic value is restricted to the purchase of consumer goods and services and to the earning of modest interest payments.\footnote{In the U.S.S.R., for example, money deposited for six months or more earns 5 per cent interest, while demand deposits earn 3 per cent. See F. D. Holzman, “Financing Soviet Economic Development,” in Bernstein and Fusfeld, p. 148.}

Where private property functions as a resource, there is, of necessity, a system of property classes. However, contrary to Marx's expectations, there has been no polarization of populations along this line. On the contrary, tables depicting the distribution of wealth for advanced industrial societies invariably reveal an unbroken gradient ranging upward by small increments from tiny holdings to great estates of massive proportions, with no clear lines of demarcation at any point. Evidence of this can be seen in Tables 2 and 3, which show recent estimates of the distribution of wealth in the United States and Britain.

Nevertheless, despite the gradient, and despite the fact that in these societies virtually everyone owns some property, there is a sense in which it is not only possible, but useful, to speak of a \textit{propertied class}. Tables 2 and 3 clearly show that some members of British and American societies benefit from the system of private property in a way that others do not: \textit{some own more than their proportionate, i.e., per capita, share of private property and therefore receive more than their proportionate share of the rewards of such property}. Thus, such persons have a special interest in the preservation of this historic institution. It is this segment of the population, therefore, which I shall refer to as the propertied class.

On the basis of Lampman's recent study of the distribution of wealth in the United States, it appears that roughly 25 per cent of the American population belongs to the propertied class so defined. The members of this class own approximately 80 per cent of the privately held wealth.\footnote{These estimates are based on the Lorenz curve shown by Robert Lampman in \textit{The Share of Top Wealth-holders in National Wealth: 1922-1956} (Princeton, N.J.: Princeton University Press, 1962), p. 212. Almost identical results are reported by John C. Bowen in a study carried out independently of Lampman's. See \textit{Some Aspects of Transfer Taxation in the United States} (unpublished doctoral dissertation, University of Michigan, 1958), chart 11.6 and table 6.13.}
England and Wales, where there has long been a greater degree of inequality in the ownership of private property, the propertied class constituted only about 12 per cent of the population in the late 1940's, but owned approximately 85 per cent of the privately held wealth.111

### Table 2 Estimated Distribution of Wealth in the United States, 1953

<table>
<thead>
<tr>
<th>Assets</th>
<th>Percentage of Adult Population</th>
<th>Percentage of Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $3,500</td>
<td>50.0</td>
<td>8.3</td>
</tr>
<tr>
<td>$3,500 to $10,000</td>
<td>18.4</td>
<td>10.2</td>
</tr>
<tr>
<td>$10,000 to $20,000</td>
<td>21.2</td>
<td>29.3</td>
</tr>
<tr>
<td>$20,000 to $30,000</td>
<td>5.8</td>
<td>13.4</td>
</tr>
<tr>
<td>$30,000 to $50,000</td>
<td>2.7</td>
<td>9.5</td>
</tr>
<tr>
<td>$50,000 to $100,000</td>
<td>1.0</td>
<td>6.2</td>
</tr>
<tr>
<td>$100,000 to $1,000,000</td>
<td>0.9</td>
<td>16.6</td>
</tr>
<tr>
<td>$1,000,000 to $10,000,000</td>
<td>0.04</td>
<td>5.2</td>
</tr>
<tr>
<td>$10,000,000 and over</td>
<td>0.0006</td>
<td>1.3</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>


### Table 3 Estimated Distribution of Wealth in Britain, 1946-1947

<table>
<thead>
<tr>
<th>Assets in Pounds</th>
<th>Percentage of Population</th>
<th>Percentage of Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100</td>
<td>60.6</td>
<td>4.2</td>
</tr>
<tr>
<td>100 to 999</td>
<td>27.8</td>
<td>11.6</td>
</tr>
<tr>
<td>1,000 to 4,999</td>
<td>8.9</td>
<td>21.0</td>
</tr>
<tr>
<td>5,000 to 9,999</td>
<td>1.4</td>
<td>11.4</td>
</tr>
<tr>
<td>10,000 to 24,999</td>
<td>0.9</td>
<td>16.4</td>
</tr>
<tr>
<td>25,000 to 99,999</td>
<td>0.4</td>
<td>19.2</td>
</tr>
<tr>
<td>100,000 and over</td>
<td>0.06</td>
<td>16.3</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Kathleen M. Langley, "The Distribution of Capital in Private Hands in 1936-38 and 1946-47 (part 2)," Bulletin of the Oxford University Institute of Statistics (February, 1951), table XVB, p. 46. Included as table 100 in Lampman.*

