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The NEW YORK TIMES recently described a dark trend. In the U.S., and overseas, the rich are getting richer, the poor are getting poorer, and the people in the middle are becoming less and less secure about their future. And this is all happening during a period of economic growth.

Labor secretary Robert B. Reich said in a speech recently that the U.S. economy has entered a period of healthy expansion but an expansion that is occurring "at the expense of the workers propelling it."

Reich said that "ominous forces" in America have physically divided the country, leaving an "overclass" in the safety of the elite suburbs, an "underclass quarantined in surroundings that are unspeakably bleak, and often violent" and a new "anxious class" trapped "in the frenzy of effort it takes to preserve their standing" as more and more families try to patch together two and sometimes more paychecks to meet their basic needs. Reich went on to describe widening gaps in income, health care, and retirement benefits (pensions), that he said are spurring the "disintegration" of the middle class.[1]

Mr. Reich called for voluntary action to solve this growing problem: he asked business leaders to transform their vision of workers "from expendable costs to ever more sophisticated assets" and to invest money in training workers for new tasks.

Stanford University economist Paul Krugman sounded a similar theme in the TIMES recently: He pointed out that the average per-capita productivity of American workers increased 25% between 1973 and 1993, yet real wages for young men without a college degree dropped 20% during the same period.[2] "On both sides of the Atlantic, economic forces are more and more tending to split society into two: those with good jobs and a rising standard of living and those with either falling incomes or the prospect of a more or less permanent life on the dole," Krugman said. "Even an economist can see that such a split demoralizes those at the bottom and coarsens those at the top," he said "The ultimate effect of growing economic disparities on our social and political health may be hard to predict, but they are unlikely to be pleasant," Krugman said.

Labor Secretary Reich identified the source of the problem as "a tendency among many business leaders to focus their attention on competition overseas while ignoring the lives and welfare of workers at home."

What are the effects OVERSEAS of business people focusing their attention on competition OVERSEAS? The TIMES recently described conditions in Latin America:[3]

"The resumption of economic growth [after a decade of economic stagnation] has been bought at a very high social price, which includes poverty, increased unemployment and income inequality, and this is leading to social problems," said Louis Emerij, an economist and specialist on social reform at the Inter-American Development Bank in Washington.

The TIMES went on: "United Nations economists say that despite projected economic growth through the end of the century, no progress will be made in reducing poverty [in Latin America], creating the potential for more social unrest. Poverty is even likely to increase slightly. As of 1986, 37% of the region's families were living in poverty; by 2000, the economists say, the figure will be 38%, or 192 million people."

"The coming years will be quite difficult for these countries," said Peter Jensen, regional coordinator for human settlements at the United Nations' Economic Commission on Latin America and the Caribbean. "Growth has been really on only one end of the spectrum, the wealthy. The rich are getting richer and the poor are getting poorer. And this will generate social conflict," Jensen said.

The question is, have these trends simply developed by random chance, or do they result from policies created by politicians and corporate managers?

We offer the following facts as a guide to real power in America.

** In 1984 there were 272,037 active corporations in the manufacturing sector; of these, 710 (one-quarter of 1%) held 80.2% of total manufacturing assets.[4]

** In 1985 there were 14,600 commercial banks. The 100 largest held 57.7 percent of all assets in the system.

** In 1986 in agriculture, 29,000 large farms (only 1.3% of all farms) accounted for 46% of farm profits.

** In the industrial sector of the economy in 1987, 500 large firms accounted for 54.4% of all industrial sales.

** In 1983 the richest 0.5% (1 out of every 200 families) owned more than 45% of the nation's privately held net wealth. This included 47% of all corporate stock, 62% of nontaxable bonds, and 77% of all trusts. [5]

** In 1986, the top 1% of families owned about 53% of all income-producing wealth.

** In 1986, the top 10% of families owned 83% of all income-producing wealth. The remaining 17% of all wealth was shared among the other 90% of American families.[6]

** In 1983, 60% of all U.S. families owned less than $5000 in assets. Half owned $2300 in assets, or less.

** The U.S. has the highest incidence of poverty in the industrialized world, with exceptionally high infant and preschool child poverty. The rate exceeded 17% for everyone below age 18 in 1986 (not a recession year) and reached 40% for African-American children. Also in 1986, 2 million adults were poor even though they worked a full-time job.

** In the late 1950s, during the Eisenhower administration, the wealthiest Americans paid a tax of 91% on income. Today, after 3 major "tax reform" laws passed during the Reagan/Bush/Clinton administration, the top tax on the wealthy is 39%.[7]

Those with wealth have an easier time gaining more wealth (compared to the rest of us), so as time passes the wealthy tend to become wealthier while the rest of us grow relatively poorer. Therefore, although the facts given above are somewhat dated, it is very likely that they reflect the situation today. It is even likely that they understate the growing disparities between the rich and the rest of us.

