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Growing Gulf Between Rich and Rest of US

by **Holly Sklar**

Guess which country the CIA World Factbook describes when it says, "Since 1975, practically all the gains in household income have gone to the top 20 percent of households."

If you guessed the United States, you're right.

The United States has rising levels of poverty and inequality not found in other rich democracies. It also has less mobility out of poverty.

Since 2000, America's billionaire club has gained 76 more members while the typical household has lost income and the poverty count has grown by more than 5 million people.

Poverty and inequality take a daily toll seldom seen on television. "The infant mortality rate in the United States compares with that in Malaysia -- a country with a quarter the income," says the 2005 Human Development Report. "Infant death rates are higher for [black] children in Washington, D.C., than for children in Kerala, India."

Income and wealth in America are increasingly concentrated at the very top -- the realm of the Forbes 400.

You could have banked \$1 million a day every day for the last two years and still have far to go to make the new Forbes list of the 400 richest Americans.

It took a minimum of \$900 million to get on the Forbes 400 this year. That's up \$150 million from 2004.

"Surging real estate and oil prices drove up several fortunes and helped pave the way for 33 new members," Forbes notes.

Middle-class households, meanwhile, are a medical crisis or outsourced job away from bankruptcy.

With 374 billionaires, the Forbes 400 will soon be billionaires only.

Bill Gates remains No. 1 on the Forbes 400 with \$51 billion. Low-paid Wal-Mart workers can find Walton family heirs in five of the top 10 spots; another Wal-Mart heir ranks No. 116.

Former Bechtel president Stephen Bechtel Jr. and his son, CEO Riley Bechtel, tie for No. 109 on the Forbes 400 with \$2.4 billion apiece. The politically powerful Bechtel has gotten a no-bid contract for hurricane reconstruction despite a pattern of cost overruns and shoddy work from Iraq to Boston's leaky "Big Dig" tunnel/highway project.

The Forbes 400 is a group so small they could have watched this year's Sugar Bowl from the private boxes of the Superdome.

Yet combined Forbes 400 wealth totals more than \$1.1 trillion -- an amount greater than the gross domestic product of Spain or Canada, the world's eighth- and ninth-largest economies.

The number of Americans in poverty is a group so large it would take the combined populations of Louisiana, Mississippi, Alabama and Texas, plus Arkansas to match it. That's according to the Census Bureau's latest count of 37 million people below the poverty line.

Millions more Americans can't afford adequate health care, housing, child care, food, transportation and other basic expenses above the official poverty thresholds, which are set too low. The poverty threshold for a single person under age 65 was just \$9,827 in 2004. For a two-adult, two-child family, it was just \$19,157.

By contrast, the Economic Policy Institute's Basic Family Budget Calculator says the national median basic needs budget (including taxes and tax credits) for a two-parent, two-child family was \$39,984 in 2004. It was \$38,136 in New Orleans and \$33,636 in Biloxi, Mississippi.

America is becoming a downwardly mobile society instead of an upwardly mobile society. Median household income fell for the fifth year in a row to \$44,389 in 2004 -- down from \$46,129 in 1999, adjusting for inflation.

More tax cuts are in the pipeline for wealthy Americans who can afford the \$17,000 watch, \$160,000 coat and \$10 million helicopter on the Forbes Cost of Living Extremely Well Index.

More budget cuts are in the pipeline for Medicaid, Food Stamps and other safety nets for Americans whose wages don't even cover the cost of necessities.

Without a change in course, the gulf between the rich and the rest of America will continue to widen, weakening our economy and our democracy. The American Dream will be history instead of poverty.