For some purposes it is enough simply to differentiate between those who belong to the propertied class and those who do not. For other pur-

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111 Lampman, pp. 212 and 216.
poses, however, further discrimination is desirable. For example, if one wishes to understand the political activities of the propertied class, it becomes necessary to differentiate between the thousands of lesser members whose holdings are relatively modest (for example, as small as $11,000 in 1953 in the United States, or £1,000 in Britain in 1946–1947), and the tiny minority whose holdings are great enough to constitute an important political and economic resource. This latter group may be called the property elite.

Again, there is no obvious or necessary line of demarcation, but a meaningful one might separate from the rest that segment of the propertied class whose income from property alone is great enough to permit a comfortable style of life. To facilitate international comparisons, I shall define the property elite as that segment of the population whose income from property alone is at least twice the national median from all sources.

In 1953, the year covered by Lampman’s study, it appears that only two-thirds of 1 per cent of the American population were members of this elite, but this small number of people owned 20 per cent of the privately held wealth.¹¹² In the late 1940s, the property elite in England constituted about 1 per cent of the population and owned approximately 45 per cent of the privately held wealth.¹¹³ As these figures, and those for the propertied class as a whole, make clear, a relatively small minority in both countries has derived a major share of the direct benefits from the institution of private property.¹¹⁴

In part, this pattern of distribution is the natural result of the operation of a market economy, in which there are always certain forces at work generating inequality in both income and wealth. For example, as noted earlier, men are not born with equal endowments, and some are more favored by nature with intelligence and other economically profitable attributes. Furthermore, the factor of scarcity, i.e., the fact that the

¹¹² These estimates were arrived at in the following fashion. According to government statistics, the median money income for families and unrelated individuals in that year was $3,789 (see the Statistical Abstract, 1962, p. 332). Total income, therefore, probably equaled about $4,000, and twice this would qualify one as a member of the property elite. The rest of the calculations were made on the basis of tables 34 and 99 in Lampman’s book.


¹¹⁴ Some would argue that all members of society benefit substantially from the existence of the system of private property, since it functions to motivate men to work harder and accumulate wealth, and thus raises the gross national product more rapidly than alternative systems. This is a very difficult thesis to prove or disprove, and to avoid becoming entangled in it, I shall discuss only the direct or immediate benefits which accrue to the owner himself by virtue of his property rights.
demand for most goods and services exceeds the supply, insures that under conditions of private ownership some will own what others cannot. Also, the fact of differential scarcity among commodities insures that what some own will inevitably prove more valuable than what others own.

While the operation of such factors is commonly recognized, many overlook the fact that in a free market system, i.e., one free from political regulation, small inequalities tend to generate greater inequalities and great inequalities still greater ones. In short, a free market system itself tends to foster the monopolization of wealth by the few. This is due chiefly to the influence of "fixed costs" which, to the degree they are present in an industry, provide a constant competitive advantage to larger producers, who are thereby enabled to price their products below their smaller competitors. With lower prices, they tend to win a larger share of the market, which permits them to lower their prices still further while forcing up the prices of their competitors, thus setting in motion a vicious circle which normally ends in the elimination of the smaller firms.\(^{115}\) In other words, in a completely free and politically unfettered market economy, there is a natural tendency for "the rich to get richer and the poor to get poorer." In the past, inefficient systems of transportation and communication, together with the limited development of rational systems of economic organization and administration, served to check this tendency, but with modern advances in technology and social organization, these limitations are fast disappearing.

