

When Is \$2,654 Greater Than \$132,995?

September 2nd, 1997

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The resolution of the U.P.S. strike has generated a near-euphoric sense that the problems of stagnating incomes and income inequality are on their way to being solved.

Wrong. The U.P.S. resolution may yet prove to be as significant an event on the plus side of the battle as the PATCO (air controllers) strike and its reverberations were during the Reagan years. But for now, the most that can be said is that we may have started, but that we still have a very, very long way to go.

Take income inequality: No one doubts that in a fundamentally free market economy, there will be substantial inequality of income. Perhaps there remains a handful of people who recite the "from each according to his means, to each according to his needs" slogan that was once respectably popular, but if such people exist, they have no megaphone. Still, something is at least askew ("rotten" seems to me more like it) when we learn, as we did last week, that in 1994 -- the last year for which we have complete data -- the wealthiest one percent of Americans received as much after-tax income as the bottom 35 percent of the population, or that the top 20 percent received almost as much income as the bottom 80 percent.

Not so good at percentages? Try this: The 2.6 million wealthiest Americans who make up that top one percent had as much after-tax income as the 88 million with the lowest incomes; the 52 million who make up the top 20 percent received 49 percent of all after-tax income, nearly as much as the remainder -- 206 million of us.

Or try this: The average after-tax income of the top one percent was \$374,000. That comes to 15 times as much as the average after-tax income of the middle fifth, which was \$25,650.

Stagnant wages? In the 17-year period from 1977 to 1994, the average after-tax income of the

top one percent rose by 72 percent; the average income of the top 20 percent rose by 25 percent; the average income of the middle fifth stayed just about the same, and the average income of the poorest fifth *declined* by 16 percent.

How terribly would the top one percent have suffered had their share of the national income stayed the same in 1994 as it was in 1997? They'd have lost \$133,000, and that is, of course, a huge difference -- but less significant, one supposes, than the gain of \$2,654 that the poorest fifth would have enjoyed had their share stayed the same. To put it simply, the difference between the actual \$7,172 the poorest fifth in fact received and the \$9,829 they would have received is greater than the difference between the actual \$374,131 of the top one percent and the \$241,176 they'd have received had their share of the total remained constant.

These distressing findings, reported by the Center for Budget and Policy Priorities, become truly frightening when one considers the prospective impact of the recently approved budget agreement. Because of changes in the estate tax and capital gains laws, it is expected that the wealthiest one percent of Americans will receive nearly a third of the tax-cut benefits called for in that agreement. And it will take considerably more than one successful strike to compensate for that, to put our nation on a healthier course.

Perhaps the booming economy will help divert the attention of those who have been so rudely left behind. But we'd be unwise to depend on a rising economic tide to lift boats that have been left so leakily adrift as the yachts of the one percent sail away. Best, then, to hope that the new vigor of the union movement will soon translate into substantial and lasting strength -- and to do what we can to see to make that so.