M. Parenti, "Demoracy for the Few" (Cengage, 2008), p. 29-46.

working. The author of a book, for instance, does not make profits on his book; he earns a recompense (fancily misnamed "royalties") for the labor of writing it. Likewise, editors, proofreaders, printers, and salespersons all contribute labor that adds to the marketable value of the book. Profits on the book go to those who own the publishing house and who contribute nothing to the book's value. The sums going to owners are aptly called *unearned* income on tax reports.

While corporations are often called "producers," the truth is they produce nothing. They are organizational devices for the exploitation of labor and accumulation of capital. The real producers are those who apply their brawn, brains, and talents to the creation of goods and services. The primacy of labor was noted in 1861 by President Abraham Lincoln in his first annual message to Congress: "Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration." Lincoln's words went largely unheeded.

Capitalists like to say they are "putting their money to work," but money as such does not work. What they really mean is that they are using their money to put human labor to work, paying workers less in wages than they produce in sales. That's how money "grows." Capital annexes living labor in order to convert itself into goods and services that will produce still more capital. All of Rockefeller's capital (wealth) could not build a house or a machine or even a toothpick; only human labor can do that. Of itself, capital cannot produce anything. It is the thing that is produced by labor.

The ultimate purpose of a corporation is not to perform public services or produce goods as such, but to make as large a profit as possible for the investor. This relentless pursuit of profit arises from something more than just greed—although there is plenty of that. Under capitalism, enterprises must expand in order to survive. To stand still while competitors grow is to decline, not only relatively but absolutely. A firm must be able to move into new markets, hold onto old ones, command investment capital, and control suppliers. So even the biggest corporations are beset by a ceaseless drive to expand, consolidate, and find new means of extracting profit from the market.

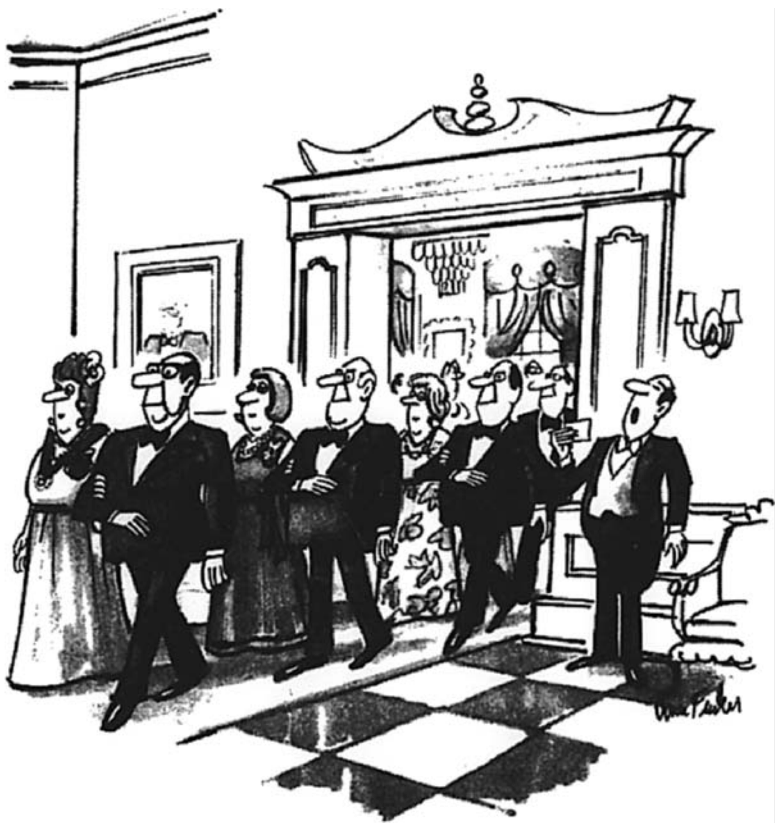
CAPITAL CONCENTRATION: WHO OWNS AMERICA?

Contrary to a widely propagated myth, this country is not composed mostly of a broad affluent middle class. The top 1 percent own between 40 and 50 percent of the nation's total wealth (stocks, bonds, investment funds, land, natural resources, business assets, and so on), more than the combined wealth of the bottom 90 percent. True, about 40 percent of families own some stocks or bonds, but almost all of them have investments of less than $2,000. Taking into account their debts and mortgages, 90 percent of American families have little or no net assets.[2]

If you are not rich, it is because you lacked the foresight to pick the right parents at birth. Studies show that, despite the well-publicized cases of "self-made" fortunes, rags-to-riches is a relatively rare exception. Most people die in the class to which they are born. The superrich usually come from families that have inherited vast fortunes. And the poor usually stay poor, no matter how hard they toil. In fact, there is less upward social mobility today than a generation ago.[3]

The level of inequality in the United States is higher than in any other industrialized nation, and it continues to grow.[4] In recent times, corporate profits have more than doubled. Income from investments has grown two to three times faster than income from work. In the last twenty years, the 500 largest U.S. industrial corporations more than doubled their assets, while eliminating over 5 million jobs. And the years that followed brought the highest level of corporate profits in the postwar era.

U.S. Census Bureau income studies refer to the "richest 20 percent" who earn thirteen times more than the poorest 20 percent. But that greatly understates the real chasm between rich and poor. To be in the "richest" 20 percent, you need earn only $75,000 or so. In fact, the top 20 percent are not rich but mostly upper-middle class. If you made $350,000 or more, you would be in the top 1 percent. Still such an income does not represent great



"The Duke and Duchess of A.T. & T., the Count and Countess of Citicorp, the Earl of Exxon, and the Marchioness of Avco. The Duke of Warnaco ..."

wealth. The real wealth is with the very top superrich stratum, a tiny fraction of 1 percent of the population, some 145,000 individuals, who increased their aggregate income by almost 600 percent in the last three decades (adjusting for inflation). The real income earned by the bottom 90 percent fell by 7 percent.

