



The Worsening of the Income Divide: Why Peak Oil Will Hit Hard....

Posted by [Prof. Goose](#) on June 12, 2005 - 3:03pm

Bill Moyers amazes me. [He does it again in this speech, entitled "Losing the American Revolution,"](#) which has very little, at least prima facie, to do with peak oil.

Well, at least not until you start thinking about it.

When you start thinking about what \$4/gal gasoline does to our economy, further worsening existing problems and inequities, especially those dealing with wealth concentration, etc., that have already been getting worse over the past few decades.

Then you starting thinking about what an already disparate class structure looks like after the coming problems hit with full force. It could get quite ugly.

Here's some quotes from the article/speech:

"For years now a relatively small fraction of American households have been garnering an extreme concentration of wealth and income as large economic and financial institutions obtained unprecedented levels of power over daily life. In 1960 the gap in terms of wealth between the top 20 percent and the bottom 20 percent was 30-fold. Four decades later it is more than 75 fold. (See Joshua Holland, AlterNet, posted 4/25/05)

Such concentrations of wealth would be far less of an issue if everyone were benefiting proportionally. But that's not the case. Statistics tell the story. Yes, I knowâ€”statistics can cause the eyes to glaze over, but as one of my mentors once reminded me, "It is the mark of a truly educated man [or woman] to be deeply moved by statistics."

Let's see if these statistics move you.

While we've witnessed several periods of immense growth in recent decades, the average real income of the bottom 90 percent of American taxpayers - that's a heap of people - fell by 7 percent between 1973 and 2000. (ibid)

During 2004 and the first couple of months this year, wages failed to keep pace with inflation for the first time since the 1990 recession. They were up somewhat in April, but it still means that "working Americans effectively took an across-the-board pay cut at a time when the economy grew by a healthy four percent and corporate profits hit record highs as companies got more productivity out of workers while keeping pay raises down." (ibid)

Believe it or not, the United States now ranks the highest among the highly developed countries in each of the seven measures of inequality tracked by the index. While we enjoy the second

highest per capita GDP in the world (excluding tiny Luxembourg), we rank dead last among the 20 most developed countries in fighting poverty and we're off the chart in terms of the number of Americans living on half the median income or less. (ibid)

And the outlook is for more of the same. On the eve of George W. Bush's second inauguration The Economist - not exactly a Marxist rag - produced a sobering analysis of what is happening to the old notion that any American can get to the top. With income inequality not seen since the first Gilded Age (and this is The Economist editors speaking, not me) - with "an education system increasingly stratified with fewer resources than those of their richer contemporaries" and great universities "increasingly reinforcing rather than reducing these educational inequalities" - with corporate employees finding it "harder to start at the bottom and rise up the company hierarchy by dint of hard work and self-improvement" - "with the yawning gap between incomes at the top and bottom" - the editors of The Economist - all friends of business and advocates of capitalism and free markets - concluded that "The United States risks calcifying into a European-style class-based society."

Let me run that by you again: "The United States risks calcifying into a European-style class-based society."

Or worse. The Wall Street Journal is no Marxist sheet, either, although its editorial page can be just as rigid and dogmatic as old Stalinists. The Journal's reporters, however, are among the best in the country. They're devoted to getting as close as possible to the verifiable truth and describing what they find with the varnish off. Two weeks ago a front-page leader in the Journal concluded that "As the gap between rich and poor has widened since 1970, the odds that a child born in poverty will climb to wealth - or that a rich child will fall into middle class - remain stuck... Despite the widespread belief that the U.S. remains a more mobile society than Europe, economists and sociologists say that in recent decades the typical child starting out in poverty in continental Europe (or in Canada) has had a better chance at prosperity." (Wall Street Journal , page one, 5/13/05)

That knocks the American Dream flat on its back. But it should put fire in our bellies. Because what's at stake is what it means to be an American."

And then you combine that with what we already know about the economics, politics, and geopolitics of the coming of the peak, and my friends, you have the recipe for a very very big fall.

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