

# Social Inequality in America: Widening Income Disparities.

Workhouse Nation: Part One

By [Vi Ransel](#)

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"When I give food to the poor, they call me a saint. When I ask why the poor have no food, they call me a communist."

- Brazilian archbishop Dom Helder Camara

"The difference between social service and social justice" is that social service "works to alleviate hardship" while social justice "aims to eradicate the root causes of that hardship."

- Dr. Martin Luther King, Jr.

The "aristocracy of our moneyed incorporations" has never conceded a thing, not even to suppress a revolt. This "opulent minority" does not "give" what it does not intend to begin to claw back with its cold, non-living corporate "hand" before the ink is dry on the signatures on treaties, the Fourteenth Amendment, even the New Deal, perhaps the greatest bowl of gruel ever cooked up by an oligarchy.

Reforms, regulatory agencies and elections themselves are America's Circus Maximus, mere flourishes on the veneer of democracy painted over the naked concentration of power accrued to the few who hold the reins of the corporate mechanism, the most stunningly efficient means ever invented for accumulating and concentrating wealth, which is then translated into political power.

The mid-twentieth century "deal" between the "opulent minority," the government and the people left the "opulent minority" with the lion's share of the country's wealth, but a little bit more of that wealth was shared with the workers who created it. The government was the referee who enforced the rules, and the years between the end of the Second World War and 1970 were America's most prosperous overall, producing the largest, wealthiest middle class in history.

Americans assumed that this was the new normal, that a solid social contract was now standard operating procedure. But this overall prosperity was only a glitch in minority rule, a safety valve to stem the pressure of a popular, revolutionary mood that had been building since the Civil War and had come to a head during the Great Depression. Now the country is returning to its natural state, including the immense chasm between the incomes of the "opulent minority" and the rest of us, as squalor once again stands side by side with splendor.

“According to the United Nations Gini Coefficient, which measures the national distribution of family income, the US had the highest level of inequality of the highly industrialized countries, based on the data available in 2008. It was ranked slightly more unequal than Sri Lanka, and on a par with Ghana and Turkmenistan. (1)

In the 70s, US economic global supremacy was waning, in large part, due to increasing competition from Europe and Japan as they recovered from the devastation of World War II. This made the “opulent minority” rethink the New Deal-bone they’d tossed to the majority of Americans, and they brought in Ronald Reagan to put in force a Raw Deal that began a cascade of deregulation, privatization and consolidation that put America back astride the global economy by putting America’s wealth gap on the way back to the Gilded Age. Today the “opulent minority” appropriates everything it can get its hands on – “legally” – while the middle class holds on by its fingernails and the rest of us go over an economic Niagara Falls without a barrel into “Third” World-style poverty. Government is no longer the referee that promotes the general welfare. Government is the facilitator for the “opulent minority,” ensuring that they can extract every last penny from the people they impoverish.

Since 1980, the richest Americans have seen their incomes quadruple, while for the “lowest” 90% of us, incomes fell. The average wage is lower today than it was in the 1970s, while productivity has risen almost 50%. (2) In 1983 middle class debt held at 67% of income. In 2007, middle class debt had gone over the falls to 157% of income. (3) In 1950 the ratio of the average executive’s paycheck to the average worker’s was about 30 to 1. Since 2000 that average has ranged from 300 to 500 to one. (4)

“As of late 2009, the number of billionaires soared from 793 to 1,011, and their total fortunes from \$2.4 trillion to \$3.6 trillion. ...Despite the crisis, the list of billionaires has grown by 200 people and their aggregate capital has expanded by 50%. This may seem paradoxical but only at first glance. This result was predictable, if we recall how governments all over the world have dealt with the economic crisis.” (5)

This is the result of a deliberate strategy, one Washington has executed many, many times, though usually in “Third” World nations, by using “Free” Trade Agreements (FTAs) and its front groups, the International Monetary Fund, the World Bank, and the World Trade Organization. Purchased politicians plunge their countries into unsustainable debt. Under Structural Adjustment Programs (SAPs), national industries are sold to transnational corporations and privatized. Social programs are cut to the bone or eliminated altogether. Interest rates are ratcheted up and the economy collapses on itself like the World Trade Center while banks and corporate buzzards fight each other to pick the carcass clean.

