

# Christmas of crisis in America

Patrick Martin  
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America at Christmas 2011 is a society of mass poverty, on the one hand, and vast wealth accumulation, on the other—tens of millions of people are poor and desperate, while a relative handful enjoy riches undreamt of by the Egyptian pharaohs or the aristocracy of Louis XIV.

Government agencies and social service groups document the tidal wave of human need in statistics that are increasingly mind-boggling: 50 million Americans live below the official poverty line, while another 100 million live in “near-poverty,” struggling to support themselves on incomes so low that they are one misfortune away from destitution.

Some 25 million workers are either unemployed or underemployed, 50 million live without health insurance, one out of every seven Americans receives food stamps. The number of self-employed Americans has fallen by two million over the past five years. Nearly six million of the jobless have been out of work for more than six months.

The jobs crisis has steadily worsened, not only year-to-year, but decade after decade. American capitalism continues to generate record corporate profits and wealth for the super-rich, but is less and less able to provide employment for working people.

According to a study by the McKinsey consulting firm, it took six months for the US economy to return to pre-recession job levels after the 1982 recession. After the 1991 recession, the recovery in jobs required 15 months. After the 2001 recession, it took 39 months.

Some 48 months have already passed since the current slump in the labor market began, and there are six million fewer people employed than in December 2007. McKinsey initially forecast that it would take 60 months before jobs regained the level of 2007, but at the current level of job creation, it would take 78 months to reach the level of 146 million workers employed before the onset of the recession—assuming

that there is no further deepening of the economic slump.

The protracted duration of mass unemployment is the driving force of a social crisis that blights the future of young and old. One out of every four American children depends on food stamps. Some 1.6 million children were homeless at some point or other during this year. For young workers aged 18 to 24, jobless rates exceed the Depression level of 20 percent. Nearly 20 percent of all American men between the ages of 25 and 34 are now living with their parents.

Meanwhile, those nearer the end of their working life have little to look forward to: according to the Employee Benefit Research Institute, 46 percent of all American workers have less than \$10,000 saved for retirement, and 29 percent of all American workers have less than \$1,000 saved for retirement.

Four million American families have seen their homes foreclosed since the subprime mortgage crisis first erupted in 2007. Nearly 12 million families occupy homes that are under water, financially speaking—the mortgage debt is more than the dwellings are worth in the depressed housing market.

The entire political establishment, the Obama White House and Congress alike, is callously indifferent to the suffering of the population. The Democrats and Republicans speak for different wings of the same ruling elite.

While the vast majority of the American people confront increasing difficulty in meeting their basic social and economic requirements, the financial aristocracy lives in a different universe. One recent example sheds considerable light.

As the *New York Times* reported this week, one charter member of this aristocracy, former Citigroup chairman Sandy Weill, has just sold his penthouse apartment in Manhattan for \$88 million. The purchaser was 22-year-old Ekaterina Rybolovleva, daughter of

Russian oligarch Dmitriy Rybolovlev, the monopoly owner of the former Soviet fertilizer industry.

The squandering of such a vast sum to house a single individual naturally provokes outrage and revulsion. The \$88 million expended for the penthouse at 15 Central Park West is greater than the entire annual operating deficit of the Metropolitan Transportation Authority (\$68 million), or the 2010 annual budget deficit of the city of Detroit (\$58 million). It approximates the cost of all free school lunches in the New York City schools for an entire school year.

By a straightforward calculation, \$88 million would provide 2,000 jobs for unemployed workers at the average US wage of \$44,000 a year. While Mr. Weill and Ms. Rybolovleva are among the “job creators” celebrated by American politicians, Democrats and Republicans, who oppose raising taxes on the super-rich, neither of them provided employment on that scale. And if anything, the demeaning employment of chauffeurs, doormen, maids and security men who serve the whims of such billionaires constitutes a drain on society, not a benefit.

There is another yardstick for measuring this waste of social resources. Sandy Weill is best known as the wheeler-dealer who combined his Travelers insurance empire with Citibank, creating Citigroup as the first and largest of the financial supermarkets, companies able to throw their weight around in every area of financial services.

In 1998-99, Weill launched an all-out lobbying campaign to sway the Republican-controlled Congress and the Democratic White House to support repeal of the Glass-Steagall Act, the Depression-era law, passed in the wake of the 1929 Wall Street crash, that made illegal the type of financial octopus created by Weill.

Weill bought Congress and the Clinton administration for \$100 million, not much more than the price at which he sold his Manhattan penthouse last month.

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