

Our Shrinking Middle Class

It's kind of embarrassing to admit that sometimes we struggle to pay our bills.

Thankfully, I'm managing to keep mine paid, but sometimes I'm a few days late with some. But when I visit with others in my neighborhood I find my next door neighbor on one side had their lights shut off. Three doors up on one side and two doors down on the other have been without gas since last fall and switched to firewood for heat last winter.

It seems like the more folks I visit with honestly about finances, the more I find are struggling to stay afloat.

Utility rates are rising at several times the rate of inflation. Taxes keep creeping up. A lot of folks are having a hard time because wages have been stagnant or often declining for working-class people.

Sixty one percent of Americans are living from paycheck to paycheck, according to a list of statistics published by *Business Insider*.

Consider the following 22 statistics published by *Business Insider*:

- * 83 percent of all U.S. stocks are in the hands of 1 percent of the people;

- * 61 percent of Americans "always or usually" live paycheck to paycheck, which was up from 49 percent in 2008 and 43 percent in 2007;

- * 68 percent of the income growth between 2001 and 2007 went to the top 1 percent of all Americans;

- * 38 percent of Americans say that they don't contribute anything to retirement savings;

- * 43 percent of Americans have less than \$10,000 saved for retirement;

- * 24 percent of American workers say they have postponed their planned retirement age in the past year;

- * 1.4 million Americans filed for personal bankruptcy in 2009, a 32 percent increase over 2008;

- * Only the top 5 percent of U.S. households have earned enough additional income to match the rise in housing costs since 1975;

- * For the first time in U.S. history, banks own a greater share of residential housing net worth in the United States than all individual Americans put together;

- * In 1950, the ratio of the average executive's paycheck to the average worker's paycheck was about 30 to

one; since the year 2000, that ratio has exploded to between 300 to 500 to one;

- * As of 2007, the bottom 80 percent of American households held about 7 percent of the liquid financial assets, including U.S. stocks, U.S. bonds, and mutual funds;

- * The bottom 50 percent of income earners in the United States now collectively own less than 1 percent of the nation's wealth;

- * Average Wall Street bonuses for 2009 were up 17 percent when compared with 2008;

- * In the United States, the average federal worker now earns 60 percent more than the average worker in the private sector;

- * The top 1 percent of U.S. households own nearly twice as much of America's corporate wealth as they did just 15 years ago;

- * In America today, the average time needed to find a job has risen to 35.2 weeks;

- * More than 40 percent of Americans who actually are employed are now working in service jobs, which are often very low paying;

- * For the first time in U.S. history, more than 40 million Americans are on food stamps, and the U.S. Department of Agriculture projects

that number will go up to 43 million American in 2011;

- * This is what American workers must now compete with: In China, a garment worker makes approximately 86 cents an hour and in Cambodia, a garment worker makes approximately 22 cents an hour.

- * Despite the financial crisis, the number of millionaires in the United States rose 16 percent to 7.8 million in 2009;

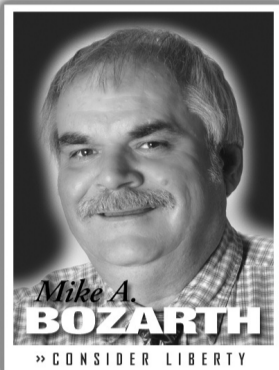
- * Approximately 21 percent of all children in the United States are living below the poverty line in 2010 – the highest rate in 20 years;

- * The top 10 percent of Americans now earn around 50 percent of our national income.

I have never been one to begrudge someone for being successful.

But government intrusion into the private sector is making people wealthy who don't deserve it. Too many people gain success at the expense of the rest of us because of the ways our laws and tax laws are written.

I see this resentment growing and do not believe our country can continue present policies without consequences.



Mike A.
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"So-So Security..."

...is better than "NO-NO Assuredly," which is what wealthy arch-opportunists of the Republic Party have been delivering and more of which they have in store (they think) if enough of them can fool enough of us to give them majorities in Congress. Despite what these laissez-faire wolves in shepherd's clothing say, things aren't so bad, and I speak with some authority here. I just had to send the Social Security \$2,403 because they overpaid me.

"Egad," cried commiserating friends, "It's not fair!" I thank my friends, and I would like to have kept the loot, but it was fair, and that's the point.

