A Fraying Social Fabric

Weavers can almost always distinguish, without much difficulty, quality from second-rate fabric. Quality fabrics will typically be tightly knit. You can tug and twist them. They will not tear. In our everyday speech, we talk about quality *social* fabrics in much the same way. People within a healthy social fabric, we say, lead *tightly knit* lives. They care about each other. They join together in community improvement efforts. They give of their time to help others not as fortunate as themselves. They enjoy each other, too. Within a healthy social fabric, people relish spending time with friends. They welcome neighbors over for dinner. They mingle in parks. They dawdle over bake sales.

Within a tightly knit social fabric, people seem to routinely "experience joy in the completion of ordinary life tasks."[1] They don't just do their work or run their errands. They forge relationships. Colleagues at work turn into teammates on an after-hours softball team. Chance encounters picking up kids at a day care center start up long-lasting friendships. Afternoons spent raking leaves end up with neighbors sharing ideas. These sorts of relationships between people, over time, build "social capital," a special sort of grease that keeps the wheels of society rolling smoothly.[2] Societies that accumulate social capital, researchers tell us, aren't just more pleasant places to live. They seem to function more efficiently as well.[3] People in these societies don't waste time constantly worrying about whether they can trust other people — because they know these other people, or know people who know them, or know their paths will cross again.

These thick webs of relationships do not, of course, *guarantee* that people will behave fairly and effectively with each other. But they do increase the odds. They make civility the social norm. They foster "the sense of well-being and security that come from belonging to a cohesive society."[4]

Most of us, if we had the choice, would choose to make our home in a society of this sort. We sense, almost instinctively, that tightly knit communities make for good places to live. Many of our parents and grandparents can vouch for that. They lived in such communities.

We don't.

Harvard sociologist Robert Putnam has, over recent years, chronicled the "ebbing of community" in America, the fraying of our social fabric, more thoroughly than any other observer of our contemporary scene. He has tracked,

From *Greed and Good: Understanding and Overcoming the Inequality that Limits Our Lives*,
by Sam Pizzigati (The Apex Press, 2004)
For complete text, including endnotes: www.greedandgood.org
For updated inequality news and data: www.toomuchonline.org

through mountains of data, the eroding of our social capital. He has documented the fading frequency of "neighborhood parties and get-togethers with friends," the increasingly rare "unreflective kindness of strangers," and, most tellingly, our long-abandoned "shared pursuit of the public good."[5]

Putnam's work on the collapse of community in America first caught public attention midway through the 1990s. He labeled the phenomenon, in a brilliantly evocative phrase, America's "bowling alone" syndrome. Bowling in the United States, Putnam pointed out, used to be a social activity. People did most of their bowling in leagues, as part of teams that competed every week. League bowlers socialized between strikes and spares. They laughed, they bonded. They even sometimes shared points of view about civic issues.

By the 1990s, Americans were still bowling, but not much any more in leagues. Between the 1960s and the mid 1990s, league bowling dropped off over 70 percent for men, over 60 percent for women.[6] Bowling no longer meant bonding.

Researchers have found the same pattern in nearly every aspect of American life, from card playing to eating dinner. By virtually every meaningful measure, not just bowling, Americans have come to enjoy each other less. Between the mid 1980s and the end of the 1990s, according to one set of national polls, the readiness of average Americans "to make new friends" declined "nearly one-third."[7] A subsequent study, conducted in 2000 by Harvard University and the Center on Philanthropy at Indiana University, found that a third of all Americans simply no longer engage in "informal socializing, such as inviting friends to their homes or visiting relatives."[8]

Americans don't even seem to be enjoying the people closest to them, their spouses and their children, as much as they once did. Working couples, in one mid 1990s survey, reported only having twelve minutes per day "to talk to each other."[9] The kids of working parents found themselves alone so much, in the late twentieth century, that a new social category — "latch-key children" — had to be invented to account for them.[10]

Average Americans, the various data streams show, also seem to care less about their communities than they once did. Between the mid 1970s and the mid 1990s, "the number of Americans who attended even one public meeting on town or public affairs in the previous year" fell 40 percent.[11] Over these same years, local organizations saw their active memberships drop by more than half.[12]

These declines in civic involvement, in social interactions of any sort, happen to correspond, almost exactly, to another trend line in American life, our nation's rising levels of economic inequality. Indeed, the American social fabric seems to have begun fraying, begun tearing, at exactly the same time inequality in America began accelerating.