As with income, so with wealth. In the eight years from 2001 to 2008, the wealth of the richest 400 Americans had increased by nearly $700 billion for a grand total of $1.6 trillion, more than the bottom 50 percent (150 million people) combined.[5] The gap between the superrich and everyone else is even greater than these figures suggest. The Treasury Department says that the superrich find ways, legal and illegal, to shelter much of their income from taxes. So much of their wealth is hidden away in secret accounts.

In any case, the tiny top fraction that composes the superrich is not thirteen times but *thousands of times richer* than the poorest quintile. Few of the people who study income distribution seem to realize how rich the rich really are.[6]

Income and wealth disparities are greater than at any time over the previous sixty years. To paraphrase one economist: if we made an income pyramid out of children's blocks, with each layer representing $1,000 of income, over 99 percent of us would be at most five or ten yards off the ground while the peak for the very richest tiny fraction would be many times higher than Mount Everest.[7]

The 2008 Forbes list of the four hundred richest Americans revealed that almost all were multibillionaires, with a combined total wealth of $1.57 trillion. Bill Gates of Microsoft remained the very richest, with $57 billion. Heirs of the Walton family—who make their money by paying poverty-level wages to their Wal-Mart employees—occupied four of the top ten spots on the Forbes list. Together the Waltons were worth $93 billion.[8] The Forbes 400 list represents the "active rich," those relatively newly involved in money making. Left out of the picture is "old money" wealth: the Mellons, Morgans, Rockefellers, and others who operate through financial representatives.

The power of this business class is like that of no other group in our society. The giant corporations control the rate of technological development and availability of livelihoods. They relegate whole communities to destitution when they export their industries overseas to cheaper labor markets. They devour environmental resources, stripping our forests and toxifying the land, water, and air, while creating conditions of scarcity for millions of people at home and abroad.

A small number of giant corporations control most of the U.S. economy. The trend is toward ever greater concentrations as giant companies are swallowed up by supergiants in industries such as oil, pharmaceuticals, telecommunications, media, health insurance, weapons manufacturing, and banking. Thus did Chase Manhattan devour Manufacturers Hanover and Chemical Bank only then to be acquired by J.P. Morgan. Three years later, J.P. Morgan Chase bought up Bank One in a $58 billion deal that created the second-largest U.S. banking company. Meanwhile Verizon took over MCI for $6.7 billion, while Sprint and Nextel merged for $35 billion. Oil titans Exxon and

Mobil merged, while Chevron took over Gulf and then consolidated with Texaco.

The enormous sums expended on these acquisitions could be better spent on new technologies and production. Over the past twenty-five years, U.S. corporate giants spent only $2 trillion on research and development but *$20 trillion* on mergers and acquisitions—great expenditures of no real social value. Such mergers benefit the big shareholders, creditors, and top executives but leave consumers and small suppliers with fewer choices and higher prices.[9]

A company that is trying to acquire another company seldom has sufficient cash reserves, so it must borrow heavily from banks (all such debts being tax deductible as business expenses). A firm that wishes to ward off a hostile takeover by corporate raiders also has to procure large sums to buy a dominant share of its own stock. In either case, corporate consolidations lead to bigger corporate debts. To meet its debt obligations, the firm reduces wages and benefits, sells off productive plants for quick cash, lays off employees, and enforces speedups. Employees bear much of the brunt of merger mania. Thus after merging with NationsBank, Bank of America reduced its workforce (through firings and attrition) by thirty-one thousand. Sometimes the merged corporation moves to a cheaper labor market abroad, causing even more attrition for U.S. workers.[10]

Rich families like the DuPonts have controlling interests in giant corporations like General Motors, Coca-Cola, and United Brands. The DuPonts serve as trustees of dozens of colleges. They own about forty manorial estates and private museums in Delaware alone and have set up thirty-one tax-exempt foundations. They frequently are the largest contributors to Republican presidential campaigns and right-wing causes.

Another powerful financial empire, that of the Rockefellers, extends into just about every industry in every nation of the world. The Rockefellers control several of the world's largest oil companies and biggest banks. At one time or another, they or their close associates have occupied the offices of the president, vice president, top cabinet posts, the governorships of several states, and key positions in the Federal Reserve Board, the Central Intelligence Agency (CIA), the Council on Foreign Relations, and seats in the U.S. Senate and House of Representatives.

Among the self-enriching individuals in the corporate world are the chief executive officers (CEOs) of giant companies. In 1973 CEOs earned about 30 to 40 times more than their workers. By 2009 they were making 317 times more.[11] In one year the nation's top five hundred companies handed out $10.4 billion in stock options alone, mostly to their CEOs. The ten highest-paid CEOs in 2008 pocketed from $72 million to $193 million in salaries, not counting millions more from various perks.[12]

CEOs enjoy a regal lifestyle that includes company jets, chauffeured cars, private retreats, free country club memberships, free box seats at major sporting and cultural events, and lavish pensions. General Electric's CEO, Jack Welch, luxuriated in a $15 million New York apartment that the company maintained for him, along with free servants, food, wines, toiletries, and satellite TV at his four homes. As one editorialist wryly observed, "Other than the cost of a divorce lawyer, it is hard to imagine what Jack Welch has to pay for out of his own pocket."[13]

Companies sometimes run at a loss, yet their top executives still richly reward themselves. American Airlines was brought to the edge of bankruptcy by its executives, who then voted themselves huge bonuses and millions in extra pension benefits.

In the 2008–2009 recession, major Wall Street financial institutions were caught marketing trillions of dollars of inflated and worthless securities. Millions of employees lost the better part of their company pensions and life savings, yet the CEOs presiding over this crisis gave themselves multimillion-dollar bonuses.