I semi-retired before reaching what the SS calls "full retirement age," and their policy on working after benefits start is clear: if you make more than a certain amount before full retirement age, they cut the extra benefits by half. In the year you reach full retirement age, the amount you can make goes up about two-and-a-half times, and if you make more, the SS reclaims a third of their payments over that amount. The next year the sky's the limit: you can make all you want and still get full benefits. It's fair.

Complaining about "so-so security" is one thing; remembering what life was like without it is another. My late Uncle Fred (a Los Angeles Public Administrator) had to remind a fellow of that in a nursing home thirty years ago. The old boy's check hadn't come, and he kept badgering Fred: "Vere's my zo-zo

zegurdy?" Fred assured him "It's coming – you won't go to the Poor Farm," which is opposite of what the laissez-faire-Republic-party members want: send it all to Wall Street! Cancel it!" Right... things were SO much better when grandma had to live in the attic or Uncle Zeke resided in the woodshed because the Coal Company had a retirement plan that read "root hog or die."

Of course, adjustments may be necessary. We live longer and the retirement age may have to be raised; but this follows the whole concept of "retirement" historically. Time was, you worked until

you dropped. That may be what members of the First Church of Laissez-Faire Capitalism liked about it: a cheap labor pool too busy surviving when young to do anything about it and too worn out to do anything about it when old.

And, again "of course," improvements are always possible. In my case, it would have been good to have a payment plan rather than fork over the whole chunk at once. Two-grand is not pocket change to me, but it was manageable. Others, however, would be "up a stump" if they had to find that much all at once or lose their payments until the account came even. To be fair, the letter telling me what I owed and why (a very polite, clear, easily understood letter with full accounting) also included alternatives and places to go for appeals and reviews, so there may be a way to make payments. I'm not sure because (luckily) I didn't really need it, but it's quite possible the SS has it covered.

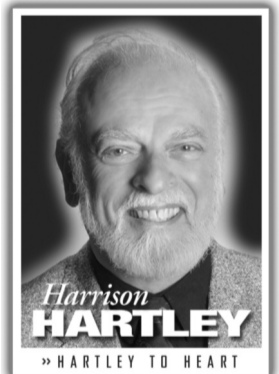
What they also have covered, it turns out, is the future – for some decades out. The Annual Report of the Social Security Trustees was published on August 5th, and it is most interesting. For starters, it does a pretty fair job of "myth busting," and about time!

For years now – ever since "The Reagan Revolution" (a clever, partly successful attempt to return us to 1895 conditions) – the laissez-faire mantra has been "SS is going broke! We have to PRIVATIZE it!" (This is a nifty ancillary issue, by the way: the notion that "private" is better. We have unusually clear evidence of just how swell "private" works hidden by dispersant in the Gulf of Mexico, or on the run in Alaska from a "private" jail in Arizona.) Fortunately, like much else coming from certain quarters, this is not true. In fact (fact: an accurate description of the real world), SS is in pretty good shape after all.

Having survived the worst economic collapse in its history, the SS 75-year actuarial deficit is SMALLER now than it was a year ago. The main fund grew by \$122 billion in 2009 to \$2.5 trillion. And consider this: the program supported 53 million beneficiaries (i.e. PEOPLE) by paying out \$675 billion at an administrative cost of 0.9% of expenditures. Try to find ANY private

organization to match that cost/benefit ratio! And, though it's true 2010 and 2011 will see more expense than income, the trend will reverse in 2012. Also, the \$41 billion "short-fall" laissez-faire Republic Party members talk about only exists if you don't count roughly \$118 billion of interest due. As for the imminent demise of the (very real) SS trust fund, as Twain and Hemingway might say, reports of it's death have been "severely exaggerated." Bush's "free enterprise for the poor and socialism for the rich" policies damaged the fund, but it exists as a balance between payroll and income taxes, and when balance is restored, the fund will be fine for some time. It will draw down, the Trustees say, by 2037 to the point where it will only cover 78% of current benefits, but that assumes (1) that we ignore the problem for 25 years and (2) that NOTHING is better than 78% of original benefits.

Apparently, wealthy laissez-faire-Republic-party members think so. If they have their way, they'll get the tax-cuts and other benefits and you and I can get ready to move into the attic, or the woodshed... or we could always just "root hog or die," like people did before The New Deal gave them an option; an option I'd like to keep. Wouldn't you?



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