Must social fabrics always tear when societies become more unequal? Must inequality always isolate us from each other when gaps in income and wealth widen? Must widening gaps always leave our communities less caring and more cold-hearted?

These questions deserve America's attention. They have not yet received it.

PEOPLE WHO ARE QUITE WEALTHY, the sort of people who proliferate whenever income and wealth start concentrating, have always had a difficult time understanding their fellow human beings who happen to be less fortunate than they. The least fortunate the wealthy understand hardly at all.

"Poverty is an anomaly to rich people," as the nineteenth century English economist Walter Bagehot once noted. "It is very difficult to make out why people who want dinner do not ring the bell."[13]

Today's wealthy face similar comprehension deficits. In abstract theory, they share the same world as the less fortunate. In daily reality, they live within an entirely separate space. They move through a world of "Four Seasons suites" and "$500 dinner tabs," a world so comfortable that any other existence becomes almost impossible to even imagine.[14] In 1997, business journalist Richard Todd noted at the time, the typical American household had to make do on $31,000 worth of income for the entire year. How could the wealthy, Todd wondered, possibly comprehend what living on $31,000 must really be like? For wealthy Americans in 1997, Todd pointed out, $31,000 amounted to "a price tag, not a salary," the cost of "a low-end Land Rover, a year at Brown, a wedding, a dozen or so Prada dresses."[15]

In the boom years, America's most affluent routinely went about their lives with "very little sense that they live in the same country as anyone who is poor."[16] If reminded, they lashed out. The unfortunate, they insisted, needed to get their slothful little acts together. The nation, America's most fortunate agreed, needed to show some tough love. No more pampering. Poor people needed to be shoved off the dole, into jobs if they could find them, into oblivion if they could not. Decades earlier, in the 1960s, America had made war on poverty. America, in the 1980s and 1990s, would make war on the poor.

Those who led the 1960s war against poverty would never have understood this new offensive against the poor. They lived, after all, in a different America, a more equal America. They saw poverty as a horrible stain on a proud nation's social fabric. We will, President Lyndon Johnson pledged in 1964, wash that stain away. The United States would become a place where people truly care about each other, a "Great Society." Congress would buy into that noble vision. Lawmakers created medical care programs for the poor and the elderly. They widened Social Security coverage. They invented Food Stamps and created new subsidies for low-income housing.[17] And they didn't just create new programs for America's least fortunate. They funded them. Between the mid 1960s and mid 1970s, total outlays on medical, housing, food, and cash support for the poor "rose nearly 400 percent," after adjusting for inflation.[18]

"By the late 1960s," notes journalist James Lardner, "responsible officials looked toward a day when the last pockets of poverty, as they were quaintly known, would be eliminated."[19]

Sargent Shriver, the nation's top-ranking anti-poverty official, even had a year in mind when this noble goal would finally be realized.[20] That year, 1976, would eventually come and go without the ultimate triumph Shriver had expected. His War on Poverty did reduce indigence, and substantially so, but poverty would persist.