Still, it should be remembered that the average CEO collects only about 3 or 4 percent of a corporation's profits. The rest is distributed to its superrich stockholders, those who do not work for it and who are vastly richer than the company's executive officers, as with the Waltons of Wal-Mart.

DOWNSIZING AND PROFITEERING

Corporations are hailed by some as great job providers. In fact, the top two hundred transnational corporations account for more than a quarter of the world's economic activity while employing hardly one-hundredth of 1 percent (0.01) of the world's workforce. The capitalist seeks to raise profitability by *downsizing* (laying off workers), *speedups* (making the diminished workforce toil faster and harder), *downgrading* (reclassifying jobs to lower-wage categories), and using more and more part-time and *contract* labor (hiring people who receive no benefits, seniority, paid vacations, or steady employment). Hundreds of thousands of better-paying manufacturing jobs have been eliminated, while some 80 percent of new jobs have been in low-paying clerical, retail, and temporary services. In recent downsizing, the ranks of managers and supervisors have been thinned but less so than workers' numbers.[14]

As a cost of production that cuts into profits, wages must be kept down; as a source of consumer spending, wages must be kept up. By holding down wages and reducing the workforce, employers diminish the buying power of the very public that buys their products, thereby creating a chronic tendency toward overproduction and recession. Recessions occur when workers are not paid enough to buy back the goods and services they produce. Demand cannot keep up with production.

For the big capitalists, economic downturns are not unmitigated gloom. Smaller competitors are weeded out, unions are weakened and often broken, a reserve supply of unemployed workers helps to further depress wages, and profits rise faster than wages, at least for a while. The idea that all Americans are in the same boat, experiencing good and bad times together, should be put to rest. During recent recessions, corporate profits grew to record levels, as companies squeezed more output from each employee while paying less in wages and benefits.

Former secretary of the treasury Nicholas Brady once remarked that recessions are "not the end of the world" and "no big deal." Certainly not for

Brady, who rested comfortably on a handsome fortune, and certainly not for his wealthy associates, who welcomed the opportunity to acquire bankrupted holdings at depressed prices.[15] Brady and friends understood that the comfort and prosperity of the rich require an abundant supply of those who, spurred by the lash of necessity, tend the country club grounds; serve the banquet luncheons; work the mines, mills, fields, and offices; performing a hundred thankless—and sometimes health-damaging—tasks for paltry wages.

Wealth and poverty are not just juxtaposed, they are in a close dynamic relationship. Wealth creates poverty and relies on it for its own continued existence. Without slaves and serfs, how would the master and lord live in the style to which they were accustomed? Without the working poor, how would the leisurely rich make do? Were there no underprivileged, who would be privileged?

INFLATION, THE PROFIT-PRICE SPIRAL

A common problem of modern capitalism is *inflation*. Even a modest annual inflation rate of 3 or 4 percent substantially reduces the buying power of wage earners and persons on fixed incomes over a few years' time. Corporate leaders maintain that inflation is caused by wage demands: higher wages drive up production costs and must be passed on in higher prices. Generally, however, prices and profits have risen faster than wages.

The four essentials—food, fuel, housing, and health care—which together devour 70 percent of the average family income, are the most inflationary of all. Yet the share going to labor in those four industries has been dropping. The high fuel and gas prices of recent years were not caused by oil workers or gas station attendants, who continued to earn about the same wages as before. Food prices are not driven higher by impoverished farm laborers or by minimum-wage food servers at McDonald's. And the astronomical costs of health care cannot be blamed on the dismal wages paid to health care workers.

How can wages be driving up prices when the portion of business earnings going to full-time workers in most industries has been shrinking, while the share going to executives, shareholders, and interest payments to bankers has risen dramatically?[16] The "wage-price" inflation spiral is usually really a profit-price spiral, with the worker more the victim than the cause of inflation. (This is not to deny that by depressing wages, business is sometimes able to maintain a slower inflation creep while pocketing bigger profits.)

As financial power is concentrated in fewer hands, prices are more easily manipulated. Instead of lowering prices when sales drop, the big monopoly firms often raise them to compensate for the decline, as happened with some companies in the 2009 recession. Prices also are pushed up by withholding distribution, as in 2005 when the petroleum cartels created artificial oil and gasoline scarcities that mysteriously disappeared after the companies jacked up their prices and reaped record profits.

Massive military expenditures "happen to be a particularly inflation-producing type of federal spending," admitted the *Wall Street Journal* years ago.[17] The Civil War, the First and Second World Wars, the Korean War, and the Vietnam War all produced inflationary periods. Even during peacetime, huge defense outlays consume vast amounts of labor power and material resources, the military being the largest single consumer of fuel in the United States. Military spending creates jobs and consumer buying power while producing no additional goods and services. The resulting increase in buying power without a commensurate increase in consumer supply generates an upward pressure on prices.