Building on such controlled demolitions, the corporate-owned media has discovered a rash of “profligate countries” – much like our own – that have been living beyond their means and must now take their medicine. And the near-universal prescription is SAPs. The discovery of this pandemic of profligacy, as opposed to the pandemic of poverty, was prompted by demands from the same international banksters who plunged the world into a financial “crisis” for their personal profit to the point of bankrupting their own countries in order to bail themselves out.

But the New York Times’ Thomas Friedman says “...we’ve just had our 70 fat years in America...” and “...leadership... has largely been about giving things away...” He cites Michael Mandelbaum of John Hopkins University saying “...the great task of government and

of leadership is going to be about taking things away from people,” and adds that “...to lead now is to trim, to fire or to downsize services, programs or personnel.” He then compares Americans to locusts that have eaten “the prosperity that was bequeathed us.”

But the New York State comptroller’s report has outted the real profligates. Wall Street bonuses rose to \$20.3 billion in 2009, while New York Stock Exchange broker-dealer firms raked in more than \$55 billion in profits, about three times their previous record. And pay packages at the biggest Wall Street banks shot up 31%.

Between 1978 and 2008, almost 35% of America’s total income growth went to the top one-tenth of one percent of “us.” (6) And according to economists Thomas Piketty and Emmanuel Saez, two-thirds of income increases between 2002 and 2007 went to the wealthiest 1% of society, a higher share of income than at any time since 1928.

The average income of the top-earning 400 US families quintupled from \$16 million to \$87 million between 1992 and 2007. The rest of us averaged a 13% loss before the financial crisis. And since then millions more of us have plunged over the falls into joblessness, poverty, homelessness and hunger. These are the conditions Friedman tells us must be drastically driven down.

And both the White House and Congress concur. In order to balance the budget they tell us, social programs must be cut because this “profligate” safety net created to promote the general welfare of the majority of the American people has bankrupted the federal government.

But in fact, just the opposite is true. The rich, aided and abetted by the two wings of the Money Party, have bankrupted the government. The economic crisis is pulling back the curtain of democratic pretense to expose the brick wall of a callous system that ignores social needs to satisfy the whims of a parasitic “opulent minority.”

And while “...Wall Street has extracted \$13 trillion in bailouts just since October 2008, the thought of raising taxes on wealth to pay just \$1 trillion over an entire decade for Social Security or health insurance is deemed a crisis that would lead Wall Street to shut down the economy.” (7) Wall Street is demanding that governments around the world makeup for the profligacy of the financial sector by taking what little they left to their victims through higher taxes and slashing or eliminating social programs. This is the basis of the global financial “crisis.”

It’s the mechanism of corporate colonization coming home to roost. This time the US is the economic colony du jour. The middle class in America is being crushed and brushed off the economic banquet table like crumbs, while wealth continues to shift to the “opulent minority” waiting at the top of the wealth pyramid, calmly sipping mint juleps as they arrange all the repression they’ll need to put down potential unrest. Deja vu. We’re right back where we were when King George III and the British East India Company were in charge.

Reagan’s crushing of PATCO, the air traffic controllers’ union, was the hunter’s horn that signaled to the corporate jackal pack that they were now free to hunt down and attack the right to organize, forcing labor, that’s us, to be “flexible,” e.g. to accept less and less for more and more work that must be done faster and faster with fewer and fewer of us as we

create the real wealth of society. We became contingent labor, part time labor, contract labor, temp labor, permatemp labor, at-will workers , and “free” agents to a contract where employers have all the liberty to contract and we have the liberty to accept their terms or become unemployed labor.

