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# Economic inequality soars in US

By Patrick Martin
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Economic inequality leapt ahead in 2015 in the United States, with the average incomes of the top 1 percent rising twice as fast as the incomes of the remaining 99 percent of households, according to a study released Friday for the Washington Center for Equitable Growth. The top 1 percent had an average income of $1.4 million last year.

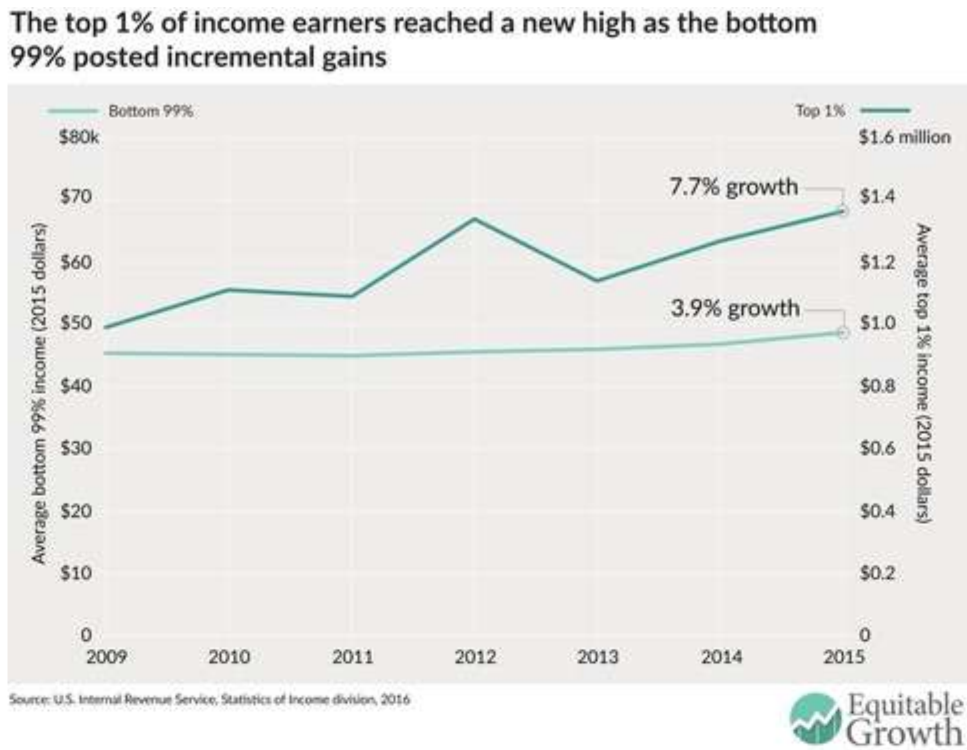
By far, the largest growth in incomes came in an even narrower section of the super-rich, the top 0.1 percent of households. These one-in-a-thousand households saw their incomes rise by nearly 9 percent to an average of $6.75 million.

The top 1 percent increased its share of total US household income from 21.4 percent to 22 percent. The top 10 percent collected more than half of all US household income, 50.5 percent, up from an even 50 percent in 2014. This was the highest figure for any year in US history, except for 2012.

These figures are based on an analysis of tax data by Emmanuel Saez, an economics professor at the University of California, Berkeley, who is well known for groundbreaking research into income and wealth inequality. The data from the Internal Revenue Service gives a more accurate picture of the growth of income inequality than US Census data, which exclude capital gains and other sources of non-wage income, which go almost entirely to the wealthy.

The year 2015 was unusual compared to the rest of the period since the 2008 financial crash in that the wealthy did not monopolize all of the gains in real income. Average income for the bottom 99 percent rose by 3.9 percent to $48,768, the biggest annual increase since 1998, but only half the rate of increase enjoyed by the top 1 percent. This still left the bottom 99 percent of US families below the level of 2007.

“It is indeed the best growth year for the bottom 90 percent and bottom 99 percent since the late 1990s,” Saez told the Associated Press. “At the same time, top incomes grow even faster, leading to a further widening of inequality, which continues an alarming trend.”




The analysis by the Berkeley economist disproves claims by the Obama administration that the 2012 tax increase on the highest-income households, the result of a bipartisan deal with congressional Republicans, has had a significant impact on income inequality. Instead, the wealthy shifted income between years in order to avoid the impact of the higher tax rates.

“This suggests that the higher tax rates starting in 2013 will not, by themselves, affect much pre-tax income inequality in the medium-run,” Saez wrote, adding, “it seems unlikely that US income concentration will fall much in the coming years, absent more drastic policy changes.”

The Saez study gives the US side of a global phenomenon—the rapidly increasing economic inequality generated by the capitalist system on a world scale and exacerbated by the impact of the 2008 Wall Street crash.

A second report issued this week, by the Georgetown University Center on Education and the Workforce, examined social polarization within the United States from the standpoint of access to a college education. While 14 million new jobs have been created over the past 68 months (more than five-and-a-half years) of "economic recovery," it is well known that the vast majority of these jobs are lower-paying and more precarious than the jobs they replaced.

The Georgetown study found that these newly created jobs have been filled almost entirely by college-educated workers. Of the 11.6 million jobs created between January 2010 and January 2016, 11.5 million went to people with some form of college education. Some 75 percent of new jobs went to workers with a bachelor's degree or better, and fully 99 percent went to workers with some college training. This left few or no new jobs available for those without a college education.

The report argued that "workers with a high school diploma or less hear about an economic recovery and wonder what people are talking about. … Of the 7.2 million jobs lost in the recession, 5.6 million were jobs for workers with a high school diploma or less."

The study found that high school-educated workers have recovered only about 1 percent of those lost jobs over the past six years, and have seen virtually "no growth among well-paying jobs with benefits" during that period. There are 5.5 million fewer jobs for workers with no more than a high school education than there were in December 2007.

This continues a longer-term trend, with a decline of 13 percent since 1989, a loss of 7.3 million jobs, available to those with only a high school education. The number of jobs held by college-educated workers has doubled during the same period, with the result that "In 2016, for the first time ever, workers with a bachelor's degree or higher comprise a larger proportion of the workforce than those with a high school diploma or less."

College graduates comprise 36 percent of the work force, while 30 percent of workers have some college education, and 34 percent have only a high school education or less.

The Georgetown study demonstrates that, despite incessant claims that education is the road forward for working class youth to escape a life of economic deprivation, there is really no way out under capitalism.

Those who have not gone to college face a future of long-term unemployment, with little prospect of the decent-paying jobs their parents and grandparents once held. Those who have gone to college are employed, for the most part, in dead-end jobs for which they are overqualified, and where the wages are too low to allow them to repay their college loans. This year, student loan debt reached another all-time record, at $1.35 trillion.

These two reports underscore the objective, class basis for rising social discontent among working people and youth in the United States, discontent that finds only the most distorted expression within the political system, controlled by a two-party monopoly in which both parties represent the interests of the super-rich.

In the Republican Party, billionaire Donald Trump appealed to the discontent, particularly of older and less-educated workers, offering them the poison of economic nationalism and anti-immigrant racism.

In the Democratic Party, Vermont Senator Bernie Sanders won support, particularly among young people, for his condemnation of the "millionaires and billionaires" and his call for college tuition to be free at all public universities. But Sanders is now fulfilling the basic political aim of his campaign—to serve as a lightning rod for social discontent and channel it back behind the Democratic Party. He is folding up his campaign and shifting to support for Hillary Clinton, the candidate of Wall Street, the military-intelligence apparatus, and the bulk of the US political establishment.