What would not persist, beyond 1976, would be any effort to wipe the poverty stain, once and for all, off America's social fabric. The year 1976 would mark, in budget terms, the War on Poverty's last all-out charge. Total anti-poverty cash assistance that year, in inflation-adjusted terms, would hit an all-time high. By the mid 1980s, that assistance would be down 14 percent.[21] By 1991, the purchasing power of a typical poor family's welfare benefits had crashed 42 percent from 1970 levels.[22] By 1994, in not one state in the entire nation did "welfare benefits plus food stamps bring recipient families up to the poverty line."[23] By 1996, America's political leaders would be ready to "end welfare as we know it." The welfare reform they would enact that year, the Personal Responsibility and Work Opportunity Reconciliation Act, eliminated the welfare system created by the original Social Security Act. In its place came a new program for "Temporary Assistance to Needy Families." The emphasis would fall on the "Temporary." Under the new law, poor families would be allowed to receive benefits for no more than five years. Within two years, any head of a family accepting benefits would need to be working.[24]

The new law accomplished exactly what lawmakers had intended. Welfare reform drove people off welfare rolls, at incredibly rapid rates. Within five years after the reform legislation's 1996 passage, the number of families on welfare had dropped almost 60 percent, from 5 million to 2.1 million.[25] What happened to these millions of families no longer on welfare? The government didn't know, or particularly care. The welfare reform legislation included no provisions for tracking what happened to former recipients.

Private groups did their best to fill in the informational void. The Children's Defense Fund had interviews conducted with over five thousand former recipients. Nearly 60 percent of former recipients who had found jobs, the research revealed, were earning weekly wages that kept their families *below* the poverty line. Over half the former recipients who had left welfare for work, the research added, had found themselves "unable to pay the rent, buy food, afford medical care, or had their telephone or electric service cut off."[26] Other survey work would reinforce the Children's Defense Fund findings.[27] Some former welfare recipients might be "better off today," Children's Defense Fund founder Marian Wright Edelman would tell Congress in 2001, "but millions are not thriving and are struggling simply to survive."[28]

Welfare reformers sloughed off Edelman's critique. In states where governors and lawmakers really understood how to make the new system work, they insisted, public policy miracles were taking place. Among the miracle makers: Wisconsin's Tommy Thompson, the governor who would later ride his reputation as a welfare reformer to the top slot at the federal Department of Health and Human Services. Journalists would rarely challenge Thompson's miracle-working claims. Those who did dare glance behind the curtain found more messes than marvels. In Wisconsin, noted the *Milwaukee Journal Sentinel's* Eugene Kane, some thirty thousand poor families just "disappeared" under Thompson's widely lauded welfare reform.[29]

Thompson's reform, Kane pointed out, had been billed as an endeavor "to build a bridge to meaningful work for the poor."[30] But any program truly devoted to "meaningful work," Kane observed, would bend over backwards to help recipients get the education and training necessary to qualify for decent-paying jobs. In Wisconsin, as well as elsewhere throughout the nation, welfare reform did no such thing. Poor mothers, under welfare reform, could not attend postsecondary classes and still qualify for basic benefits.[31]

Welfare reform didn't just prevent poor moms from going to college. In some places, welfare reform actually drove poor kids out of high school. In New York City, in 1998, local welfare officials told Keith Keough, a senior on the Grover Cleveland High basketball team, that he'd have to leave school and report to workfare once he turned eighteen — or else forfeit the benefits he had been receiving ever since his mother died the previous summer. An outraged math teacher immediately rallied to the boy's aid.

"I am a high school teacher in Queens," the educator wrote reporters, "and today an 18-year-old boy cried because he was told to leave school and go to work."[32]

Amid the resulting furor, city officials did an about-face. They dismissed the entire affair as "an isolated incident." Not quite. Earlier that same year, reporters discovered, a local judge had ruled that city officials had systematically "set up unconscionable obstacles" for poor young people who wanted to finish high school. Instead of giving students time to do homework, the judge found, officials were "requiring them to travel late at night on subways, to empty trash baskets in deserted municipal buildings."[33]

Mean-spirited acts of cruelty against the poor, in the welfare reform age, would multiply far beyond New York. In Colorado, a mother lost her family's Medicaid coverage after state officials discovered she owned a car. The mother, it turned out, had bought a used car to shuttle her six-year old asthmatic daughter back and forth to day care. The mom, before the car, had been taking her child to day care via light rail and a bus, leaving home at 6:30 a.m. to make all the right connections. But the mom feared that the early morning cold was making her daughter's asthma worse. A used car seemed a rational solution. But not to local officials. In Colorado, any mom with an asset worth more than $1,500 could no longer qualify for Medicaid.[34] A sick daughter made no difference.