And though US output per worker rose at its fastest rate in six years during the second quarter of 2009, businesses wrung more from remaining workers, and this newly “flexible” labor force got only a fraction of their former wages. New hires at what’s left of the Big Three auto companies make less than workers made at those same companies in 1948. (8)

“America touts itself as the land of the free, but the number one freedom you and I have is the freedom to enter into a subservient role in the workplace. Once you exercise this freedom, you’ve lost all control over what you do, what is produced, and how it is produced. And in the end, the product doesn’t belong to you. The only way you can avoid bosses and jobs is if you don’t care about making a living, which leads to the second freedom: the freedom to starve.” – Tom Morella

The people, the “demos” in democracy, have been propagandized 24/7 with sophisticated Public Diplomacy that manufactures “consent” via the corporate ownership of information/media. It works. They wouldn’t spend billions on advertising and lobbying if it didn’t. In 2009, 495,145 million dollars was spent on advertising alone,(9) and \$3.47 billion on lobbying. (10) Last year, “There were 12,553 lobbyists registered in Washington...” But a better count of those engaged in unregistered lobbying “...would be about 90,000...” (11)

And in this way, the “opulent minority” led us to believe we were actually going to get a deal, whether Square, Fair or New, that we were headed out across a New Frontier as part of a Great Society, that it was Morning in America and we were crossing a Bridge to the 21st Century while engaged in Change We Can Believe In – all while running in place. Way back at Morning in America someone should have told us to wake up and smell the coffee. Can you still afford coffee?

Our representatives, both Republicans and Democrats, ignore their constituents and vote the interests of their corporate campaign contributors, the Supreme Court has given our constitutional rights to a business mechanism for generating profit via “corporate personhood,” and our president’s campaign was named Advertising Age’s “Marketer of the Year,” 2008.

The people have been punked by all three branches of our corrupt and purchased government – legislative, executive and judicial – which compete to kiss the hems of the lavish purple robes of board room barons and their lobbyist courtiers, who themselves are puppets of plutocratic shareholders ensconced on the throne behind the corporate curtain.

As the people’s attention was diverted not only by sports, gossip as news, and competitive consumption while trying to subsist on crumbs from the “opulent minority’s” table, government policy changes were crushing unions and jobs were “exported,” first to the southern states, then Mexico, then China, then Thailand and Viet Nam, and soon to Africa in a never-ending safari to find the world’s most desperate people, and thus the highest profits by squeezing the most work out of those who have the least.

Disney paid Haitian workers 28 cents an hour to make children’s pajamas. Wal-Mart pays

Nicaraguans \$1.50 a day to make blue jeans. In the US the average Wal-Mart worker earns \$12,000, making one-half of the total workforce of 720,000 eligible for food stamps. This saves Wal-Mart about \$432 million dollars in wages it doesn't have to pay every year.

Do the math. If 360,000 Wal-Mart workers each receive just \$100 in food stamps every month, that's \$36 million Wal-Mart doesn't have to pay in wages every month, or \$432 million each year. The American people make up for these unpaid wages with their taxes to supply Wal-Mart workers with food stamps to feed their families in lieu of wages. That's going on half a billion dollars every year.

Collectively, Walton heirs have \$65 billion and own over 1.7 billion shares, or 43% of Wal-Mart stock. They received another \$29 billion from the rise in share prices from November 2007 to June, 2008 alone. (12) If you made \$50,000 a year, it would take you 20,000 – that's 20,000 – years to make one billion dollars. And as for the trillions in taxpayer dollars transferred no questions asked to the banks, if you made one million dollars a day every day since the birth of Christ, you still wouldn't have even one trillion dollars.

In the meantime, corporations such as these have left the US with no industrial or economic base, while tax policy continues to divert money from workers and their children to the ridiculously wealthy. Jobs have been shipped out of the US to low wage platforms constructed on desperate people by the largest, most "efficient" and profitable corporations, which are now trying to drive US wages down even further by importing "indentured servants" on H1-B visas who will do high tech jobs at much less than the going rate in America.

And as for illegal immigration, successive administrations have never actually wanted to stop it, which may have been the point of NAFTA in the first place. By driving a flood of impoverished workers across the border to take jobs at the very corporations that wouldn't be able to exist without such "illegal" labor, the cost of US wages could be driven down across the board.

"For the first time since the Great Depression, the United States experienced zero job growth in a decade. Zero. And zero is actually worse than it sounds since none of the preceding six decades registered job growth of less than 20%. By comparison, the 1970s, which are often bemoaned as a time of economic stagflation and political malaise, registered a 27% increase in jobs." (13)

The White House Council of Economic Advisors released its Economic Report to the President on Feb. 12, but despite its projection that mass unemployment will continue for years, its "...projections in fact are optimistic. They are based on the assumption that real GDP will grow by 3.0 percent this year (4th quarter to 4th quarter), and 4.3 percent in 2011. This compares to real GDP growth of minus 1.9 percent in 2008 and minus 0.5 percent in 2009." (14)

Spending can't resume until workers are paid enough to be able to consume. Money in workers' hands is spent immediately into the economy. In the US such spending has been responsible for 70% of GDP, but jobless workers can't sustain demand for consumer goods, and thus can no longer generate that 70%. Still this administration has not lifted a finger to put people back to work and restart the demand mechanism.