MONOPOLY FARMING

Most of our food supply and farmlands are dominated by a handful of agribusiness firms that control 80 percent of the food industry's assets and close to 90 percent of the profits. An *agribusiness* is a giant corporation that specializes in large-scale commercial farming, with a heavy reliance on mono-culture crops, pesticides, herbicides, and government subsidies. Agribusiness megacorporations control every stage of food production, from gene splicing in the laboratory to retail sales in the supermarket.[18]

Independent family farms are being driven out of business because the price that agribusiness distributors pay them for their perishable crops is often below the costs they must pay for corporate-controlled machinery, seeds, and fertilizers. Today, the combined farm debt is much greater than net family-farm income. Only 2 or 3 percent of the price on a farm commodity goes to the farmer; most of the rest goes to the corporate distributors. Of the 2.2 million remaining farms (down from 6 million in 1940), about 45 percent survive by finding additional work off the farm.[19]

Contrary to popular belief, large commercial agribusiness farms do not produce more efficiently than small farms. Agribusiness mass-production techniques damage topsoil, cause enormous waste runoffs, and produce heavily chemicalized crops and livestock. An estimated 70 percent of the antibiotics used in this country are fed to "factory farm animals" as a regular feed supplement to increase their weight. And because the animals are crowded by the thousands in inhumane and unhealthy quarters, the medications are used to lessen the chance of infection. But the buildup of antibiotics in the food chain is putting both humans and animals increasingly at risk as drug-resistant diseases quickly develop.[20]

The shift from family farm to corporate agribusiness has brought numerous diseconomies. The family farm uses less pesticides and herbicides, does not voluntarily resort to genetic engineering, and is concerned about farm waste disposal and preserving the cleanliness of its groundwater, which it uses for its own living purposes. Family farms treat their animals in a healthier and more humane way, injecting less antibiotics and hormones in livestock. They are also more economical in their use of fuel and topsoil, and by providing primarily for local markets, they have lower transportation costs.[21]

With the growth of corporate agribusiness, regional self-sufficiency in food has virtually vanished. The northeast United States, for instance, imports more than 70 percent of its food from other regions. For every $2 spent growing food in the United States, another $1 is spent transporting it. Giant agribusiness farms rely on intensive row crop planting and heavy use of toxic spraying and artificial fertilizers, causing millions of acres of topsoil to be blown away each year. The nation's ability to feed itself is being jeopardized, as more and more land is eroded or toxified by large-scale, quick-profit, biotech farming, not to mention the damage to people's health resulting from consuming foods produced by chemicalized methods.[22]

On the big agribusiness farms, the plight of the nation's 2 million farm laborers has gone from bad to worse. Some are forced to work "off the clock," that is, without pay, for several hours each day. The pesticides and herbicides they are exposed to and their poor living conditions constitute serious health hazards. And farm laborers are among the lowest-paid workers in the country.

Much of the food we eat today contains genetically modified (GM; also called "genetically engineered") ingredients, created by big biotech companies like Monsanto. The long-term effects of such "Frankenfood" on our health are unknown. The agribusiness firms control not only the marketing of these dubious products but most of the research concerning their effects on our health and environment. Our freedom to choose organically grown natural foods is becoming increasingly difficult to exercise. The Food and Drug Administration (FDA) failed to require safety testing of GM foods, and has refused to impose mandatory labeling, thereby preventing consumers from knowing what foods are potentially unsafe biotech products.[23]

GM soy crops were supposed to bring higher yields at lower costs. They were bred with a special gene, making them resistant to Monsanto's powerful Roundup herbicide that kills everything else that grows. Yet the GM crops produced lower yields and have eventually needed just as much pesticide application as conventional crops.[24] "The irony is that this costly research is not needed. Farmers in developing countries are already growing crop varieties with most of the traits, such as drought tolerance and insect resistance, that gene engineers are dreaming of ... Farmers in most regions [of the world] can produce plenty to feed their own communities and cities."[25] Genetic modification is an expensive, profit-driven solution looking for a problem.

So are the notorious "terminator seeds," which raise barren crops, thereby preventing farmers from planting anew with seeds from their own crops. Instead the farmers have to buy a new supply of GM terminator seeds every year, creating more dependency and expense for themselves but bigger profits for Monsanto and other firms. The resulting genetic uniformity wipes out natural diversity, making crops still more vulnerable to disease and pests. This increases the need for pesticides and herbicides beyond what is used on conventional crops. These pesticides are manufactured by Monsanto and other companies that also make the terminator seeds.[26]

Small farmers have had their crops contaminated by genetically modified pollen drifting over from distantly located agribusiness lands. These farmers then have been successfully sued and bankrupted by Monsanto because some small portion of their crop (accidentally) contained GM plants and therefore constituted an infringement of the corporation's "property rights." The farmers are then usually driven out of business by the legal actions taken by Monsanto or Cargill or other profit-driven giant firms.[27]

The terminator technology has been universally condemned by agricultural research institutes and United Nations agencies, as bad for farmers, harmful to the environment, and disastrous for world food security. By spreading genetically modified strains at home and abroad, companies like Monsanto undermine the rich varieties of local crops, wipe out millions of small and efficient farms that perform well in this and other countries, and move ever closer to monopolizing the world's food production.[28]

