

Rethinking Our Social Fabric

by Fr. John S. Rausch

Not since the Gilded Age of the 1890s has the wealth gap between the rich and poor in the United States been wider. With 469 American billionaires, the richest 1 percent of Americans own 33.4 percent of all U.S. wealth measured as stocks, bonds, cash, real estate and personal possessions. The bottom 90 percent of all Americans divide only 30.4 percent of the wealth between them. While 37 million Americans live in poverty, most breadwinners among them have jobs, and some have two or more. The numbers seemingly measure only the economic gap, but on deeper reflection they indicate a disturbing trend: the diminishing of the middle class in America.

Harley Shaiken writing for Washington's Economic Policy Institute described the era, at least until this most recent slowdown, as the Great Disconnect where the economy grew while wages remained flat or even declined. Basically, the gains of productivity were not shared fairly within the economy. Productivity expanded by a vigorous 20 percent between 2000 and 2006, but real wages edged up only 2 percent during this period. Corporate profits more than doubled since 2001, jumping from 7 percent of national income to 12.2 percent in five years. The ratio of average CEO pay to average worker's pay in 2006 reached 431 to 1. The gravy train pulled out of the station leaving most workers behind.

Historians credit organized labor in great part for building the American middle class, and hence fostering fuller equality in society. While labor fought against child labor, it campaigned for the minimum wage, unemployment insurance, overtime pay, pensions, health care, safety laws, Social Security and Medicare. For every gain labor achieved, nonunion workers received a ripple effect of improvement as employers raised wages to avoid unionization.

Whereas in the aftermath of World War II one in three workers belonged to unions, today only 12 percent of the workforce (7.4 percent of the private sector and 4.6 percent of government workers) are unionized. The union force that created the dream for a middle class society has not been strong enough to capture the gains of productivity for today's workers. It could not set human and labor standards for free trade agreements that favor transnational corporations. As a result, jobs go overseas and wages stagnate.

In addition, the decline of the labor movement has crippled the unions' ability to shape public policy that currently shifts the tax burden away from the rich resulting in shrinking revenues for health care, education and infrastructure projects that benefit the middle class.

Over twenty years ago, the U.S. Catholic bishops issued an economic pastoral letter, "Economic Justice for All." The extreme free market proponents roundly criticized their teaching about limitations on property rights, because the bishops emphasized accountability toward all the stakeholders that produce wealth in society: workers, managers, shareholders, vendors and the local community.

To build back the middle class means to rethink the rules weaving our social fabric. A 2006 poll conducted by Peter Hart Associates found 58 percent of non-managerial working Americans would join a union if they could, but employers currently possess disproportionate power to prevent a successful union drive. The pendulum needs to swing back to labor for a fairer society. Also, the tax cuts since 2001 need special

scrutiny to avoid contributing to the rise of an American aristocracy with more billionaires. Finally, within the definition of wealth must come a sense of community and a respect for creation.

Rethinking our social fabric ultimately means identifying the threads to weave the common good for a just society.