Colorado's Medicaid officials were taking their cues from a state and a nation that had defined insensitivity to the unfortunate as perfectly appropriate behavior. Those who would suffer the most, from this insensitivity, would be those who had the nerve not to have been born in the United States. Congress would, in the 1990s, deny Food Stamps and Medicaid benefits to America's *legal* immigrants.[35]

Overall, Food Stamp rolls dropped by nearly 8 million people after the 1996 welfare overhaul, mainly, critics charged, because new procedures had turned the applications procedure into an intimidating obstacle course. In Ohio, Food Stamps went to 80 percent of the state's eligible poor in 1994, only 59 percent in 2000.[36]

"Every day, too many of our children have too little to eat," Marian Wright Edelman would report to Congress in 2001.[37] We in America live in the "world's wealthiest" nation, she would add, yet "millions of our children are still being left behind."

NO SOCIETY THAT PURPORTS TO BE CIVILIZED can ever justify leaving poor children behind. Children are our innocents. They cannot possibly be held "accountable," as poor adults so often are, for their poverty. Decent societies simply do not tolerate child poverty.

Unequal societies do.

At century's end, the most unequal nations in the developed world carried the highest child poverty rates. In the United States, over one in four children — 26.3 percent — lived in households that UNICEF, the United Nations children's agency, defined as poor, that is, households making less than half a nation's median income. The United States, the world's most unequal developed nation, did not, at the time, boast the developed world's highest child poverty rate. That dishonor belonged to Russia, possibly the only nation in the world, over the course of the 1990s, where wealth concentrated at a faster rate than in the United States. Russia's child poverty rate stood at 26.6 percent.[38]

Meanwhile, at the other end of the child poverty scale, researchers found the world's most equal nations. In France, just 9.8 percent of children lived in poverty by century's end. In the Netherlands, 8.4 percent. In Sweden, 3.7 percent.[39]

What explains these inexcusable differences in child poverty rates between less unequal and more unequal nations? Elite isolation, analysts note, certainly plays a pivotal role. In countries where wealth is concentrating the fastest, the wealthy and the powerful simply lose touch with the rest of society — and no small bit of their humanity in the process. A disconnected elite, observes University of Texas economist James Galbraith, will be much more likely to rush into public policies that end up punishing the poor.

"The 'end of welfare as we knew it,'" he points out, "became possible only as rising inequality insured that those who ended welfare did not know it, that they were detached from the life experiences of those on the receiving end."[40]

But elite isolation, analysts like Galbraith are quick to add, does not fully explain why poverty overall, and child poverty specifically, stains the social fabric of unequal nations much more markedly than the fabric of more equal nations. Something else, some other powerful social dynamic, must be at work, particularly in the United States and Britain, the two wealthy nations with the highest child poverty rates. In these two ostensible democracies, wealthy elites cannot unilaterally determine public policy toward the poor. These elites do not have enough votes, or even enough money, to impose their insensitive vision of what government should and should not do on the rest of us. Yet that insensitive vision has prevailed anyway.

To mend our social fabric, to create a society where cruelty can never be enshrined as policy, we need to understand why.

EVERY SUNDAY BEFORE ELECTION DAY, somewhere in the United States, a minister is earnestly reminding congregants that we are indeed our brother's keepers. The congregants all nod approvingly. An appreciable number of them, the following Tuesday, will then proudly vote — for candidates who pledge their eternal enmity against the "government handouts" meant to help our brothers, and sisters, who may be poor.

