THE "CLASSLESS" AMERICAN SOCIETY

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By Jack A. Smith, GlobalResearch.ca, 3 October 2010

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The Census Bureau reported Sept. 24 that the income differential between rich and poor Americans was greater in 2009 than any time since such records were kept.

Another Census report two weeks earlier revealed that America's largest year-to-year increase in poverty took place in 2009, although its estimate of 43.6 million people living in poverty is considered a serious undercount based on outmoded measurement criteria. Young workers and children are fast falling to the bottom of the heap. The biggest poverty jump last year was among 18 to 24 year old "less-skilled" adults, and 20% of our children live in poverty.
The Associated Press reported Sept. 28 that "The top-earning 20% of Americans — those making more than $100,000 each year — received 49.4% of all income generated in the U.S., compared with the 3.4% earned by those below the poverty line, according to newly released Census figures. That ratio of 14.5-to-1 was an increase from 13.6 in 2008 and nearly double a low of 7.69 in 1968.

"A different measure, the international Gini index, found U.S. income inequality at its highest level since the Census Bureau began tracking household income in 1967. The U.S. also has the greatest disparity among Western industrialized nations in the Organization for Economic Cooperation and Development."

Following are some recent statistics and statements that show how wide is the chasm between the upper class and the rest of American society, from the poorest of the poor through the working class and middle class.

(Note in following paragraphs the difference between "income," meaning what you earn each year, and "wealth," meaning income plus assets — assets being everything you own, from your house, car and furnishings to all your property, savings, stocks and bonds, yachts, jewelry, etc.

According to the Wall St. Journal, a 2008 study of wealth in the United States found that the richest .01% (that's one-hundredth of one percent, or 14,000 American families) possess 22.2% of the nation's wealth. The bottom 90%, or over 133 million families, control just 4% of the nation's wealth. The remaining top 9.99% made ends meet with what's left, 73.8%.

David DeGraw also has written that "a recent study done by Capgemini and Merrill Lynch Wealth Management found that a mere 1% of Americans are hoarding $13 trillion in investable wealth...and that doesn't even factor in all the money they have hidden in offshore accounts."

A recent report by Ray B. Williams points out that "The U.S. Census Bureau and the World Wealth Report 2010 both report increases for the top 5% of households even during the current recession. Based on Internal Revenue Service figures, the richest 1% have tripled their cut of America's income pie in one generation. In 1980 the richest 1% of America took 1 of every 15 income dollars. Now they take 3 of every 15 income dollars.... Income inequality has been rising since the late 1970s, and now rests at a level not seen since the Gilded Age (1870 to 1900), a period in U.S. history defined by the contrast between the excesses of the super-rich and the squalor of the poor."

According to Paul Buchheit of DePaul University "In 1965, the average salary for a CEO of a major U.S. company was 25 times the salary of the average worker. Today, the average CEO's pay is more than 250 times the average worker's." The New York Times reported March 31, 2010, that "Top hedge fund managers rode the 2009 stock market rally to record gains, with the highest-paid 25 earning a collective $25.3 billion, according to the survey, beating the old 2007 high by a wide margin." The annual GDP of nearly 90 UN member nations is lower than what these people took home last year. The highest paid manager on the list was David Tepper of Appaloosa Management, who made $4 billion last year."

Year 2009 may have been an economic disaster for a record number of Americans, but the U.S. billionaire caste — and millionaires as well, of course — had an excellent year. According to Forbes magazine, 2009 "was a billionaire bonanza," with Bill Gates profiting by $13 billion (enlarging his wealth to $53 billion), and Warren Buffett getting $10 billion richer (increasing his fortune to $47 billion).

There are 1,011 billionaires in the world (40% are Americans) with an average net worth of $3.6 billion — a relative trifle more than the "wealth" possessed by the bottom half of the entire world population.

Throughout their lives, average Americans are taught by their school, church and corporate mass media that theirs is a classless society, and that the notion of classes, class struggle or class war is just left wing propaganda.

Differences in income are acknowledged — but it is claimed that since upward mobility and attainment of the American Dream are available to everyone if they work hard enough, there is only one class despite gradations in wealth. It's called the middle class, presumably with statistical

subsections for the very rich and very poor. But the "Dream" and upward mobility have never been available to everyone, and over the last three decades have been substantially reduced for many new generations of working families.

How often do you hear the politicians of the two ruling parties or the government they administer referring to the working class, lower middle class, the lower class or the upper class and the ruling class?

In America, virtually everyone seems to be lumped into the middle class if they are earning between $25,000 and $250,000 a year, which is a preposterous parody of real class relations. Representatives of these two income variants have little to nothing in common except the class to which they appear to have been assigned.

The millions living in poverty are called "the poor" and are in the public mind often blamed for their own plight (lazy, shiftless, ignorant). The very rich are called the "top 1%," and the simply rich are termed the "top 10%," and are often admired and thanked because they create the jobs that prevent the inhabitants of the middle class from falling into the ranks of the poor.

For the past three or four decades the upper class and its agents have been accelerating a campaign against the wages and living standards of the working class/lower middle class and more recently the middle class as well, pushing more and more people into the lower classes. One example of this is that wages no longer correlate to productivity increases, as they did in the first three decades after World War II; another is the erosion of progressive taxation.

In addition, the influence of wealth on the White House and Congress has seen to it that hardly any significant social service legislation has come out of Washington for 40 years. President Obama promotes his healthcare legislation as a major progressive achievement, but this apex of the current administration's social contribution is to the right of Democrat President Harry Truman's proposals in 1948 and Republican President Richard Nixon's program of 1972. Truman and Nixon failed, and there has been such political regress over these decades that Democratic Party programs now emanate from the center/center-right.

The problem isn't just the disproportion of money in the hands of a small minority while the standards of most American families are eroding, but it is what's done with all that money. It elects Presidents, governors and mayors in most of the major cities. It elects members of the House and Senate and state legislatures. If you have millions to spend without batting an eye, you have political clout in America, often decisive clout, and it's principally deployed to further the interests of the "haves," as opposed to the "have nots."

This is what is meant by class war, and it seems to be waged these days only by the top 10% (the upper class) that controls 96% of the wealth against the 90% (working class to middle class and lower class) which controls 4%. The bottom 50% by the way accounts for a pathetic 1% of America's wealth.

Isn't it time for the "bottom" 90% to stand up, fight back, and claim their share?