

# America's Economic Dark Side. Widening Social Inequality, Rising Poverty and Joblessness

By [Stephen Lendman](#)

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This incisive and timely article was first published in October 2013

*Former Clinton administration Labor Secretary Robert Reich explained, saying:*

*"Of all developed nations, the United States has the most unequal distribution of income, and we're surging towards every greater inequality."*

America's 400 richest elites have more wealth than half the population. Jacob Kornbluth's new documentary film "Inequality for All" examines disturbing truths.

US inequality is at historic highs. Since 1970, America's economy doubled. The top 1% benefited hugely. They earn more than 20% of national income. It's triple their 1970 percentage.

The gap between rich and all others keeps widening. Inequality hurts everyone, says Reich. Since economic recovery began in 2009, America's top 1% got 95% of the gains.

Adjusted for inflation, median household income keeps declining. Where will most people "get the money they need to keep the economy going," asked Reich?

"We're the richest economy in the history of the world. For the majority of Americans not to get the benefits of this extraordinarily prosperous economy, you know, there's something fundamentally wrong."

America has less upward mobility than any other developed country. If you're poor, you'll stay that way.

If you're lower middle class, "the cards are going to be stacked against you. You will probably never get anywhere," says Reich.

"Who is actually looking out for the American worker? The answer is nobody."

The nation is headed toward becoming a "100 percent plutocracy." Inequality this extreme fuels public anger. It hurts economic growth. Force-fed austerity assures worse ahead.

Reich teaches a popular Wealth and Poverty course at UC Berkeley. His book "[Beyond Outrage](#)" explains what's wrong with America's economy.

It doesn't work. It benefits the privileged few. It harms most others. Doing so undermines America. Expect worse ahead unless people react, he says.

He's never been more concerned about things than now. He cites "the corrupting effects of big money in politics," regressive hard right policies, and unprecedented "wealth and power at the very top."

Things are "perilously close" to falling apart altogether. People are right to be outraged. It's a "prerequisite for social change." It's vital to "move beyond outrage and take action."

The stakes are too high to be ignored. Nothing good happens in Washington unless people mobilize, organize and demand it.

"Nothing worth changing in America will actually change unless you and others like you are committed to achieving that change," he stresses.

So-called US economic recovery is fake. Main Street poverty, unemployment, underemployment, hunger and homelessness are at Depression era levels.

Half of all US households are impoverished or bordering it. Recovery benefited only America's most well off. Most others endure deepening deprivation.

According to economist [Emmanuel Saez](#):

"For the first time in nearly 100 years, the percentage of income taken by the top 10 percent of Americans topped 50 percent."

From 2009 to 2012, "(t)op 1% incomes grew by 31.4% while bottom 99% incomes grew by only 0.4%." Adjusted for inflation, they declined considerably.

From 2007 - 2009, average real family income declined 17.4%. It's more than any period since the Great Depression. Wealthy Americans recovered and then some. Conditions for most others went from bad to worse.

According to Saez:

"We need to decide as a society whether this increase in income inequality is efficient and acceptable and, if not, what mix of institutional and tax reforms should be developed to counter it."

Russell Sage Foundation president Sheldon Danziger said:

"The continued high rate of poverty is no surprise, given ongoing high unemployment, stagnant wages and government spending cuts."

"Poverty is higher today than it was in 2000, and household incomes are lower. The 'lost decade' is likely to turn into 'two lost decades.' "

According to Marx:

"Accumulation of wealth at one pole is at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, and mental degradation at the opposite pole."

America's wealth distribution is extreme. It keeps shifting disproportionately upward. Most people are more than ever on their own.

Financial elites run America. Whatever they want they get. Popular needs go begging. Things go from bad to worse.

In 1962, Michael Harrington's "[The Other America: Poverty in the United States](#)" exposed the nation's dark side, saying:

"In morality and in justice, every citizen should be committed to abolishing the other America, for it is intolerable that the richest nation in human history should allow such needless suffering."

"But more than that, if we solve the problem of the other America we will have learned how to solve the problems of all of America."

Jack Kennedy addressed the issue. In his January 8, 1964 State of the Union address, Lyndon Johnson declared war on poverty.

