

The two Americas

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“It was the best of times, it was the worst of times.” Charles Dickens’ famous opening line to his fictional treatment of the French Revolution, *A Tale of Two Cities*, applies with equal force to contemporary America. A number of recent reports document how a tiny layer of the US population has monopolized society’s wealth to a degree that would have made the courtiers at Versailles blush.

A March 23 study by the Economic Policy Institute (EPI) concludes that the economic “recovery” has “proceeded on two tracks: one for typical families and workers, who continue to struggle against high rates of unemployment and continued foreclosures, and another track for the investor class and the wealthy.”

The recession, which officially lasted from December 2007 to June 2009, saw the share of total household wealth going to the bottom 80 percent of the population fall by 2.2 percentage points to 12.8 percent. The wealthiest 1 percent increased its net worth to 225 times that of the typical household, the highest ratio on record.

About one quarter of households have zero or negative wealth. With homeowners’ equity down 35 percent since 2007, the banking industry now owns the majority of the nation’s housing stock.

Data gathered by economist Emanuel Saez of the University of California, Berkeley reveals that in 2008 the top one-hundredth of one percent of households—1 in 10,000—took home an average of \$27 million per household, while the average for the bottom 90 percent was \$31,244. The average worker earned 1/185th of the amount taken in by a typical CEO.

According to the Congressional Budget Office, the top 1 percent of income tax filers, those who made nearly \$2 million in 2007, saw their share of the national after-tax income increase by about 130 percent as compared to 1979. The bottom four quintiles saw

their share decline by between 10 and 30 percent.

Also in 2007—before the catastrophic decline in home values, the major source of wealth for most families—1 percent of households controlled 34.6 percent of the national wealth, while the bottom 90 percent shared 26.9 percent.

As Karl Marx noted in *Capital*, “Accumulation of wealth at one pole is... at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole.” So it is in America in the second decade of the 21st Century.

A recent report from the Food Research and Action Center finds that a record 44.2 million people in the US, one in seven, relied on food stamp programs in January, up by more than 4.7 million in one year. One in five Americans struggled to find enough to eat in 2010, according to the group.

One in four US children live below the official poverty level, 16 million in all, and 1.5 million children experience homelessness each year. Untold millions of households subsist without heat, light or running water.

This immense accumulation of wealth by a tiny share of the population alongside the impoverishment of growing sections of the working class permeates every aspect of life—economics, politics and culture. In the political arena, it expresses itself in the drive by the entire political establishment—both the Democratic and Republican parties and every level of government—to accelerate the concentration of wealth in the hands of the financial aristocracy.

President Obama has ruled out any government jobs programs or serious relief for the unemployed, six million of whom have been without work for six months or longer. In December, he signed into law an extension of Bush-era income tax cuts for the wealthy and the lowering of estate taxes for multi-millionaires.

At the same time, he has vowed to freeze

discretionary social spending and at the end of November signed an order freezing the pay of all federal workers for two years. This was followed by the announcement of a systematic drive to further weaken regulations on corporations—the very process that set the stage for the financial collapse of 2008 and the BP Gulf oil disaster of 2010.

Military and domestic security spending alone is spared the budget axe. Fiscal austerity is declared to be “job creation,” along with wage cutting to boost corporate profits and exports.

Obama’s oft-proclaimed devotion to “the private sector” and the “free market,” under conditions of the crisis and decay of American capitalism, translates into a historic rollback in workers’ wages and living standards toward those that prevailed prior to the mass struggles of the 1930s that established the CIO industrial unions and toward those that prevail today in cheap labor havens in Asia, Eastern Europe and Latin America.

The unions, based on their defense of the profit system, have been transformed into adjuncts of the corporations and the government for suppressing the working class and imposing ever more brutal cuts in wages, benefits and jobs.

All of this has merely laid the groundwork for a new stage in the ruling class offensive against working people. By refusing to provide financial assistance to deficit-ridden states and cities, the Obama administration is tacitly supporting unprecedented cuts by state governments in education, Medicaid and vital services and an attack on the basic democratic rights of the working class, including collective bargaining and the right to strike.

Mirroring Obama’s policy of military aggression overseas, the single-minded focus of his domestic policy has been to protect and expand the fortunes of the rich. In the midst of the worst social crisis since the Great Depression, corporate profits shattered records in 2010, climbing to \$1.68 trillion, up 36.8 percent in a year. The stock market added \$1 trillion in value in 2010, and CEO pay and bonuses have climbed back to the obscene heights of the pre-crash years, paced by hedge fund manager John Paulson’s \$5 billion compensation last year.

Analyzing data on the staggering level of social inequality in America, Nobel Prize-winning economist

Joseph Stiglitz recently warned of the dangers to the ruling class of a social explosion. In a *Vanity Fair* article entitled “Of the 1%, by the 1%, for the 1%,” he wrote: “In recent weeks we have watched people taking to the streets by the millions to protest political, economic and social conditions in the oppressive societies they inhabit. As we gaze out at the popular fervor in the streets, one question to ask ourselves is this: When will it come to America?”

The recent events in Wisconsin herald a new period of mass working class struggle in the US. But the sabotage of the movement in Wisconsin by the trade unions and their “left” allies shows just as sharply the need to break with the Democratic Party and advance a revolutionary program that not only rejects the ruling class demand that the working class pay for the failure of the capitalist system, but lays out the social rights of workers—to jobs at good pay, health care, education and housing—and the political fight for a workers’ government to secure those rights.

It is to discuss such a perspective that the Socialist Equality Party is holding a series of conferences this month on “The Fight for Socialism Today,” beginning this weekend in Ann Arbor, Michigan. The *World Socialist Web Site* encourages its readers and all those looking for the means to fight back against the ruling class offensive to make plans to attend.

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Click here to register or obtain information about the conferences.



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