Why do such pledges work so well politically in the United States? Why do people of average means in America vote "against" the poor much more frequently than people of average means vote against the poor in the Netherlands, France, Sweden, or any one of a dozen other modern societies? Does some basic flaw in the American character doom us to a politics of insensitivity — and make attacks on poor people inevitable?

Economist James Galbraith most certainly does not believe so. Forget character flaws, he advises. Concentrate, instead, on America's economic flaws. Concentrate, above all, on what America's increasingly unequal distribution of income and wealth has meant for people in the middle.

Middle-income working people who vote against poor people are not by nature, Galbraith contends, "nasty, mean-spirited, ignorant, brutish."[41] They are instead responding somewhat rationally to an ugly and unequal world. In this unequal world, ever since the 1970s, a fortunate few have been gaining a greater share of America's treasure. This greater share at the top has meant a smaller share of income and wealth — greater poverty — at the bottom. Greater poverty, in turn, increases the cost of ongoing government programs to help the poor.

Who bears this cost? The wealthy easily could. In an increasingly unequal society, after all, they have more income and wealth, much more. But in an increasingly unequal society the wealthy also have more political power, and they use that power to "insulate" themselves from tax collectors. They convince lawmakers to reduce or even eliminate the taxes that most directly impact their affluent selves. The tax burden, ever so steadily, shifts onto middle-income people. These families in the middle, James Galbraith argues, soon become "ripe for rebellion against the burdens of supporting the poor."[42]

In America, the rebellions would start flaring in the late 1970s. They would flame throughout the rest of the century.

These rebellions, notes Galbraith, rarely emerged spontaneously. They would typically be stoked by sophisticated, lavishly financed ideological offensives that followed "a fairly standard form." In the early stages, the people who benefit from anti-poverty programs would be "stereotyped and demonized." They would be "presumed to be 'trapped' in a 'spider's web of dependency.'" Aid programs for poor people, the claim went, only encourage this dependency. Over time, this drumbeat would intensify. In reports and books bankrolled by wealthy donors, and in op ed columns and speeches based on these reports and books, "reformers" would declare that anti-poverty initiatives have been abject failures. They would pound home these declarations "so loudly and persistently" that those who disagreed would eventually "simply recede from public view."[43]

Individual anti-poverty programs, their defenders effectively silenced, would then stand defenseless. In budget battles, they would lose the dollars they needed to operate effectively. Without dollars, these anti-poverty initiatives would lose constituent support. In due time, some of these initiatives would be totally wiped off the public policy slate.

"Public housing suffered this fate in the early 1980s," observes Galbraith. "Welfare went away in 1996."[44]

Outside the United States, in Europe, conservative ideologues watched as this daring offensive against the modern welfare state unfolded. They thrilled to the battle cries that rallied conservatives in America to victory. No more handouts! No more big government! No more high taxes on the incomes of the successful! Emboldened, the European conservatives would launch their own offensives against the welfare state. But these offensives would all largely fail. In Europe, unlike the United States, conservative ideologues would not be able to turn middle-income people against programs that ensured decency for poor people.

The European conservatives, in their zeal to match the conservative triumph in America, had made a colossal miscalculation. They believed that average people, suitably enlightened by conservative insights, would see the poor as conservatives see them, as undeserving freeloaders. But contempt for the poor, the European conservatives failed to realize, only flourishes and festers where inequality has upset the basic security of middle class life. Their European nations, in the 1980s and 1990s, were simply not unequal — and insecure — enough.

Danish conservatives would learn that lesson the hard way.

Danish right-wingers had been stewing about Denmark's "overly generous" welfare state for quite some time. Everywhere they looked, they saw "handouts." Bums were making out like bandits. They didn't have to pay a cent for medical, child, or home nursing care. Or college either. They could even get paid family leave if they stayed home from work.[45] To make matters worse, the affluent had to pick up the bulk of the bill. Wealthy Danes paid taxes at rates that infuriated their conservative admirers. A most shameful situation.