He barely scratched it. Inequality was severe. Today, it's unprecedented and growing. It bears repeating. Census data show around half of US households impoverished or bordering it.

Government data most often over-estimate good news and understate what's bad. Unprecedented numbers of US households are impoverished under protracted Main Street Depression conditions.

Bipartisan harshness assures greater pain and suffering. Over 20% of US households haven't enough money for food and other essentials.

On November 1, Supplemental Nutrition Assistance Program (SNAP) benefit cuts are coming. One-person households will get \$11 per month less.

For 2 people, it's \$20. For three it's \$29. For four it's \$36. Expect more cuts ahead. Food costs are rising. Family incomes are falling. More help is needed. Congress and Obama intend less.

America's most needy will be harmed most. So will tens of millions of children. They may end up without enough to eat.

America's great divide is greater than ever. In 2009, around half of US households had no assets. Today it's more than half.

Most Americans don't earn enough to live on. Things go from bad to worse. Hardwired inequality is deepening. Casino capitalism takes precedence.

America's criminal class alone benefits. Ordinary people are swindled. Venal politicians serve wealth, power and privilege. Democrats and Republicans are in lockstep. Few benefit at the expense of most others.

On July 28, [AP headlined](#) "Exclusive: Signs of Declining Economic Security," saying:

"Four out of 5 US adults struggle with joblessness, near poverty or reliance on welfare for at least parts of their lives."

It's a disturbing "sign of deteriorating economic security and an elusive American dream."

“Survey data exclusive to The Associated Press points to an increasingly globalized US economy, the widening gap between rich and poor, and loss of good-paying manufacturing jobs as reasons for the trend.”

Hardship for white Americans is rising. AP-GfK poll numbers show “63 percent of whites called the economy ‘poor.’ ”

Fifty-two-year-old Irene Salyers perhaps spoke for others, saying:

“I think it’s going to get worse. If you do try to go apply for a job, they’re not hiring people, and they’re not paying that much to even go to work.”

Economic insecurity is much worse than government data show. It affects over three-fourths of white Americans.

It’s defined as experiencing unemployment some time during working years or needing government aid to survive.

According to Professor William Julius Wilson:

“It’s time that America comes to understand that many of the nation’s biggest disparities, from education and life expectancy to poverty, are increasingly due to economic class position.”

Government data fall short of explaining things. Conditions are much worse than official reports. Most Americans struggle to get by. Impoverishment or close to it affect them.

It’s harder than ever for millions of disadvantaged households to survive. Their numbers keep growing exponentially. Vital social protections are eroding. It’s happening when they’re most needed.

“By race, nonwhites still have a higher risk of being economically insecure, at 90 percent.”

“But compared with the official poverty rate, some of the biggest jumps under the newer measure are among whites, with more than 76 percent enduring periods of joblessness, life on welfare or near-poverty.”

“By 2030, based on the current trend of widening income inequality, close to 85 percent of all working-age adults in the US will experience bouts of economic insecurity.”

According to Professor Mark Rank:

“Poverty is no longer an issue of ‘them.’ It’s an issue of ‘us.’ Only when poverty is thought of as a mainstream event, rather than a fringe experience that just affects blacks and Hispanics, can we really begin to build broader support for programs that lift people in need.”

Data Professors Tom Hirschl and John Iceland compiled provide more context. They show:

- for the first time in nearly three decades, impoverished single-mother

households surpassed or equaled black ones; they exceeded numbers of Hispanic single mother families; and

- numbers of children living in high-poverty neighborhoods increased.

According to a University of Chicago General Social Survey, whites are more pessimistic about their futures than since the depths of the early 1980s.

“Just 45 percent say their family will have a good chance of improving their economic position based on the way things are in America,” said AP.

Polls show over 80% of Americans mostly don't trust government. Congress' approval rating is 11%.

It's barely above its all-time February and August 2012 10% low. Given the margin of error, they're's virtually no difference between then and now.

Americans are suffering. Things go from bad to worse. Republicans and Democrats are in lockstep. They're cutting social protections when they're most needed.

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*His new book is titled “Banker Occupation: Waging Financial War on Humanity.”*

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