

# The Wealth of the One Percent

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**Wealth has a tempting and drawing quality. It bewilders the sight of its charmed victims with showy appearances and draws them on and on to the edge of yawning chasms.**

– Abdu’l-Baha

In September of 2011, thousands of protestors descended on New York City’s financial district to raise their voices against corporate and financial greed. Proclaiming “We are the 99%,” this movement—called Occupy Wall Street—gained much publicity before police routed them from their encampment in Zuccotti Park two months later. Angered that an oligarchy of capitalists, financiers and politicians appears to lack the moral fiber to more equitably share in the nation’s economic gains, protestors would inspire similar movements in over 600 communities in the United States and 951 cities in 82 other countries.

Among 142 countries, America ranks 4th for income inequality. That got me to wondering how such a staggering statistic could have happened, in a country where the working class used to predominate. Doubtless this ranking and what it says about American materialism accounts for much of the hostility emanating from the protestors. So I decided to take a look at a few facts and figures. Here is what I discovered.

## **The Capitalists:**

By 2012 large corporations were flush with \$2 trillion in cash.

Between 2003 and 2012, the pharmaceutical industry’s profits exceeded \$711 billion.

Big oil’s profits in 2011: \$101 billion.

Some 95% of Corporate CEOs paid themselves \$2.8 billion in salaries and bonuses in 2012.

The wealthiest 1% of Americans control 38% of the nation’s wealth, and their income increased 275% over the past 30 years.

## **The Working Classes:**

In 35 years working-class median income dropped nearly 20%.

In 2011 one in four children was undernourished.  
Forty-seven percent (47%) of Americans are considered impoverished.  
Sixty percent (60%) of American workers earn less than \$14 an hour.  
By 2009 one-third of Americans could no longer afford their prescriptions.

### **The Financiers:**

The \$700 billion bank bailout in 2008 was to recapitalize a mismanaged financial system.  
Following the bailout, top bank CEOs paid themselves \$32.6 billion in salaries and bonuses.  
One CEO in 2007 received the equivalent of \$274,000 in salary per day.  
In 2012, the banking industry reported \$141 billion in profits.  
The six largest banks hold 58% of the US economy.

### **The Working Classes:**

Shady mortgage loan practices boosted unsustainable mortgage loans.  
From 2007–2012, lenders repossessed over four million homes.  
Credit card solicitations helped drive up \$793 billion in consumer indebtedness.  
Americans paid banks over \$31 billion in overdraft charges.  
Laws prevent discharging student loans and mortgages in bankruptcy, but the same rules do not apply to corporations and financial institutions.  
In 2012 student loan debt was \$1 trillion.

### **The Politicians:**

Average annual American campaign financing is \$468 million.  
In 2012 corporate and Wall Street lobbyists spent \$3.3 billion to influence Congress.  
From 2008-2012, 288 corporations received \$364 billion in tax subsidies.  
Twenty-six of the most powerful corporations paid no income taxes in 2012.  
Since 1986 the top income tax rate dropped from 70% to 39.6% (91% in 1950s).  
Investment income is taxed at 15%.  
In 2010, 18,000 wealthy households paid no federal income taxes.

### **The Working Classes:**

Since 1981, the National Debt has risen from \$900 billion to \$17 trillion.  
By 2020, interest on the debt may equal 50% of income tax revenues.  
Consequences are cuts to research, infrastructure, education and social services.  
In 2012 Congress approved a budget to cut \$3.3 trillion from low income programs.  
Medicare is under siege, state sales and property taxes are soaring, and many local and state governments are approaching bankruptcy.



Few can deny the benefits wrought by all the material advancements that have revolutionized our lives during the last 150 years. Compared to the sheer physicality of our pioneering forebears getting anything done, we live in a new world, thanks to advances in transportation, technology, communication and education.

But the Baha'i teachings say this rich civilization should benefit all the people, and not just a few autocrats.

Several decades ago, World Watch Institute in its annual *State of the World* report warned that the citizens of a nation can become ungovernable if their needs are neglected. In the 35 years since their income levels flattened out, the working classes have only managed to maintain their standard of living and consequent purchasing power by women joining the workforce, by working longer hours and then by increasing indebtedness.

We've now exhausted those resources, and the disposable income so essential to maintaining a healthy economy is drying up. Meanwhile the wealthy only spend a small portion of their income in the consumer economy. Instead, they invest and shelter their wealth overseas, or in the stock market.

This set of circumstances closely parallels the economic conditions and the huge extremes of wealth and poverty in 1929, which led us to the Great Depression. So if the rich cannot figure out how to more equitably share their great wealth, the consequences to the world's economy in the immediate years to come may be too horrific to contemplate.