This would lead one to expect increasing concentration of wealth in non-Communist nations. The fact that this has not happened is due chiefly to the working of political forces which, in industrial societies no less than agrarian, appear to be the most important determinant of the distribution of wealth. In fact, it is no exaggeration to say that the action of economic forces in modern industrial societies takes place increasingly within a framework defined by law. With increasing frequency, governmental bodies determine the uses to which economic resources may be put, thus ultimately determining their value.

In democratic nations, the propertied class, and particularly its elite, is inevitably at some disadvantage in this situation owing to its lack of numbers. Since the propertied class is a creature of the market system, it will always be a minority of the population. Hence its members have a vested interest (whether recognized or not) in preventing those outside its ranks from influencing political decisions. During the earlier stages of industrialization, this was achieved by setting property requirements for

\(^{115}\) For an excellent description of a classic case of this process, see Edward Higbee, *Farms and Farmers in an Urban Age* (New York: Twentieth Century Fund, 1983).
the right of franchise, so that only men of means could vote. This practice proved politically untenable, however, and was eventually eliminated. In the United States it was virtually eliminated by the 1840s, but in Europe, not until late in the nineteenth century or, in some cases, until well into the twentieth.\textsuperscript{116} In Sweden, for example, property restrictions on the franchise were not finally eliminated until after World War I.\textsuperscript{117}

Though it might seem that elimination of property restrictions doomed the propertied class and the institution of private property, this has not been the case. In part, this is because of the nature of modern democracy, which makes wealth an important political resource. Given the size of modern industrial states, pure democracy is impossible, and representative government inevitable. This means that constituencies are large and elections costly. Those who are elected to high public office (where the constituencies are largest) must therefore be either (1) wealthy in their own right, (2) financed by persons of wealth, or (3) financed by large, mass organizations of persons of modest means, as in the case of the Socialist and Labor Parties. So long as the third possibility can be avoided, the propertied class in general, and the property elite in particular, are readily able to translate their financial resources into political resources.\textsuperscript{118} The possibilities of accomplishing this are further enhanced by the sheer complexity of modern governmental action, which frequently defies comprehension by anyone but the expert. The legislative process often involves a bewildering number of steps, many more or less invisible and inaccessible to the average citizen, and legislation is commonly written in the specialized language of lawyers.

As a consequence, the propertied class and its elite are often able to block legislation hostile to their interests and secure legislation of a favorable nature, provided they show enough restraint to avert a massive popular reaction. One result of this can be seen in the peculiar character of so much of the political life of modern democracies, where the rhetoric of politicians is frequently egalitarian in character, but the legislation more often aristocratic.\textsuperscript{119} Thus, we have the strange situation in which the "official" tax rates in the United States in 1960 ranged up to an almost

\textsuperscript{117} See Rustow, \textit{Compromise}, pp. 84-85, or Fleisher, pp. 18-19.
\textsuperscript{118} See, for example, Ehrmann, \textit{France}, pp. 224f., on the use of campaign contributions by the property elite in France.
\textsuperscript{119} See, for example, Stern's report of the Democratic Congressman who said, "Ways and Means is the strangest of all the House committees—and the hardest to understand. Judging by the voting records of its members on the floor of the House, the liberals ought to have darn near a working majority. But their public voting records and their 'operating' records in the committee, behind closed doors, are two different things." \textit{Op. cit.}, p. 284. See also Ehrmann, \textit{France}, chap. 5.
confiscatory 91 per cent on income of more than $200,000 per year, while the average rate actually paid by persons with reported incomes of $5 million or more was a mere 24.6 per cent.\textsuperscript{120} Similarly, though the “official” rate for inheritance taxes on estates of $20 million and over was listed at 69 per cent in 1958, actual taxes on estates of this size equalled only 15.7 per cent of their value.\textsuperscript{121}

In the long run, however, the relative success of the propertied class and its elites may be due as much to the nature of the resource they cherish as to their skill in political intrigue and manipulation. Wealth, by its very nature, is almost infinitely divisible, which means that it is possible for every member of society to own some property and thereby come to identify his personal interests with those of the propertied class. While the holdings of many are too negligible to produce this kind of identification, in most industrial societies many people outside the propertied class have holdings which are sufficient to produce either ambivalence or outright support for the system of private property. Thus in many controversies over the rights of property, the propertied class obtains considerable support from persons outside its ranks, which helps to insure the survival of the system even in societies where universal adult suffrage prevails. However, it is important to note that this support is not unconditional. Much of it is likely to be withdrawn if the propertied class pushes its demands to the point where the economic well-being of its nonmember supporters is undermined. Awareness of this tends to serve as a check on the self-seeking tendencies of the members of this class.

