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 "a nouvelle 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 real 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.
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


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;