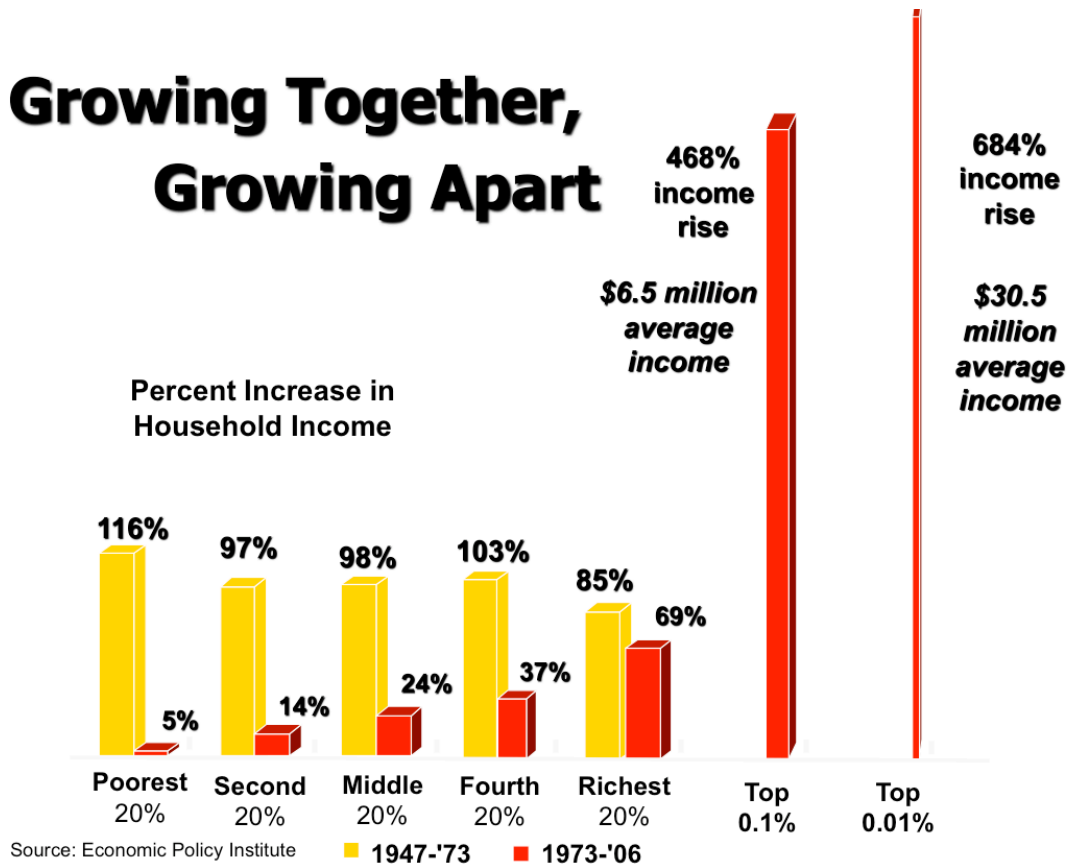


Growing Together, Growing Apart



Working families and unions helped build a powerful middle class (1947-1973)

Our economy did not always work the way it does now. When the middle class was built in the years after the Second World War, the economy generally worked for all of us. During this period, real family incomes doubled – the most rapid improvement in living standards in history. Incomes for the poorest families increased even faster than those of the richest families, so incomes became more equally distributed. This was a period of many social movements and struggles for justice – women’s rights, civil rights, and disability rights to name a few. Unions also grew during this period and the power of workers helped create a more just society. Unfortunately, it didn’t last.

But corporations have taken the power away.

By the 1970s things had changed dramatically. The 1973 recession resulted in the biggest economic downturn since the Great Depression. This recession was important in many respects, not the least of which was the wave of plant closings that began to appear following the recession. Corporate America faced a profits crisis and declining profits led to corporate America calling off its truce with labor. A new corporate agenda emerged. Some people called it “Reaganomics,” but it preceded Ronald Reagan and continued well past his administration. This new, low road approach has been a concerted effort to shift wealth in monumental proportions to the rich. Known internationally as economic neo-liberalism, it tries

to privatize everything. Its goal is to eliminate every obstacle, and potential obstacle, to increasing profits—at any cost!

[Click] Look at how the pattern of income growth has changed since 1973. First, the growth of family incomes has been much slower than in the earlier period, and second, the incomes of the richest 20 percent of families have risen much faster than those of the other 80 percent.

[Click] Between 1973 and 2006 the incomes of the top 0.1 percent (one tenth of one percent) – about 134,000 families with average earnings of \$6.5 million a year (including capital gains) – saw their incomes rise by 468 percent.

[Click] And the top 0.01 percent (one hundredth of one percent) – about 15,000 families with average incomes of \$30.5 million a year (including capital gains) – saw an increase of 684 percent.

Over half of all economic growth since 1973 has gone to the richest 10 percent of America's families, most of it to the top one percent. Income inequality has been growing for several reasons, among them, long periods of high unemployment, globalization, the loss of manufacturing jobs and the expansion of low-wage service jobs, record corporate profits, deregulation, the weakening of the social safety net, and fewer and weaker unions.

Whereas we used to grow together as a nation, today we are growing apart – economically, socially and politically.