In 1982, for a variety of somewhat unique political reasons, Danish conservatives would at long last gain an opportunity to set Denmark "right." Elections that year would give a coalition of conservative parties clear majority status. The conservatives would hold this status for over a decade, ample enough time to challenge — and start undoing — the welfare state created by their Social Democratic Party rivals.[46]

That undoing would never take place. In 1993, the Danish conservatives would leave office, their agenda unfulfilled. "Big government" had not been routed. Their nemesis, the Danish welfare state, still thrived. The conservative-led governments between 1982 and 1993, observers noted, had proven almost completely "unable to change Danish society" in any "profound way."[47] Poorer people in Denmark did not lose services and benefits, despite over a decade of conservative rule in Denmark.

What explains the conservative failure to smash the Danish welfare state? What made Danish social programs so resistant to right-wing "reforms"? What kept poorer Danes protected?

Many observers credit the survival of the Danish welfare state to the egalitarian spirit that animates it. The Danes, in creating their welfare system, had not set about the business of "eradicating poverty." They aimed instead to "improve the social welfare of the entire population."[48] The social welfare programs they created guaranteed *every* Dane important benefits and services, not just the poor. Every Dane could take advantage of free medical care and education through college. Every Dane could count on home nursing support, if needed, and an adequate pension.[49] Every Dane, even the most affluent, could receive child allowance payments four times every year.[50]

Within the Danish welfare state, all citizens had both a *right* to benefits and services and an *obligation* to support these benefits and services, to the best of their ability. And that meant that wealthy Danes, those most able to help support the Danish welfare state, paid more of their incomes in taxes than anyone else. These high tax rates on the wealthy, in turn, helped keep affluent incomes relatively modest – and gave affluent Danes reason to use and appreciate the same public services and social benefits every other Dane enjoyed.

Average Danes paid taxes, too. But these taxes fueled no massive taxpayer rebellion. Middle class people in Denmark depended too much on public services to do anything foolish that would jeopardize the funding of these services. In this sort of environment, compassion for poor people came naturally, not because average Danes were "naturally" compassionate, but because compassion, in a more equal society, tends to serve every average person's rational self-interest.

No analyst, in Denmark or anywhere else, has done more to clarify the essential rationality of this self-interest than John Rawls, the Harvard scholar many consider to have been the most important political philosopher of the twentieth century.

Suppose, Rawls once famously asked, that a group of people could create the society they were going to be born into, but not their place within that society. What sort of society would these people choose to create, a society where wealth was distributed unequally, and deeply so, or a society that distributed wealth much more evenly?

Most thoughtful people faced with this choice, Rawls argued, would tilt toward equality. In a more equal society, after all, even if you were unlucky enough to find yourself born into the ranks of your new society's least fortunate, you would still be able to look forward to a decent and tolerable life, since the least fortunate in a more equal society would never be that much *less* fortunate than anybody else. In a deeply unequal society, on the other hand, you could win big, that is, be born into a fabulously rich family, but you could also lose big. You could find yourself wretchedly poor. By opting to enter a more equal society, you could avoid, close to absolutely, this latter wretched outcome — and ensure yourself at least a modicum of personal social security.

In real life, of course, we cannot choose either the society or family we are born into. We all enter the world amid grand uncertainty about our prospects. For some of us, those of us born into wealth, this uncertainty ends fast. Great wealth ensures us security. We can confidently face the future with life's basics guaranteed. We will never go hungry or homeless. We will never suffer indignity should we suddenly become incapacitated by illness or accident. We will never have to deny our children what they need to succeed. Our great wealth will shield us from dangers and open doors to opportunity.