MARKET DEMAND AND PRODUCTIVITY

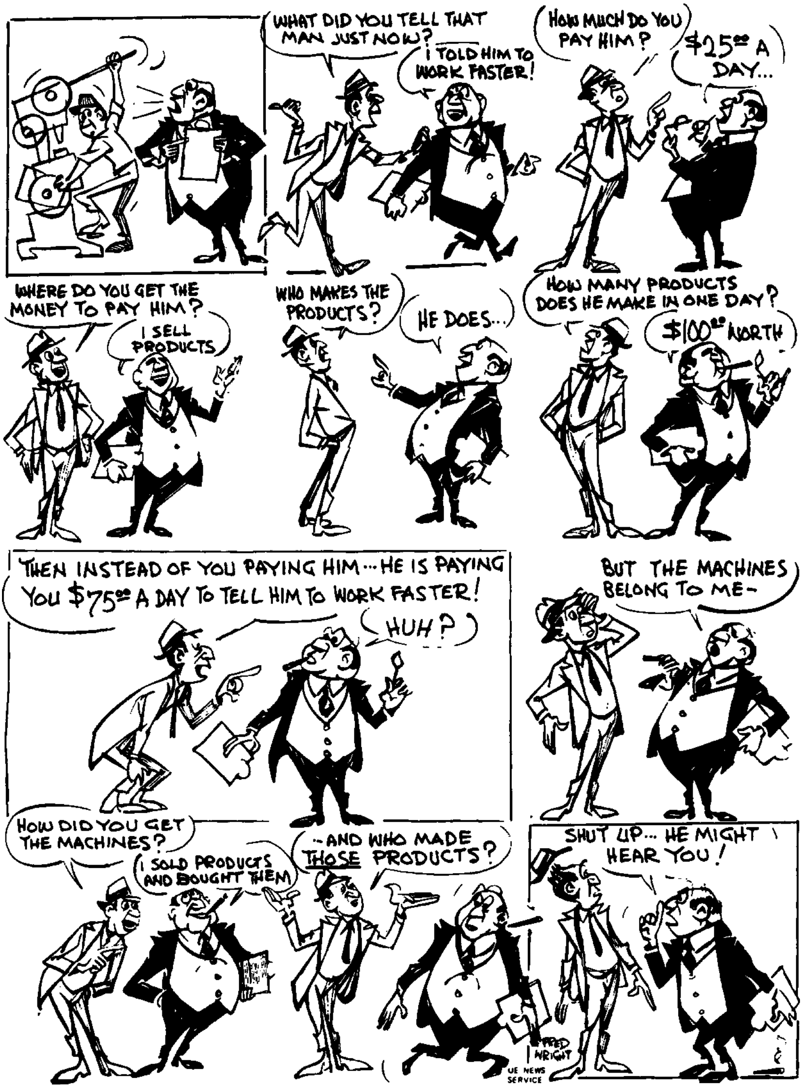
Those who say that private enterprise can answer our needs overlook the fact that private enterprise has no such intention, its function being to produce the biggest profits possible. People may need food, but they offer no market until their need (or want) is coupled with *buying power* to become a market *demand*. When asked what they were doing about the widespread hunger in the United States, one food manufacturer responded with refreshing candor: "If we saw evidence of profitability, we might look into this."[29]

The difference between need and demand shows up on the international market also. When the "free market" rather than human need determines how resources are used, poor nations feed rich ones. Beef, fish, and other protein products from Peru, Mexico, Panama, India, and other Third World countries find their way to profitable U.S. markets rather than being used to feed the hungry children in those countries. The children need food, but they lack the money; hence, there is no demand. The free market is anything but free. Money is invested only where money is to be made. Under capitalism, there is a glut of nonessential goods and services for those with money and a shortage of essential ones for those without money. Stores groan with unsold items while millions of people are ill-housed and ill-fed.

The human value of productivity rests in its social purpose. Is the purpose to plunder the land without regard to ecological needs, fabricate endless consumer desires, produce expensive goods like automobiles, pander to snobbism and acquisitiveness, squeeze as much toil as possible out of workers while paying them as little as possible, create artificial scarcities in order to jack up prices—all in order to grab ever bigger profits for the few?

Or is productivity geared to satisfying essential communal needs first and superfluous desires last, caring for the natural environment, the public's health and well-being, housing, educational opportunities, and cultural life? Capitalist productivity-for-profit gives little consideration to the latter set of goals.

Capitalism's defenders claim that corporate productivity creates prosperity for all. But productivity is a mixed blessing. The coal-mining companies in Appalachia are highly productive and profitable while creating much misery, swindling the Appalachians out of their land, forcing them to work under dangerous conditions, destroying their countryside with strip mining and mountaintop removal, and refusing to pay any of the resulting social costs.



In the last three decades worker productivity (output per hour of labor) rose a dramatic 75 percent, while full-time real wages stagnated or declined in some industries (adjusting for inflation), so that real wages were lower in 2009 than in 1973. If the minimum wage had risen at the same pace as productivity, it would be over $14 an hour instead of $7.25. Most profits from increased productivity go to the firms' investors and top officers.[30]

An increase in productivity, as measured by the gross domestic product (GDP), the total cost of all goods and services in a given year, is no sure measure of society's well-being. Important nonmarket services like housework and child rearing go uncounted, while many things of negative social value are included in the GDP. Thus, crime and highway accidents, which lead to increased insurance, hospital, and police costs, add quite a bit to the GDP but take a lot out of life. What is called productivity, as measured quantitatively, may sometimes represent a deterioration in the quality of life.

It is argued that the accumulation of great fortunes is a necessary condition for economic growth, for only the wealthy can provide the huge sums needed for the capitalization of new enterprises. Yet in many industries, be it railroads, aeronautics, nuclear energy, communications, or computers, much of the initial funding for research and development came from the government (that is, from the taxpayers). It is one thing to say that large-scale production requires capital accumulation but something else to presume that the source of accumulation must be the purses of the rich.

Giant corporations leave much of the pioneering research to smaller businesses and individual entrepreneurs. The inventiveness record of the biggest oil companies is strikingly undistinguished. Referring to electric appliances, one General Electric vice president noted: "I know of no original product invention, not even electric shavers or heating pads, made by any of the giant laboratories or corporations.... The record of the giants is one of moving in, buying out, and absorbing the small creators."[31] The same can be said of recent advances in the software industry.

Defenders of the free market claim that big production units are needed for the modern age. However, bigness is less the result of technological necessity and more the outcome of profit-driven acquisitions and mergers, as when the same corporation has holdings in manufacturing, insurance, utilities, amusement parks, broadcast media, and publishing.

When times are good, the capitalists sing praise to the wonders of their free-market system. When times are bad, they blame labor and government for capitalism's ills. Workers must learn to toil harder for less in order to stay competitive in the global economy, they say; then business would not move to cheaper labor markets in Third World countries. For labor it is a race to the bottom. Workers who do take wage and benefit cuts "in order to remain competitive" often end up seeing their jobs exported overseas anyway, because their wages have not been reduced to the level of subsistence wages in Indonesia or China.

