

# The two sides of the US economic “recovery”

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News this past week focused attention on two economic indices in the US: record numbers of people on food stamps and a new high for the Standard & Poor’s 500 stock index. Their juxtaposition speaks to the reality of the economic “recovery,” whose most basic feature is a widening of the social divide in America.

An article in the *Wall Street Journal* on Wednesday, which reported that food stamp usage in the US has increased by 70 percent since 2008, received scant attention. But the figures it presented are shocking. A record 47.8 million people were enrolled in the Supplemental Nutrition Assistance Program (SNAP) as of December 2012.

The biggest driver of the explosive increase in SNAP is poverty. Almost 50 million Americans were living in poverty in 2011, according the US Census Bureau’s Supplemental Poverty Measure (SPM), which factors in expenses for food, clothing, shelter, utilities, health care and other essentials.

In 2010, about 87 percent of food stamp recipients were at or below the poverty line, which is set at the ridiculously low level of about \$25,000 for a family of three. Only 3.5 percent of recipients had household incomes over 130 percent of the poverty line. Half of current SNAP recipients are children, and half of these children—some 10 million—live in extreme poverty, meaning family income is less than half the official poverty level.

One in six Americans receives food stamps. Last year’s average monthly benefit was a paltry \$133 per person.

For families struggling to put food on the table—even with the aid of SNAP benefits—the much vaunted economic recovery has nothing to do with their reality. The past five years have seen not only a huge increase in the SNAP rolls, but also a dramatic increase in the ranks of the working poor. Three out of four

households receiving SNAP benefits include at least one person who is working.

On the other side of the class divide, stock market analysts and the media celebrated the continuing surge in share prices. The S&P 500—the stock market index of 500 large US companies—capped a four-year rally Thursday, recouping all of its losses from the 2008 global financial crisis.

The S&P 500, which rose to 1,569.19, has rocketed 10 percent in the first three months of the year, becoming the last major US market gauge to hit a new high. The Dow Jones Industrial average has already eclipsed its previous high from late 2007. The *Los Angeles Times* commented on the S&P breakthrough: “The milestone underscored investors’ enthusiasm over the increasingly buoyant economy.”

The vast majority of Americans are not the beneficiaries of this “buoyant economy.” Rather, growing numbers of people have been thrown deeper into poverty and social distress. Long-term unemployment has become entrenched. Working families are saddled with growing debt and struggle to pay for housing and other basic necessities, let alone put aside anything for retirement.

The increasing chasm between ordinary Americans and the elite that is celebrating stock market records is not the outcome merely of impersonal economic processes. The growth of social inequality since the 2008 financial crash is the product of definite policies pursued first under Bush and then under the Obama administration. The political establishment has pursued a bipartisan policy of class warfare against the working class while bailing out Wall Street and assisting its continued plundering of social resources.

The US Federal Reserve is pumping \$85 billion a month in virtually free money into the financial system, fueling the stock market boom. This is more money in a month than the \$76.6 billion the federal government

spent all of last year to provide SNAP benefits to 47.8 million impoverished Americans.

Despite the explosive growth of the food stamp rolls and the obvious need for more funding for SNAP, even the minimal expansion of the program under the Obama administration's 2009 stimulus bill is set to expire on October 31, cutting food stamp benefits by about \$8 per month per recipient.

The repeated refrain from Washington is that there is "no money" for schools, housing, health care and other vital social needs. Big business politicians—fixated on reducing budgets and pursuing new wars—are calling for even more austerity. Earlier this week, President Obama signed a bill making permanent this fiscal year's \$85 billion in sequester cuts, which will slash billions of dollars from programs benefiting the poor.

The budget proposals of the Democrats and Republicans call for deep cuts to social programs. Both parties are eyeing Social Security, Medicare and Medicaid—programs that were won through mass social struggles of the working class—for not only sweeping funding cuts, but ultimately for destruction through privatization and other means.

Having precipitated the financial crash through a combination of speculation and fraud, the financial oligarchy is now demanding that its losses be repaid many times over through the impoverishment of the broad mass of working people.

The working class requires a program and perspective to confront this social counterrevolution. The capitalist system must be overthrown and replaced with socialism. The wealth of the financial aristocracy must be expropriated and utilized to address the pressing social needs of the population: decent-paying jobs, education, housing, health care, pensions. The corporations and banks must be nationalized and placed under the democratic control of the working class.

The implementation of this program depends upon the building of a new leadership to arm the coming mass struggles of the working class with a socialist program and strategy for workers' power. The Socialist Equality Party fights for this revolutionary perspective.



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