But “Sen. John Kyle of Arizona, the Republican whip, argued that unemployment benefits dissuade people from job-hunting ‘because people are being paid even though they’re not working.’ Unemployment insurance ‘doesn’t create new jobs. In fact, if anything, continuing to pay people unemployment compensation is a disincentive for them to seek new work.’” (15)

And “Former House Majority Leader Tom Delay...has an explanation for the high rates of unemployment that continue to plague the economy... ‘There is an argument that these extensions, the unemployment benefits, keep people from going and finding jobs,’ he told CNN’s Candy Crowley.. ‘In fact, there are some studies that have been done that show people stay on unemployment compensation and they don’t look for a job until two or three weeks before they know the benefits are going to run out.’ ‘People are unemployed because they want to be?’ asked Crowley. ‘Well, it is the truth. And people in the real world know it.’” (16)

And while Nevada representative Dean Heller says he believes there should be a social safety net, he questions the wisdom of extending unemployment benefits, asking, “Is the government now creating hobos?”

The “official” American jobless count as 2010 began was over 10%, but it’s actually closer to one in five, both unemployed and underemployed. There are six of us for every job available. Former auto production center Detroit has the highest official unemployment rate at 27%, but the real figure stands near 50 %. No new jobs have been added since December 2007, while in the same period Fed Chairman Ben Bernanke says the private sector lost eight million jobs. Factoring in population growth, we need to add 150,000 jobs a month just to stay even, so the total jobs lost is over 10.5 million. The Fed predicts unemployment will stay at least 7% through 2011, and we’re shedding half a million jobs a month on average. (17)

Twenty million of us collected unemployment in 2009 and 25 states borrowed billions of dollars to keep those benefits flowing. (18) First time jobless benefit claims in the third week of February rose to their highest levels since the week ending Nov 14, according to the US Labor Department.

In New York, unemployment benefits are taxed at roughly 40%, even though the people receiving unemployment are getting back money they paid into federal and state unemployment systems when they were still working. This “unemployment tax” goes back to the Reagan Administration. “Under the guise of tax reform, we agreed to raise \$2.3 billion from people who don’t have jobs.” – Rep. Brian Donnelly (D – MA) 1985 And when banks and insurance firms are literally awash in hundreds of billions of taxpayer bailout dollars, it seems supremely hypocritical to tax unemployment checks, which are the only “income” millions of people have – and their only means of survival. (19)

And since 1996 the number of people with no income at all has been rising. Clinton and a Republican Congress ended welfare, the federal relief program instituted in the 30s. Pledging to “end the cycle of dependency,” the Democrats joined the Republicans to impose lifetime limits on benefits, drastically reduce cash assistance, and place restrictive “workfare” and other requirements on further aid. And in spite of our current need for relief, the Obama Administration opposes any additional funding for Temporary Assistance for Needy Families (TANF), all that’s left of the welfare program. (20)



In January 2003 the Washington Post reported, "Citing a shortage of money, the Bureau of Labor Statistics will stop publishing information about factory closings across the country...known as the Mass Layoffs statistics report, (it) detailed where workplaces with more than 50 employees closed and what kinds of workers were affected." (21)

While Congress overturned this move by the Bush Administration, on March 3, 2010 the Post again reported "...The Bureau of Labor Statistics tracks globalization's winners and losers... Manufacturing jobs here, for example, have fallen faster since 1979 than in Canada, Germany or Japan. Compensation for these jobs dropped here in 2008, but jumped in South Korea and Australia. Soon, however, Americans may be spared the demoralization of these numbers: the White House wants to shutter the unit that produces them." (22)

How convenient. In his State of the Union Address, the president "called for a massive expansion of the NAFTA trade model into Colombia, South Korea and Panama. So you can bet this announcement by the White House is no accident - it's preemptive." (23) Now you can't know.

