Christmas in America

Jerry White
24 December 2010

Christmas in America this year reveals two starkly different social realities.

Three years since the onset of the recession in December 2007, the majority of the US population is facing staggering levels of unemployment, home foreclosures, hunger and poverty. For millions of working-class families, buying gifts this year required scraping together scarce dollars, borrowing from friends and relatives or adding more debt to their already overloaded credit cards.

At the other pole of society, America's ruling elite, which has presided over this economic catastrophe, is celebrating its good fortune. The recent deal by President Obama and the Congressional Republicans to extend tax cuts to the richest two percent of the population tops off a year of record corporate profits and an 85 percent surge on the S&P 500 stock index.

2010 is expected to be the second most profitable year for Wall Street investment firms on record. The biggest five banks—JPMorgan Chase, Bank of America, Morgan Stanley, Goldman Sachs and Citigroup—have put aside at least $90 billion for year-end bonuses that could top last year's payouts.

While some of the bailed-out banks cancelled their annual Christmas parties, hoping to avoid unpleasant publicity, private equity firm Blackstone Group rented out New York's entire Metropolitan Museum of Art to throw a lavish holiday bash for its buyout specialists and traders.

Meanwhile, economists anticipate little hiring and expect unemployment to remain at nine percent or above throughout 2011 and beyond.

A recent poll by the Pew Research Center found that more than half of the US labor force (55 percent) has "suffered a spell of unemployment, a cut in pay, a reduction in hours or have become involuntary part-time workers" since the recession began.

Nearly a third of all working families—comprising some 45 million people—are categorized as low-income, making less than twice the official poverty rate. Millions of low-paid workers who had risen out of poverty earlier in the decade have now fallen back into the abyss.

A new study by the US Conference of Mayors on hunger and homelessness in 27 major cities found a staggering 24 percent jump in the demand for food assistance in 2009, with unemployment cited as the number one factor driving people to seek emergency aid. The number of homeless families rose by 9 percent, and two thirds of the cities reported that shelters were so overcrowded that they had to turn people away. The National Coalition for the Homeless reports there were at least 2,600 deaths in 2009 among people living on the streets.

Poverty rose across the US but most sharply in the Southwest and South and across depressed industrial states like Michigan and Ohio. The most severe increase was in Maricopa County, Arizona (Phoenix, Glendale, Scottsdale), where 135,000 more residents were added to the poverty rolls between 2006 and 2009. Second was Wayne County, Michigan (Detroit and Dearborn), where poverty rose by a staggering 19.7 percent and claimed 458,811 victims in 2009.

The US Census found that Michigan was the only state in the US to have a net loss in population over the last decade, while the US population grew by 10 percent overall. The mass exodus of workers and college graduates from Michigan points to a historic change in American society.

During the first half of the 20th century, Michigan's population exploded as Southern and Appalachian migrants, along with European and Middle Eastern immigrants, flooded into the state's auto factories. Between 1900 and 1950, Detroit's population grew six-fold, reaching nearly two million.

The next half-century, however, saw the Motor

© World Socialist Web Site

City's population fall by half to 951,000 in 2009. During the last decade the state, which lost more than 600,000 jobs, has seen a reverse migration as workers and young people who could afford it fled to other states. They left behind conditions of destitution and social decay, which are even worse than those that led their forefathers to come to Michigan in the 1920s and 1930s.

The rise and fall of Michigan parallels the rise and fall of American capitalism, from the unchallenged industrial power in the world—accounting for 50 percent of the world's GDP in 1950—to a society in deep decline, with dismantled and rusting industries, a broken infrastructure and millions unable to meet their basic needs.

The corporate and political establishment responded to the economic decline of the US and the rise of powerful international competitors in the 1970s and 1980s by systematically dismantling industries it deemed unprofitable and unleashing a class war against the living standards and social position of the working class that continues to this day.

The deindustrialization of America coincided with the rise of a powerful financial aristocracy whose accumulation of wealth has less and less to do with production and far more with financial swindling and speculation. After this led to the bursting of the subprime mortgage bubble and the 2008 financial crash—and the worst economic crisis since the Great Depression—the super-rich were handed the keys to the US Treasury to cover their gambling losses.

Now the Obama administration and both big business parties insist that all forms of social spending, from Medicare and Social Security, to the public schools and city services, must be slashed to the bone to pay for the burgeoning budget deficits. This only underscores the fact that the financial elite controls the entire political system and the working class is deprived of any means to defend itself through the existing political setup.

Everywhere throughout the world the refrain is the same: the working class must accept austerity in order to pay for the bailout of the rich. This is the demand of every political party and trade union that defends the capitalist system.

The class struggle is escalating internationally, from mass strikes and student protests in Greece, Spain, Italy and Britain, to the growing militancy of workers in China, Bangladesh and throughout Asia. In the coming year, as the demands for wage cuts and the gutting of social benefits is escalated in the US, the American working class will also enter into mass battles.

These struggles will pit workers directly against the Obama administration and the Democratic Party, which has demonstrated that it defends the wealthy elite no less ruthlessly than the Republicans.

The working class needs to forge its own mass political party to advance its own interests and to secure its basic social rights to good-paying jobs, health care, education and housing. This means a struggle to put an end to capitalism, a system that benefits the rich at the expense of the masses of working people, and replace it with socialism.

The Socialist Equality Party urges workers to read our program and make the decision to join the SEP.

Jerry White

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site