One cause of low productivity is technological obsolescence. Unwilling to spend their own money to modernize their plants, big companies cry poverty and call for federal funds—supposedly to help them compete against foreign firms. Yet these same companies might then produce huge cash reserves for mergers. For example, after laying off twenty thousand workers, refusing to modernize its aging plants, and milking the government of hundreds of millions of dollars in subsidies and tax write-offs, U.S. Steel came up with $6.2 billion to purchase Marathon Oil.

THE HARDSHIPS OF WORKING AMERICA

In the last decade, the real wages of the poorest fifth of the nation dropped almost 9 percent, while the consumer debt (the amount owed on loans, credit cards, and the like) grew twice as fast as personal income. Meanwhile personal bankruptcies were at record highs, and the gap between the rich and most other people was wider than at any time since the 1920s.[32]

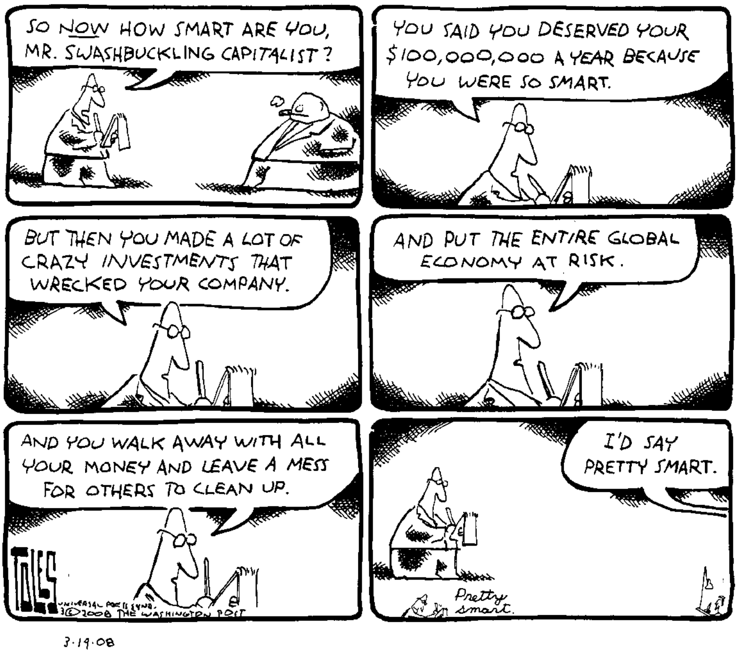
In capitalist societies, if people cannot find work, that is their misfortune. No free-market economy has ever come close to full employment. If anything, unemployment is functional to capitalism. Without a reserve army of unemployed to compete for jobs and deflate wages, labor would cut more deeply into profits. In the 2009 recession the unemployment rate climbed to 9.5 percent or almost 15 million people. This figure does not include the millions who had exhausted their unemployment compensation and left the rolls, or part-timers and reduced-time workers who needed full-time jobs, or the unemployed who gave up looking for work after years of frustration.[33]

Nor does the official unemployment figure count the many forced into early retirement or who join the armed forces because they cannot find work (and are thereby listed as "employed"), nor prison inmates who had no jobs before incarceration. Were we to count all these groups, the *hidden unemployment* in the United States was upwards of 20 percent. The economy had fewer jobs in 2009 than it had in 2000 even though the labor force had grown by some 12 million workers in that time.[34]

The number of workers forced to settle for part-time work (the *underemployed*) has more than doubled in recent decades to about 30 million. Of course, some people prefer part-time work because of school or family obligations. But they do not make up the bulk of part-time and sometime employees. The median hourly wage of part-timers was about one-third less than full-time employees in the same occupations. Among the part-timers are millions of "contract workers," who are paid only for hours put in while deprived of a regular employment slot. About one-fifth of them, more than a million, have returned to their old companies, working at the same jobs but now at lower wage scales, with no health insurance, no paid vacations, and no pension fund. U.S. Labor Department statistics show that only about 35 percent of laid-off full-time workers end up with equally remunerative or better paying jobs.[35]

In the 2008–2009 recession, after almost a year in the doldrums, stock market prices began to recover, home building picked up, the number of foreclosures leveled off, yet consumer demand was lagging and people were still losing their jobs at a high rate—an indication that the recession might drag on, developing into what is called a *jobless recovery*—when things get better for those with money and remain bad for those without.[36]

Some people say there is plenty of work available; unemployment happens because individuals are just lazy. But when unemployment jumps by millions during an economic slump, is it really because a mass of people suddenly found work too irksome and preferred to lose their income, medical coverage, and pensions? When jobs do open up, vast numbers of the "lazy" line up for them. Some examples: At a plant in Iowa, 4,000 people applied for 53 jobs. In New York City, 4,000 people lined up for 700 relatively low-paying hotel jobs. And 24,500 people applied for 325 low-paying jobs at a new Wal-Mart outside Chicago.[37]



Technological advances and automation can expand productivity while reducing the number of jobs; indeed that is the purpose of automation. Another cause of decline in jobs is the runaway shop. U.S. firms move to cheaper Third World labor markets in order to maximize their profits.