In 2009 there were 2.82 billion foreclosures - almost 8,000 every day. (24) Another 2.4 million are expected this year. (25) By year's end, foreclosures will exceed 7 million, possibly going to 10 million. (26) And the Commerce Department reported that new home sales dropped 11.2% in January, the lowest level on record in nearly 50 years.

"Houses on sale for a few dollars are something of an urban legend in the US on the back of the mortgage crisis that drove millions of people from their homes. But in Detroit, it is no myth. One in five houses now stand empty in the city that launched the automobile age, forged America's middle class and blessed the world with Motown. Drive through Detroit neighbourhoods once clogged with the cars that made the city the envy of America and there are homes to be had for a single dollar." (27)

First American CoreLogic data shows 11.3 million houses had underwater mortgages in the fourth quarter of 2009, or 24% of all residential home loans in the US, and that "an additional 2.3 million mortgages were approaching 'negative equity' at the end of last year..." This means that three out of ten American homes "have virtually no value to their owners." (28)

One point four million Americans filed for personal bankruptcy in the first nine months of 2009 in spite of the punitive new Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. A study conducted by Harvard Medical School in 2007 found that 62.1% of the bankruptcies in their sample were due to medical expenses, and that three-quarters of those who filed for bankruptcy had health insurance. (Forty-seven million of us have no health insurance at all.)

More and more Americans are filing "for Chapter 7 bankruptcy which - if approved - allows a court to discharge most unsecured consumer debt, including credit card bills." The goal of the 2005 law was to force more people to file for Chapter 13 bankruptcy, which requires those with regular income to pay debts in full, or in part, over several years. (29)

But Chapter 13 filings decreased 3% from January to February (30) because "People generally file for Chapter 13 to try to save a home." - Robert Lawless, University of Illinois

Now people are unable to borrow on the equity in their homes to avoid bankruptcy, and many of them no longer have homes to save. (31)

But since the law changed in 2005, the bankruptcy rate has risen every year. “We are already on a faster pace in 2010 than we were a year ago.. Consumer filings will likely surpass 1.5 million filings this year.” – Samuel Gerdano, American Bankruptcy Institute Chapter 7 filings were up 41% in 2009, while Chapter 13 filings were up only 12%. (32)

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, in effect, makes the government a collection agency for credit card corporations that make “bad judgments” about credit risks (often on purpose). In a real free market, those who make bad loans risk losing money. This law does away with that risk, charging government with following debtors for decades, and bailing out reckless credit card corporations.

In 2008 the US Census showed 47.4 million of us were living under the official poverty line. For a family of four it’s just \$22,000, or \$4,400 per person per year. Can you live on \$4,400 a year? In 2008 the USDA reported that 49.1 million of us had no dependable access to food. Food charities saw demand rise 30% between the summer of 2008 and the summer of 2009. On December 11, 2009, the USDA reported that a record 37.2 million of us were eating thanks to food stamps, or one out of every eight. On January 13, 2010, the New York Times reported that six million of us were living on no income other than \$100-\$200 in food stamps.

“Over 8.8 million households will have received heating assistance by winter’s end, up from 7.7 million last year and 5.7 million in 2008, according to a new report from the National Energy Assistance Director’s Association (NEADA). About 4.3 million households had utilities disconnected in 2009...” “In spite of mounting unemployment, Congress this year approved the same amount of money as it did last year for heating assistance, allocating \$5.1 billion for the states to administer LIHEAP – a figure substantially less than several Wall Street banks paid their executives in 2009.” (33)

Utility shutoffs in July 2009 bit hard as winter settled in on many of us living dangerously without heat or electricity – until we weren’t living at all, frozen or else burned to death trying to keep warm with space heaters while “stealing” electricity. More and more people are living in Hooverville-style tent cities, in their cars, and in shacks made of wood, metal and cardboard scraps. They have no running water, plumbing or electricity. And these are the people with “homes.” A 2007 study by the National Law Center on Homelessness and Poverty found that approximately 3.5 million of us are likely to experience homelessness in a given year.

