

H A R L A N R I C H A R D S

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The Rich Get Richer
While Everyone Else Gets Poorer

USA Today reported on September 13, 2012, that in 2011 median household income fell 1.5% to \$50,054. This number has dropped in 7 out of the last 10 years. At the same time income for the top 5% rose 5.3%, with the greatest gains accruing to the top 1%. This is occurring while 15% of Americans live in poverty, including millions of children.

Of course Mitt Romney likes to allege that Obama's policies are causing this. The reality, however, is more nuanced. In a way, Obama is responsible for the trend continuing because early in his presidency he sold out to Republicans and agreed to extend the Bush-era tax cuts in exchange for extending jobless benefits. I think it was an ill-considered move. First of all, it continued the policy of redistributing the wealth into the hands of the most wealthy. In my opinion, the reason our recovery is so tepid is that there is no money left in the economy for consumers to spend. It is all tied up in the hands of the wealthy. Obama should have refused to renew the tax cuts - no matter what - and lessened our deficit.

Obama's compromise was seen as a capitulation by Republicans. Obama sent a clear signal that he would not stand up to bullying by Republicans and that they could benefit most from blackmailing him into giving them whatever they wanted. I think that's one of the reasons the Republicans shut down government over the debt ceiling. They calculated that Obama would fold. But they were wrong. Obama finally hit the point where he had to stand up or his entire presidency would amount to nothing.

I also think that extending jobless benefits to long-term unemployed people sends the wrong signal. There are jobs available even though they may be entry level jobs that require no skills and pay minimum wage. A person given extended benefits will not take a job like that if he or she was making substantially more than that before becoming unemployed.

There are millions of people in our country struggling because the amount of money they can make at a job is not enough for them (or their families) to live on. That's why there are so many people living in poverty. The money used for unemployment benefits would be better spent building low-cost housing, training for unskilled workers and head start programs. But any use of the money is better than subsidies for rich people via tax cuts.