Finally, one other factor favoring the propertied class is the support it receives from the rising managerial class. This class, though small in numbers, has a tremendously important resource at its disposal and, for reasons discussed in the next chapter, usually supports the propertied class in its struggles with its opponents. The importance of this can hardly be overstated.

Despite all these factors, the net balance of forces has tended to be unfavorable to the propertied class and property elite. Thus, \textit{in the long run there has been a slow but certain decline in their rights and powers.} In most industrial societies, this was first manifested in the broadening of the franchise. More recently, it has been evident in the passage of a constantly growing body of legislation which restricts the ways in which property may be used. More and more, “human rights” are being given priority over property rights, and common interests over private interests,

\textsuperscript{120} This figure is from the Bureau of Internal Revenue's \textit{Statistics of Income}, and is reproduced by Stern, p. 6.
\textsuperscript{121} \textit{Ibid.}, p. 254.
when these conflict. This has been accomplished by the passage of anti-trust legislation, food and drug laws, minimum wage laws, social security programs, unemployment compensation, and a host of other laws. While there are illusory aspects to some of this legislation, as in the case of certain "official" tax rates, there is also considerable substance, even in countries where the American pattern of control prevails. Even a mildly progressive tax system, i.e., one in which tax rates are higher for the wealthy than for the poor, represents a significant advance over traditional agrarian or early industrial societies where tax systems were normally regressive. Finally, the trend toward greater equality is manifested in the growth of public property, public ownership, and public enterprise (for example, in 1954 between a quarter and a third of Britain's total labor force was employed by the government in a civilian capacity).  

It is difficult to predict how far this trend will go. Some argue that it is leading inexorably to the elimination of the entire concept of private property. However, this view is not consistent with available evidence. Even in the Soviet Union the Communist Party has found it inexpedient to eliminate entirely the private ownership of property, and now permits an individual to own a house, a garden up to several acres in size, savings accounts, and personal possessions of many kinds. Of even greater significance, the more utilitarian and less doctrinaire Socialist Parties of Europe are abandoning their former demands for complete nationalization of industry and accepting, even advocating, the principle of a mixed economy.  

In part this trend is the Socialists' response to political resistance which apparently mounts in proportion to the degree of change accomplished, which suggests that a self-limiting principle is operating. One may hypothesize that to the degree that parties representing the working class succeed in enacting laws which bring about a more equal distribution of private property, they reduce the number of persons favoring further socialization of the economy and increase the number opposing it. If this hypothesis is sound, it would help explain the increasing resistance which the more successful Socialist Parties have encountered in recent years.

124 See, for example, Kurt Shell, The Transformation of Austrian Socialism (New York: University Publishers, 1962), especially chaps. 6 and 7. See also Fleisher, chaps. 12 and 13, or Rostow, Compromise, chap. 8, on the Swedish Socialists, or Cole, chap. 29, on the British.
This does not seem to be the whole story, however, and the Socialists' modification of their program after they come into power seems to reflect a growing uncertainty about the utilitarian value of their traditional policy. To begin with, there is a growing recognition that complete ownership of property places an almost impossible administrative burden on the agencies of government. In addition, it invites the inefficiencies associated with excessive centralization. Finally, there is a growing belief that a high level of public ownership undermines certain socially necessary forms of motivation based on men's natural tendency to maximize their personal resources. Thus, it appears that while the long-run trend will probably lead to some further reduction in property rights, it is unlikely that the institution of private property will be eliminated, or even that private ownership of the means of production will disappear.