Unequal societies, societies where wealth has concentrated significantly, will always boast plenty of people affluent enough to live these sorts of self-assured, confident lives. In more equal societies, by contrast, few of us will have enough personal wealth to secure our futures against whatever unexpected obstacles life may throw our way. Without these personal fortunes, we will naturally worry about what could happen to us and our loved ones should we be forced to face a long bout of unemployment. Or a crippling ailment. Or a steep bill for college tuition.

But these worries need not incapacitate us. We can still live securely, even without sizeable individual personal fortunes to fall back upon, if we know we can count on help from others should times get difficult. We will support, consequently, programs that insure us this help. We will rally enthusiastically to proposals that guarantee us income when we lose our jobs, medical care when we lose our health, and old-age pensions when we lose the bounce in our step. In an equal society, the vast majority of us will spiritedly support all these initiatives because, simply put, someday we may need them.

In more unequal societies, no consensus on the importance of mutual support ever develops. Significant numbers of people in unequal societies — those people fortunate enough to be wealthy — need never worry about their basic security. These affluent have enough personal resources to weather any illness or accident. They can afford any tuition bill. Their savings will generate income long after old age has withered their individual earning power. These wealthy require no public safety net. They feel themselves totally self-sufficient — and wonder why everyone else can't be self-sufficient, too.

In an unequal society, in short, the most fortunate usually feel no vested self-interest in maintaining strong and stable social safety nets. The more unequal the society, the more people without this vested self-interest, the less the support for safety net programs. In other words, as James Galbraith sums up, rampant inequality "weakens the willingness to share" and, even worse, concentrates the resources that could be shared in the "hands least inclined to be willing."[51]

"In this way, and for this reason," Galbraith continues, "inequality threatens the ability of society as a whole to provide for the weak, the ill and the old."

AMERICANS OF MEANS, AND THEIR MANY ADMIRERS, usually object mightily to any suggestion that America has become, over recent years, a less compassionate place. Widening gaps between the affluent and everyone else, they assert, have not left America more cold-hearted. The weak, the ill, and old still tug at our heartstrings. As evidence, apologists for inequality point to programs like the Earned Income Tax Credit, a relatively new federal initiative designed to help the working poor.

The "working poor" make up about a quarter of employed Americans.[52] These low-wage workers take home paychecks that leave them, over a year's time, below or only slightly above the poverty line. In the United States today, these workers can count on the Earned Income Tax Credit to help them make ends meet. The program works on what might be called a "rebate-plus" principle. Workers who qualify for the Earned Income Tax Credit can get back, at tax return time, some or even all the income tax deducted from their previous year's paychecks. They can even, depending on their income and number of dependents, get additional cash back. In 2000, if the Earned Income Tax Credit had not existed, a couple with two kids making $20,000 a year would have owed a bit more than $200 in federal income tax. With the Earned Income Tax Credit in place, that same family could apply for and receive a $2,100 cash refund.[53]

The Earned Income Tax Credit, originally created in 1975, only came into its own after the 1986 Tax Reform Act substantially hiked the tax benefits that low-income workers could receive from it.[54] A few years later, in the 1990s, Congress expanded the program still again. By 1997, a low-wage worker with several dependents could collect as much as $3,656 via the credit. For parents working full-time in minimum-wage jobs, the Earned Income Tax Credit could "increase net earnings nearly 40 percent."[55] By century's end, the credit was funneling low-wage Americans $26 billion a year in cash refunds.[56]

The Earned Income Tax Credit, cheered *Fortune* magazine, "is first-rate social policy."[57] Few public figures disagreed. In the Earned Income Tax Credit, American business and political leaders had an anti-poverty program they could wholeheartedly embrace. And they did. The expansions of the credit enacted in the 1990s sailed through Congress with wide bipartisan majorities. This overwhelming support struck champions of America's unequal economic order as proof certain that grand fortunes and graciousness can advance hand in hand. The Earned Income Tax Credit demonstrated, at least according to inequality's champions, that affluent America had not turned its back on poor people.