Eighty thousand people in Detroit lined up in October 2009 looking for help with their utility bills. Over a three-day period, 10,000 people showed up for 90 jobs making washing machines in Kentucky for \$27,000 a year. (34) And remember, even at \$50,000 a year it would take 20,000 years to make one of Gates’, Buffet’s or the Waltons’ billions.

But the “opulent minority” of corporate shareholders prefer their workers poor, the poorer the better. Desperately poor people work harder and faster for less, afraid not to take what they’re grudgingly offered. And the poorer they are, the less able they are to defend themselves against the abuse doled out by the corporations these shareholders own. “It is easier to control those who are struggling for survival than...those who are striving for



improvement.” – Dennis Kaiser

And further, we’re supposed to be in debt. Consumer debt has been the engine of the American economy since wages leveled off and began to drop in the 70s. Employers paid less in order to raise their profit margins. The financial sector extended credit, aka debt, as a way for workers to continue to consume while receiving less wages. This also had the effect of increasing the financial sector’s profit from the interest on that debt. This credit/debt kept the engine going as the employer-corporations and the financial sector profited while American worker-consumers were beginning to drown in that very same debt/credit.

But if no one was in debt and everyone was saving money, the economy wouldn’t be performing as well as it should. Alan Greenspan, former Fed Chairman, believes consumer debt is “a very potent and very desirable financial institution” (July 25, 2005) and that pay raises are inflationary. Keeping people poor and using those debt-created income streams, e.g. the monthly interest payments, for collateral allows Wall Street to borrow against that debt in order to take out loans to finance investments/risks/bets and boost the stock market.

“Despite the fact that its charter starts off by directing it to promote full employment and stable prices, the Fed is anti-labor in practice. Alan Greenspan famously bragged that what has caused quiescence among labor union members when it comes to striking for higher wages or even for better working conditions is the fear of being fired and being unable to meet their mortgage and credit card payments. One paycheck away from homelessness, or a downgraded credit rating leading to soaring interest charges has become a formula for labor management.” (35)

Our economy is designed to “increase injustice, inequality and exploitation,” in order to perpetuate the dominion of the “opulent minority” over us. And the deregulation of every sector of the US market was a deliberate policy decision by these stunningly insane, sociopathic, genocidal maniacs, who kept our economy alive by creating more debt/credit in order to enrich themselves with the interest payments. Now the economy is getting intravenous bailouts of taxpayer money while it languishes on life support.

And how low can they go? Check this out. “The United States is one of the few countries that allow the sale of human blood plasma for profits. Across the country, countless workers are selling the yellowy substance found in their blood to the pharmaceutical giants of Wall Street.” (36)

“Cerberus Capital, one of Wall Street’s most notoriously ruthless leveraged-buyout firms recently made a \$1.8 billion killing in their human plasma investment...by paying peanuts to their impoverished human plasma donors..., jacking up the price of plasma by restricting supply,...then selling the refined products to the most desperately ill...” Despite the billions Wall Street makes off plasma, donors get \$30 for an hour spent hooked to a blood-sucking machine. Plasma profiteers set up franchises all along the Texas-Mexico border and plastered the Mexican side with ads promising easy cash. They even have special plasma-farm buses on the American side just waiting to haul their human cattle to their milking stations. (37)

But Fed Chair Ben Bernanke says at least the recession is over. Ben is the mouthpiece for “an offshore banking cartel” that predicts precisely the amount of “I.O.U. paper ” it can print

and circulate without disrupting the Ponzi scheme of fractional reserve banking. And now that Ben's officially declared the end to the recession, "well, hallelujah! We can quit rolling our own and buy ready mades and run recklessly through the Dollar Store scooping up dented canned goods and cheap Chinese tube socks... It is over for the most important members of a capitalist society, the oligarchs and banksters who have made fortunes off this recession, thanks to our unique economic system, and may now return to their standard garden variety usury." (38)

We have a deficit with every part of the world. We're dependent on imports of food, drink, industrial supplies and materials. We can't even produce our own cars and trucks. We depend more on imports of manufactured consumer goods than on imported oil. We can't make our own clothes, shoes, appliances, machinery, electric generation or telecommunications equipment. We don't even own our own roads. (39) Soon imported goods will be priced out of reach and anything still made or grown here will be exported to wealthier consumers overseas.

