

Capitalism has not Delivered a Solution to Long-Term Spiraling Inequality in the US

News:

Politico published an article on the 7th of September demonstrating the growing gap between rich and poor in the US: “A tale of 2 recessions’: As rich Americans get richer, the bottom half struggles.” Following the recession catalyzed by the Covid-19 pandemic, “the path toward economic recovery in the U.S. has become sharply divided, with wealthier Americans earning and saving at record levels while the poorest struggle to pay their bills and put food on the table” according to the article.

Comment:

The divide between rich and poor in the US is “wider than any other nation in the G-7, a group of major developed countries” and the author warns this “spiraling inequality can also contribute to political and financial instability, fuel social unrest and extend any economic recession.” The Trump administration’s promise to poor Americans has been and still is to make America great again, boosting jobs and making people richer. Following the economic damage of the ongoing Covid-19 pandemic Federal stimulus packages sought to alleviate the worst effects of the crisis as a million workers lost their jobs each week.

Last month 1.4 million new jobs were created, but this is only a fraction of those lost earlier in the year. Nevertheless, the US administration boasts of a recovery where employment for highly paid workers is just 1% less than January while it is down 15.4% for low paid workers. At the beginning of his presidency Trump boasted of stock market growth, which later plummeted on Covid-19 fears. Now the stock market is getting stronger and manufacturing and retail sales are showing signs of recovery, which Trump calls a “V-shaped recovery” to signify that a rapid period of growth has begun following the sudden decline. However, the vast majority of Americans do not hold any stock and their situation is not getting better. *Politico* highlighted “the disconnect between the stock market and the broader economy” with the following example: “On the same day in late August that MGM Resorts announced it would be laying off a quarter of its workforce, throwing some 18,000 workers into unemployment, its stock price jumped more than 6 percent, reaching its highest closing price since the start of March.”

Although the *Politico* article treats this subject as a result of the Covid-19 pandemic, it is the normal situation in America where the economy rises to benefit the rich more and then falls again hurting the poorest more. Like a ratchet, up and down, again and again and each time the economic divide increases. Trump, like, those who preceded him, lured the poor with promises that capitalism could not allow him to deliver. Now it is the Democratic candidates turn to blame the old: “The economic inequities that began before the downturn have only worsened under this failed presidency,” according to Joe Biden who promises a new leadership. Democracy has been promising wealth through Capitalism while 45 US presidents have taken their turns in the White House, but poverty has changed little even though the wealth in the hands of a tiny elite continues to grow. From 1989 to 2018 the top 1% in the US increased their wealth by \$21 trillion to \$29.5 trillion, while the bottom 50% saw their wealth decrease from \$0.7 trillion to \$0.2 trillion. The longevity of this spiraling inequality should make everyone question the system of life that promises so much and delivers to so few, but delivers so little to so many.

Written for the Central Media Office of Hizb ut Tahrir by
Dr. Abdullah Robin