

# *The Rock River Times*<sup>TM</sup>

*The Voice of the Community*

## **U.S. middle class under stress**

By Joe Baker, Senior Editor

America daily grows more stratified. The gap between rich and poor is widening. A small number of exceedingly wealthy people control more and more of the country.

At the same time, the middle class is shrinking like snow in the spring sun and the bottom layer of our society, the abject poor and homeless, is growing.

Yes, we've always had a gap between rich and poor in this country, but the disparities we see today have not been a fact in more than 100 years. Now, the richest 1 percent of the people hold more wealth than the bottom 95 percent of the population. The CEOs of big corporations rake in more than 500 times what the average employee earns.

The 13,000 wealthiest families—

1/100th of 1 percent of the population—draw almost as much income as the poorest 20 million American families.

Ninety-five percent of U.S. households have incomes between zero and \$150,000. The top 1 percent boasts an average income of \$1,082,000 a year, but averages mean little at this level.

G.W. and Laura Bush, for instance, reported only \$856,000 in 2002 income. Compare that with the average income of major corporation CEOs that year—\$7.4 million. Those in the top 400 incomes, according to IRS figures for 2000, claimed \$174 million per year.

The distribution of wealth is even more skewed than that of income. Five percent of the households with the greatest net worth own nearly 60 percent of the country's wealth.

While the rich grow richer and bask in the enjoyment of mammoth tax breaks provided by the White House, the middle class is battling to survive.

In June of this year, unemployment hit a nine-year high of 6.4 percent. There are 9.4 million out of work, an increase of more than 3 million since just before Bush took office. Since March 2001, we have lost close to 3 million jobs in the private sector. Two million of those jobs were in manufacturing, some 10 percent of that segment of the economy.

Every month this administration has been in office, we have lost manufacturing jobs. One in seven such jobs has vanished since the inauguration. In 1950, about a third of our labor force was in manufacturing; now it's 12.5 percent.

Open borders and free trade are killing manufacturing off.

Last year, our trade deficit was \$484 billion. This May it stood at \$562 billion, about 6 percent of Gross Domestic Product.

Today, in the wake of NAFTA, GATT and other trade agreements, America stands heavily dependent on foreign suppliers for critical goods. Pat Choate, author of *Agents of Influence*, gives the products

we use and the percentage of them manufactured outside of the U.S.:

1 Medicines and pharmaceuticals: 72 percent

1 Metalworking machinery: 51 percent

1 Engines and power equipment: 56 percent

1 Computer equipment: 70 percent

1 Communications equipment: 67 percent

1 Semiconductors and electronics:

64 percent

Dell Computers of Austin, Texas, for example, has 4,500 suppliers. Its supply lines stretch across both oceans, and its inventory supply will last for just four days. A dock strike on either coast, and Dell starts shutting down after 96 hours.

We were maneuvered into the World Trade Organization (WTO) in 1994. There we are outvoted by 15-1. Europe now has the power to stick us with \$4 billion in tariff penalties if Congress does not rewrite our tax laws to suit the WTO.

The job hemorrhage is moving into the white-collar sector. One research firm predicts at least 3.3 million information technology jobs will be lost to low-pay countries by 2015, because of digitization, growth of the Internet and high-speed data networks.

The fact is that millions of employed Americans today earn less in real dollars than they did 30 years ago, while working more hours.

In 1973, private sector workers had an average hourly wage of \$9.08. Today, they are paid \$8.33 per hour, more than 8 percent less. Figure inflation into the equation, and we are really moving backward.

Wal-Mart has replaced General Motors as the nation's largest employer. Service economy workers in general earn lower wages and also get minimal benefits. Additionally, as the cost of health insurance and prescription drugs rise, more companies are requiring workers to pay a greater part of their medical expenses. It often happens now that increases in health care costs exceed the wage raises these workers get. Companies also are cutting the pensions they promised to pay older workers, putting more burdens on retirement.

The average American worker today puts in far more hours than any other workers in the industrialized world. The International Labor Organization reports that the average American last year worked 1,978 hours, about one week more than the 1,942 hours that same employee worked in 1990.

Some 60 years after the Fair Labor Standards Act established the 40-hour week, about 40 percent of U.S. workers are putting in more than 50 hours a week. Also, the Bush administration is moving to permanently eliminate the 40-hour week and overtime pay. Those who make more than \$65,000 a year will have a hard time with overtime under Bush's legislation. That's a large chunk of the middle class.

All of this says nothing about the hardships faced by the 33 million Americans living in poverty, the 11 million trying to survive on a minimum wage, the 42 million with no health insurance, and the 3.5 million who are homeless.

Rep. Bernie Sanders of Vermont, the only Independent member of the U.S. House, said: "This

country needs to radically rethink our national priorities. The middle class is the backbone of America and it cannot be allowed to disintegrate.

“We need to revitalize American democracy, and create a political climate where government makes decisions which reflect the needs of all the people, and not just wealthy campaign contributors,” Sanders added. “We need to see the middle class expand, not collapse.”

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