Other features of our modern world are worth noting. Although average wages in the U.S. are the highest in the world, by several measures the U.S. does not stack up well in "quality of life," compared to other industrialized countries.

** U.S. has lowest level of job security for workers, with the greatest chance of being dismissed without notice or reason. Other industrial nations generally prohibit sudden or arbitrary firings or plant closings.

** U.S. workers have the greatest chance of becoming unemployed without adequate unemployment insurance or medical insurance. The U.S. has the lowest unemployment-income-to-employment-compensation ratio of all major industrial countries.[8]

** U.S. workers have less leisure time than workers in other industrial countries, with an average of 2.5 weeks annual vacation.

Newly hired workers in most European nations receive a minimum of 4 weeks vacation.

** The U.S. has lowest percentage of workers unionized, and lowest percentage voting in elections. By these measures, the U.S. ranks at the bottom of 18 non-communist industrialized countries.[9]

** U.S. has a combined worst ranking for life expectancy and infant mortality, mainly due to extreme inadequacy of health care for minorities. The U.S. spends more than other countries on health care (11% of GNP [gross national product] in 1988), but in 1986 it ranked 16th in infant mortality among the 21 wealthiest nations. If only whites were counted, the U.S. would rank 12th.

** U.S. has highest teenage pregnancy rate, twice that of runner-up Great Britain.

** U.S. citizens have the greatest likelihood of being killed by another person, nearly three times as likely as a resident of Finland, which has the second-highest murder rate.

As Bryn Mawr college economist Richard B. DuBoff says, "The central contradiction of American life --record-high per capita incomes coexisting with appalling social problems --does not result from random shocks to the system or bad luck." It results from policy choices -- from "private" policies made by managers of large corporations, and from "public" policies made by elected and appointed officials whose elections and appointments are directly and heavily influenced by managers of private corporations.

It is unusual to find information on income and wealth in print. These are not common topics of public debate, though they affect us all directly. Perhaps this is because, "Today, despite more than 25,000 outlets in the United States, 23 corporations control most of the business in daily newspapers, magazines, television, books, and motion pictures."[10]

In 1990, Ben Bagdikian, dean of the School of Journalism at the University of California at Berkeley, pointed out: There are 14 dominant companies that have half or more of the daily newspaper business (7 years ago there were 20), 3 in magazines (7 years ago there were 20), 3 in TV (7 years ago there were 3), 6 in book publishing (7 years ago there were 11), 4 in motion pictures (7 years ago there were 4). The total number of corporations dominating all media is 23 (7 years ago it was 50).[11]

"It is quite possible --and corporate leaders predict --that by the 1990s a half-dozen large corporations will own all the most powerful media outlets in the United States," Bagdikian said in 1990.

Of course this will all change whenever the American people decide it must change. We citizens have in our hands the Constitutional right to change anything we choose to. We hold the power to give, withhold, or take away corporate charters. We have the authority to tax. And--most importantly--we have the right to advocate change openly, the right of free speech, and a free press. These things are all we need, if we combine them with vision, will, courage, organization, and persistence.

--Peter Montague

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[1] Catherine S. Manegold, "Reich Urges Executives to Aid Labor," NEW YORK TIMES September 25, 1994, p. A25.

[2] Paul Krugman, "Long-Term Riches, Short-Term Pain," NEW YORK TIMES September 25, 1994, pg. F9.

[3] Nathaniel C. Nash, "Latin Economic Speedup Leaves Poor in the Dust," NEW YORK TIMES September 7, 1994, pgs. A1, A14.

[4] Richard B. DuBoff, ACCUMULATION & POWER (Armonk, N.Y.: M.E. Sharpe, 1989), pg. 171.

[5] DuBoff, cited above, pg. 180.

[6] Duboff, cited above, pg. 181.

[7] Donald A. Barlett and James B. Steele, AMERICA: WHO REALLY PAYS THE TAXES? (N.Y.: Simon & Schuster, 1994), pgs. 70, 166.

[8] Duboff, cited above, pg. 183.

[9] DuBoff, cited above, pg. 184.

[10] Ben H. Bagdikian, MEDIA MONOPOLY 3rd Edition. (Boston: Houghton Mifflin, 1990), pgs. 3-4.

[11] Bagdikian, cited above, pgs. xx, 18.

Descriptor terms: wealth; income; economy; robert reich; workers; health care; retirement benefits; pensions; stanford university; paul krugman; productivity; wages; latin america; poverty; corporations; banking; farms; agriculture; tax rates; taxation; unemployment; working conditions; labor unions; leisure; voter participation rates; life expectancy; infant mortality; teenage pregnancy; murder; bryn mawr college; richard duboff; economists; media; concentration; magazines; newspapers; tv; books; motion pictures; ben bagdikian; university of california at berkeley; constitution;