We hear that the United States is a "middle-class nation," but most Americans actually are working class. They labor for hourly wages. Even among white-collar service employees, the great majority are nonmanagerial and low wage. Conditions for working people have deteriorated compared to thirty years ago. U.S. workers now have more forced overtime, fewer paid days off, longer workweeks, fewer benefits, less sick leave, and shorter vacations, if any. People are working harder for relatively less, as real wages continue to stagnate or decline and government income supplements are reduced.[38]

One report showed that a majority of Americans say they are not living as well as their parents and their earning power is not keeping up with the cost of living. Larger numbers of them report spending at least one year in poverty in their lifetimes.[39]

The total U.S. consumer debt was $2.5 *trillion* in 2008 or, if mortgages are included, upwards of $6 trillion. "One reason Americans are going deeper into debt is because salaries have not increased enough to meet rising inflation."[40] In the last several decades the household debt burden has mushroomed to 30 percent of disposable income. By 2007, some 29 million households were using at least 49 percent of disposable income to service debt, with a record share of household income being spent to pay interest on accumulated debt.[41]

With cutbacks in federal college grants, many students have to borrow more heavily to get an education. At public universities, student borrowers also work at paying jobs an average of over twenty-two hours a week. In the end more than 65 percent of college students leave school heavily in debt. After graduation, students who miss a payment or default on a loan end up—because of compounded usurious interest rates and penalties—owing three or four times more than they ever received. There are more than 5 million student loans in default. Millions of former students now live in a kind of "debtor's prison without walls," as their debts grow faster than they can be paid off and their earnings are garnished for years to come, consigning them to a semipoverty level. Student debt is the only consumer debt that is denied bankruptcy relief. Not without reason is it described as the "most oppressive debt in U.S. history."[42]

POVERTY IN PARADISE

As of 2007, the Census Bureau reported 37.3 million people living in poverty in the United States, 12.5 percent of the population, or one out of every eight Americans. With the recession of 2008–2009, the numbers are expected to rise substantially. Official estimates generally understate the poverty problem by excluding many undocumented workers and several million other seriously poor or homeless who go uncounted in the census. Over 70 percent of the families below the government's official poverty line have a member who is fully employed. They work for a living but not for a living wage.[43]

According to an IRS report, the share of overall income received by the bottom 80 percent of taxpayers fell from 50 percent to about 40 percent. Among the "working poor" are growing numbers of sweatshop workers who put in long hours for below-minimum wages, plus female domestics in affluent households who work twelve- to fifteen-hour shifts, six days a week, for wages sometimes amounting to as little as $2 an hour. An additional 25 million people in the United States live just *above* the official poverty line in dire straits. (As of 2009 the official poverty line for an individual was $10,830; for a family of four, $22,050.) They have no medical insurance, are often unable to afford a doctor, cannot pay utility bills or keep up car payments, and sometimes lack sufficient funds for food. It is not laziness that keeps them down, but the low wages their bosses pay them and the high prices, exorbitant rents, and regressive taxes they face.[44]

A recent comprehensive study of low-income workers in America found abuses everywhere, in factories, retail shops, construction sites, offices, warehouses, and private homes. More than a quarter of these workers had been paid less than the minimum wage. Many were forced to work unpaid before or after their shifts. Wages and tips were routinely stolen. Workers were forced to work when sick or injured. Many were denied time off for meals. More than two-thirds had their breaks denied or shortened. Workers who complained to government agencies suffered illegal retaliation: firing, suspension, or pay cuts.[45]

The poverty line is purportedly adjusted regularly by the Consumer Price Index (CPI) to account for inflation. However, for those of modest means, a disproportionately larger part of their income goes to basic necessities such as rent, food, fuel, and medical care. The cost of these necessities rises much more rapidly than the general price index, but the Census Bureau has failed to adjust for this, thereby grossly underestimating the extent of poverty in the nation. Nor do the forty-year-old poverty line measurements reflect the dramatic escalation of medical costs, housing, and the necessity to own a car in many parts of the country.[46]

Americans have been taught that they are the most prosperous people in the world. The truth is, the United States is forty-ninth in the world in literacy, and thirty-seventh in health care even while spending more on its health industry than any other nation. Of twenty industrial countries, the United States has the highest poverty rate, highest per capita prison population, highest infant mortality rate, and highest rate of youth deaths due to accidents, homicide, and other violence. Americans work longer hours per year and get less vacation time than workers in any other industrialized country. In the Western social democracies, employees get five to six weeks of paid vacation every year. Americans average one to two weeks a year, if that.[47]

Given the improvement in disease prevention and lifestyle, including more physical exercise and less smoking, U.S. life expectancy reached an all-time high of 77.9 years in 2007 (up from 75.4 in 1990). But among the Western democracies, the United States still rates last in life expectancy behind Britain at 78.7. And the U.S. population shows increasingly high rates of hypertension and obesity.[48]

The poor pay more for most things: exorbitant rents in run-down unsafe housing units that slumlords refuse to repair and installment sales that charge interest rates of 200 to 300 percent. Fringe "banks" and check-cashing companies make billions of dollars annually off low-income people by charging fees of up to 10 percent to cash their paychecks or welfare or Social Security checks. Predatory lenders make short-term loans at usurious rates to people who run short of cash between paychecks. Many of these storefront loan sharks are funded by major banks and corporations. Their growth has been fueled by a decline in the number of households with bank accounts and an increase in the low-income population.[49]

Despite all the talk about affirmative action, African Americans and Latinos endure unemployment and poverty rates about twice as high as that of Whites, and continue to suffer racial discrimination in employment and other areas of life.[50] One investigation demonstrated that when Whites and African Americans, who were deliberately matched in qualifications, applied for the same jobs, the Whites were three times more likely to be hired, and less likely to encounter discouragement and slighting treatment. Ethnic minorities are still turned down more often than Whites for home mortgages, regardless of income.[51]

Women also number among the superexploited. Two out of three adults in poverty are women, many of them single mothers. Of the more than 58 million females who work, a disproportionately high number are concentrated in low-paying secretarial and service jobs. In the mid-1960s women averaged 69 cents for every dollar men made. After thirty years of struggle and hard work, they now earn 77 cents for every dollar men receive, even with similar skills and experience.[52] Meanwhile male wages have themselves declined as higher paying industrial jobs for male workers are outsourced to other countries.