On 11/17/09 Robert Parry reported that Bernanke, in an address to the Economic Club of New York, gave "Americans a glimpse of the ugly truth about their future job prospects. Simply put, companies have found that they can shed workers and rely on technological advances and overseas factories to operate with a lot fewer employees." They've "found longer-lasting, efficiency-enhancing changes that allowed them to reduce their workforces..." Also, "employers have reduced hours for the workers they have retained... these data suggest that the excess supply of labor is even greater than indicated by the unemployment rate alone..." Employers have "...been able to retain all the workers they need with minimal wage increase, or even with wage cuts..." (emphasis added)

The Highest Productivity at the Lowest Possible Wage equals Maximum Profit. When the supply of labor (that's us) exceeds demand, the price of labor (wages) falls because too many of us are competing for too few jobs. This is the reason for minimum wages, maximum hours, and the elimination of child labor. The fewer workers there are, the higher the wage. But with the globalization of work, transnational corporations have the entire workforce of the world to choose from, and some of the most desperately poor people on earth to employ/exploit.

In Bangladesh, a garment worker makes 22 cents an hour. The wage in Cambodia is 33 cents an hour; in Pakistan, 37 cents an hour; in Vietnam, 38 cents; in Sri Lanka, 43 cents; Indonesia, 44 cents; India, 55 cents; China, 86 cents; the Philippines, \$1.07; and Malaysia, \$1.18. This is the marketplace for labor in which we must compete. (40)

Why would a US transnational corporation pay you minimum wage, approximately \$7.25 an hour, when they can get the same work for from six to 35 times cheaper, leave the ownership and maintenance of the production facility to an overseas subcontractor, ship the manufactured goods into the US with no tariff imposed, and keep the profits offshore to avoid paying income tax? The only way it would be profitable for that transnational corporation to hire you is if you "agreed" to work for less. Could you live on less than 22 cents an hour? Do I have to ask?

*"It is in the interest of a tyrant to keep his people poor, so that they may not be able to afford the cost of protecting themselves by arms and be so occupied with their daily tasks*

*(subsistence) that they have no time for rebellion.” – Aristotle*

*“There are two ways to enslave a nation. One is by the sword. The other is by debt.” – John Adams*

## Notes

- (1) Tom Eley, “America, the land of inequality,” wsws, 2/13/10
- (2) David Michael Green, “America’s Race to the Bottom,” The Smirking Chimp, 12/12/09
- (3) Too Much, 12/12/09
- (4) David Michael Green, *ibid.*
- (5) Vlad Grinkevich, “Forbes: Crisis Hits Only Low Income Earners,” RIA Novosti, 3/12/10
- (6) Economic Policy Institute
- (7) Prof. Michael Hudson, “Wall Street’s War against Main Street America,” Global Research, 2/17/10
- (8) Steve Fraser, “The Great Silence. Our Gilded Age and Theirs,” Tom’s Dispatch, 4/22/08
- (9) Zenithoptimedia
- (10) money.cnn.com, 2/12/10
- (11) Andrea Shalal-Esa, “FACTBOX – How many lobbyists are there in Washington?” REUTERS, 9/13/09
- (12) Emily Spence, “The Widening Gap in America’s Two-tiered Society,” Smirking Chimp, 8/24/09
- (13) Robert Parry, “Lessons from America’s Lost Decade,” Consortium News, 1/5/10
- (14) Joe Kishore, “White House projects long-term mass unemployment,” wsws, 2/13/10
- (15) Joe Klein, “This Is Getting Good,” Time, 3/2/10
- (16) Tanya Ganeva, “Compassionate Conservative Tom Delay: People Don’t Have Jobs Because They’re Too Lazy to Work,” Speakeasy, 3/7/10
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- (18) Olga Pierce, PRO PUBLICA, 1/20/10
- (19) Ted Rall, “The Craziest Tax: Lost Your Job? The IRS Thinks You’re Loaded,” Smirking Chimp, 1/10/10
- (20) Jerry White, “Six million in US with no income but food stamps,” wsws, 1/7/10
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- (24) Realty Trac
- (25) Moody’s Economy.com
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*Vi Ransel is a retired writer of Elementary Educational Materials and Corporate Communications. She can be reached at [rosiesretrocycle@yahoo.com](mailto:rosiesretrocycle@yahoo.com).*

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