A note on sources for the Socialist Equality Party statement "The Working Class and the 2000 US Elections"

3 November 2000

Many readers have written to ask for citations of the sources for the facts and figures on the social polarization provided in the three-part statement issued by the Socialist Equality Party on October 3-5, entitled “The Working Class and the 2000 US Elections.”

Below we list the most important statistical data presented in this statement and the books, publications or articles from which they were derived, as well as any related web links, so that readers can confirm the accuracy of these figures and conduct their own research as well.

Many of these figures derive from the research of Professor Edward Wolff of New York University, who has specialized for many years in the compilation and analysis of data on wealth ownership and income inequality in the United States. His most recent study, “Recent Trends in Wealth Ownership, 1983-1998,” first published in April 1999, is available on the Internet at http://www.levy.org/docs/wrkpap/papers/300.html. (There are slight discrepancies between this version and the figures cited in the statement because Wolff issued an updated version of the paper in April 2000, which is the one now posted on the web). Wolff's most recent book on the subject is *Top Heavy: The Increasing Income Inequality in America and What We Can Do About It,* published in 1996 by The New Press, New York. Wolff's figures and results of other contemporary research on economic inequality are available on the web at www.inequality.org.

Part 1: The Shifting Grounds of American Politics

Fact: A study released September 10 found that in the richest country in the world 30 percent of children in single-parent families are at risk of hunger.

Source: US Department of Agriculture, “Household Food Security in the United States, 1999,” http://www.ers.usda.gov/epubs/pdf/fanrr8/

Fact: A study issued September 20 by a housing advocacy group found that a worker earning the federal minimum wage could not afford to rent a “modest” two-bedroom apartment in any county in the United States.

Source: National Low Income Housing Coalition, “Out of Reach: The Growing Gap Between Housing Costs and Income of Poor People in the United States,” http://www.nlihc.org/oor2000/index.htm

Part 2: The Social Structure of America in 2000

Fact: The richest 1 percent of American households have amassed more than $10 trillion in wealth—10 million million dollars—about 40 percent of the total national wealth. The combined net worth of these multimillionaires is greater than the total wealth of the bottom 95 percent of the population.

Source: Wolff, *Top Heavy*, 1996, pp. 78-79, and “Recent Trends in Wealth Ownership,” 1998 [afterwards cited as “Trends”]

Fact: Since the mid-1970s, the top 1 percent has doubled its share of the national wealth, from under 20 percent to 38.9 percent ...

Source: *Top Heavy*, p. 79, and “Trends,” Table 2.

Fact: According to another study the richest 1 percent of households owns half of all outstanding shares of stock, two thirds of all financial securities and over two thirds of business assets.

Source: Wolff, “Trends,” Table 6.

Fact: In 1999 the richest 1 percent of the population received as much after-tax income as the bottom 38 percent combined. That is, the 2.7 million Americans with the largest incomes received as much after-tax income as the 100 million Americans with the lowest incomes.

Source: Center on Budget and Policy Priorities, “The Widening Income Gulf,” September 1999, http://www.cbpp.org/9-4-99tax.htm

Fact: The average after-tax annual income of the top 1 percent has soared by 370 percent since 1977, from $234,700 to $868,000.

Source: CBPP, “The Widening Income Gulf.” Wolff, “Trends,” Table 3.

Fact: Just below the super-rich is a somewhat less wealthy but still extremely privileged layer of the well-to-do. This 4 percent of the population owned 21.3 percent of the private wealth in 1998, with an average net worth of $1.4 million.

Source: Wolff, “Trends,” Table 2.

Fact: During the entire period 1983 to 1995, these two elite layers, the rich and the super-rich, who make up the top 5 percent of the population, were the only households to experience an increase in financial net worth.

Source: Wolff, “Trends,” Table 12

Fact: CEO compensation rose a staggering 535 percent during the Clinton-Gore administration. The typical corporate boss makes 475 times the income of the average worker and 728 times the income of a worker on the minimum wage. If wages had risen in the 1990s as fast as the salaries, bonuses and stock options enjoyed by CEOs, the average worker would have annual earnings of $114,000 a year, and the minimum wage would be $24 an hour.

Source: United for a Fair Economy, “CEO/Worker Pay Gap: The Neglected Campaign Issue” http://www.unitedforafaireconomy.org/press/exec_excess_2000_pr.html

Fact: Between 1983 and 1995, the average net worth of households in the bottom 40 percent of the population declined by 80 percent, from $4,400 to $900. For the bottom 20 percent, net worth is below zero: their debts exceed their assets, even when home equity is included.

Source: Wolff, “Trends,” Table 3; “Trends,” Table 1.

Fact: Some 26 percent of all American workers receive poverty-level wages. The average income of the poorest 20 percent of US families was only $12,990 last year, well below the official poverty line.

Source: US Census Bureau, Household Income Series, http://www.census.gov/hhes/income/histinc/h03.html [The latest figures give the average as only $9,940!!]

Fact: In the period 1947-79, average income doubled for every section of the American population, from the poorest to the richest. From 1979 to 1998, the top 20 percent saw an income gain of 38 percent (64 percent for the top 1 percent), while the lowest 20 percent saw real incomes decline by 5 percent, and those in between saw only small increases.

Source: Economic Policy Institute, *State of Working America 1994-95*, p. 37; U.S. Census Bureau, Historical Income, Table F-3: www.census.gov/hhes/income/histinc/f03.html

Fact: the middle 20 percent of income earners ... have only enough savings to sustain their current standard of living for 1.2 months in the event of sudden loss of employment (or enough to sustain consumption at the poverty level for 1.8 months).

Source: Wolff, “Trends,” Table 13.

Fact: Household debt as a percentage of personal income rose from 58 percent in 1973 to nearly 100 percent in 2000. According to one analyst, “families are now using tax-sheltered mortgages and home equity loans to finance normal consumption.”

Source: *Shifting Fortunes: The Perils of the Growing American Wealth Gap*, United for Fair Economy, 1998. Wolff, “Trends.”

Fact: A recent study by the Economic Policy Institute showed how workers have sought to offset the decline in their incomes by working longer hours. In 1998 the average family with children worked 83 weeks a year, up from 68 weeks in 1969 ...

Source: Economic Policy Institute, http://www.economicpolicyinstitute.org/

Fact: while 14 million people are classified as “self-employed” in the latest US economic census, the average revenue of these “businesses” is barely $30,000—meaning that the vast majority do not provide even a poverty-level income for their owners.

Source: US Bureau of Census, 1997 Economic Census. http://www.census.gov/epcd/www/smallbus.html#Nonemployers

Part 3: The crisis of the political system

Fact: The 1996 campaign was the first $2 billion election. The 2000 campaign is expected to cost over $3 billion.

Source: Charles Lewis, *The Buying of the President 2000*, Avon, New York, NY, 2000, pp. 10-11.