THE HUMAN COSTS OF ECONOMIC INJUSTICE

About 13 million of the nation's children live in poverty, a higher rate than twenty years earlier. Children born into poverty are more likely to be of low birth weight, die in infancy or early childhood, and be plagued with serious ailments, including diseases associated with malnutrition. They are more likely to suffer from untreated illnesses, be exposed to environmental toxins and neighborhood violence, and suffer delays in learning development.[53] Young and elderly poor suffer a "silent epidemic of oral disease," from tooth decay to mouth cancer, due largely to poor overall health and inability to pay for dental care or dental insurance.[54]

More than 36 million people, including over 12 million children, live in households that go hungry during some part of the month, an increase of 5 million since 1999. Hunger or near-hunger in regions all across the United States poses a torrent of needs that food banks and soup kitchens cannot handle. Many recipients are among the working poor, who need emergency food to supplement their insufficient earnings. According to a recent study, one in six young children (those who are five years old and younger) face a constant threat of food insecurity and do not have adequate access to healthy food.[55]

A 2007 UNICEF report ranked the United States (along with Britain) as the worst place to be a child among twenty-one industrialized nations. The Netherlands, Sweden, Denmark, Finland, and Spain were listed as the best. The categories studied were health and safety, family cohesion, risk of poverty, risk of alcoholism and drugs, and the like.[56]

In major American cities and small towns, indigents pick food out of garbage cans and dumps. As one columnist noted, "If the president on his visit to China had witnessed Chinese peasants eating from garbage cans, he almost certainly would have cited it as proof that communism doesn't work. What does it prove when it happens in the capitalist success called America?"[57]

Millions of working poor are only a paycheck away from the streets. Over 95 million people, one-third of the nation, experience housing hardships. Housing is the largest single expenditure for many low-income families, consuming 60 to 70 percent of their income. Due to realty speculations, gentrification, condominium conversions, unemployment, low wages, and abolition of rent control, people of modest means have been squeezed out of the housing market in greater numbers than ever. Over 2 million affordable housing units have vanished during the last twenty-five years, forcing more and more families to double and triple up, imposing hardships and severe strains on domestic relations. Whole families sleep in cars or abandoned buildings, in tent cities, and in temporary shelters. The 2009 recession brought a sharp increase in homelessness and in the number of babies being born in shelters, along with a drastic increase in food shortages.[58]

Several million Americans are homeless at some point during an average year, almost a third of whom are families with children. Homelessness offers a life of stress, hunger, filth, destitution, loneliness, exhaustion, mental depression, and unattended illness. Many persons who stay in homeless shelters or makeshift street shelters hold full-time jobs. With rents so high and pay so low, and jobs disappearing during economic decline, they cannot afford a place to live.[59]

Most cities do not provide sufficient affordable shelter or food for their homeless populations. Instead they increasingly apply the criminal justice system to punish those who try to survive on the streets. Authorities prohibit panhandling, selectively enforce laws against loitering, and enact legislation making it illegal to sleep, sit, or store personal belongings in public spaces.[60]

Almost half the people who live in poverty are over sixty-five. Despite Medicare assistance, the elderly face the highest out-of-pocket health care costs. About half of all seniors have returned to work or are looking for work because they cannot subsist on their savings and pensions.

Less than half of private-sector workers have any kind of private pension or retirement savings such as a 401(k). Corporations often treat worker pension funds as part of a firm's assets. They sometimes default on private-pension payments, failing to set aside sufficient sums to pay workers the benefits they are owed. Also, if the corporation merges with another or is bought out, the fund is absorbed by the takeover and the workers may not see a penny of the money they paid into it. In 2001 alone, $175 billion in workers' 401(k) savings were lost or stolen by management. If nothing is done, the entire private pension system could eventually collapse under the plunder.[61] In fact, many such private pensions did shrink away when stock values crashed in 2008.

It is difficult for those who have never known serious economic want to imagine the misery it can cause. People living under the crushing burden of poverty—without enough money for rent, food, and other necessities, in unsafe crime-ridden neighborhoods and deteriorated housing—suffer an inordinate amount of unattended pathologies. Drops in income and even modest jumps in unemployment rates bring discernible increases in depression, high blood pressure, emotional distress, substance abuse, suicide, and crime. Tens of millions are addicted to alcohol, tobacco, or illegal drugs. Millions more are addicted to medical drugs such as amphetamines and barbiturates. The pushers are the doctors; the suppliers are the drug industry; the profits are stupendous.[62]

Each year, thirty thousand Americans on average take their own lives. Another seventeen thousand or so are murdered. The number of young people who kill themselves has tripled since the 1950s. Millions of U.S. women are battered by men; almost 5 million sustain serious injury each year. Over 2 million children—mostly from lower-income families—are battered, abused, abandoned, or seriously neglected each year. Many elderly also are subjected to serious abuse, which, like child abuse, increases dramatically when economic conditions worsen.[63]

The recession of 2008–2009 only intensified the plight of low- and middle-income people. For almost thirty years there had been a growing gap between rising productivity and stagnant real wages. This brought an immense increase in corporate profits for the superrich. As one economist noted, part of this wealth was lent back to working people to finance their homes, cars, medical care, education, and daily expenses. And part of the wealth was "invested in the unproductive, speculative, financial sector," resulting in still more business and industrial overcapacity, corporate failures, unemployment, and overall economic instability.[64]

In sum, the story of the United States' great "affluence" has a grim side. The free market is very good for winners, offering all the rewards that money can buy, but it is exceedingly harsh on millions of others. Contrary to the prevailing social mythology, the U.S. capitalist system squanders our natural resources, exploits and underpays our labor, and creates privation and desperate social needs amidst commodity glut, serving the few at great cost to the many, leaving us with a society that is less democratic and increasingly riven by wealth and want.