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The Charleston Gazette: Inequality

■ Worse in America

Last year, The Washington Post published a long series on America's worsening gap between the big-money elite and typical families. It noted that earnings of average workers actually are slipping backward, adjusted for inflation, while those at the top soar astronomically.

"Since 1970, the pay of chief executives has jumped from less than 30 times the average wage to almost 300 times that level," the national newspaper said. "Executive overpayment running into the billions sends a terrible signal about the justice of the capitalist system."

Soon afterward, Cornell University economist Robert Frank wrote a major book, *Falling Behind: How Rising Inequality Harms the Middle Class* — and two other top economists, James Heckman and Alan Krueger, wrote *Inequality in America*. Both raise alarms about the deepening split between Americans.

Now The New York Times Magazine has devoted a special issue to "The Inequality Economy." It rebuked "the outlandish wages of the superrich, like the 25 hedge fund managers who each earned at least \$240 million last year (the top dog took home \$1.7 billion)."

"Of course there has always been an income gap between the richest and poorest Americans. But over 25 years that gap has nearly tripled," the report says. It adds: "The extreme divergence of American incomes we see today is actually rather new. For most of the 20th century, America was becoming more egalitarian." But that trend toward equality collapsed after Reagan-Bush Republican years in the 1980s.

Part of the worsening gulf can be explained by the new "information economy" that rewards educated people in knowledge-based careers — while millions of former blue-collar jobs have been wiped out by computers and automation. The latter loss has drastically undercut labor unions that once bolstered worker wages.

Part of the gulf can be blamed on Republican national policies handing gigantic tax giveaways to the wealthy, while slashing government help for ordinary families. Famously, President Bush once told a GOP fund-raising banquet: "This is an impressive crowd — the 'haves' and the 'have-mores.' Some people call you the elite. I call you my base."

Some 2008 Democratic presidential aspirants are making inequality a central focus of their campaigns. Sen. John Edwards, D-N.C., espouses six reforms to help the working poor: (1) Universal medical insurance to cover 45 million unprotected Americans, along with everyone else. (2) Tripling of the Earned Income Tax Credit, a federal payment to low-earning families. (3) A savings plan in which the government would match the first \$500 put into a nest egg by each bottom-rung worker. (4) A New Deal-type jobs program putting jobless Americans to work on roads and parks. (5) A free first year of college for low-income students who volunteer to work 10 hours a week. (6) Housing vouchers to help poor families move out of dismal public housing projects.

To pay for all this, Edwards would repeal President Bush's \$90 billion tax giveaway to families earning more than \$200,000 per year, and he might add further taxes on the high brackets.

We don't know whether such traumatic measures could reverse the relentless dividing of America into a riven society. But extreme inequality is harmful, and the nation must take steps to counter the ugly trend.

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