But the various expansions of the Earned Income Tax Credit, in fact, signaled no great new wave of compassion toward the poor. By century's end, even with the billions spent on Earned Income Tax Credit refunds, the United States was still spending on poor people, as a share of gross domestic product, only half what other developed nations were spending.[58] And the Earned Income Tax Credit refunds, at the recipient level, offered considerably less than met the eye. The same low-wage workers who were receiving income tax rebates under the credit were also paying considerably more in Social Security and other payroll taxes.[59] These increased payroll taxes, in the 1980s and 1990s, ate significantly into the rebates poor families gained through their income tax credit.

To make matters worse, many low-wage workers eligible for Earned Income Tax Credit rebates never received them, largely because the government never worked particularly hard to simplify the tax credit application process.[60] One official pamphlet explaining just who was eligible for the credit ran fifty-four pages.

The bottom line: Despite the Earned Income Tax Credit, the *net* incomes of poor working people have hardly increased at all over the last two decades. In fact, according to Congressional Budget Office data released in 2003, the after-tax incomes of America's poorest 20 percent rose less than one-half of 1 percent, on average per year, between 1979 and 2000. CBO researchers included all federal support programs in their calculations, including Earned Income Tax Credit refunds. They found, after adjusting for inflation, that total incomes for the poorest 20 percent of Americans moved from $12,600 in 1978 to $13,700 in 2000, an average increase of $1 per week over the twenty-one years.[61]

The Earned Income Tax Credit has plainly worked no wonders for low-wage workers. Indeed, critics have charged, the credit is really only working wonders for employers fond of exploiting low-wage labor. The Earned Income Tax Credit actually gives these employers an incentive to continue paying low wages. For every $6 an hour these low-wage employers pay workers with families, the Earned Income Tax Credit adds about $2 to the worker's bottom line. If these employers were to pay appreciably higher hourly wages, the government would add nothing. Low-wage employers, in effect, are receiving what amounts to billions of dollars a year in outright corporate welfare subsidies.

Meanwhile, America's "other" welfare program, welfare for the poor, is no longer subsidizing poor moms. Under the 1996 welfare reform act, poor mothers with children are now required to enter the workforce and essentially take any job available, no matter how low the wage. This requirement, by flooding the job market with poor moms, is also working wonders for low-wage employers. With a growing labor pool of poor mothers available, low-wage employers are under no pressure to raise their wage rates.[62] The rush of poor moms into the job market serves, quite efficiently, to keep wages depressed.

The federal government, of course, could undo this downward pressure by raising the minimum wage. But minimum wage hikes enjoy no support in corporate circles, perhaps because business leaders and their friends in Congress have exhausted their compassion quota with the Earned Income Tax Credit. Throughout the boom years, business and political leaders sat back and did nothing as inflation steadily and significantly eroded the minimum wage. In 1968, minimum wage workers earned, in inflation-adjusted dollars, $8 an hour. In 2001, even after a minimum wage hike in 1996, they earned only $5.15.[63]

The modest 1996 increase in the minimum wage did help spark a brief surge in wage rates at the end of the 1990s. But that increase wasn't high enough to boost low-wage workers back up to where they had been in the late 1960s. Indeed, the 1996 legislation that increased the minimum wage actually *widened* the gap between low-wage Americans and America's most affluent. That's because Congress, without much fanfare, included in the minimum wage increase bill a provision that helped wealthy Americans "sidestep taxes on big stock market gains."[64] With this provision in effect, America's most fortunate could donate stocks to their own personal foundations, deduct from their incomes the stocks' current value, not what they originally paid for them, and, through this maneuver, totally avoid capital gains taxes on their stock market earnings.

Their personal foundations could then sell the donated stock, pocket several million dollars profit from the sale, and, if they so chose, use those millions to subsidize still another scholarly tome dedicated to exposing the uselessness of minimum wage laws and the silliness of those who support them.

IF YOU WANT TO SEE REAL COMPASSION IN AMERICA, the most ardent defenders of America's current unequal economic order argue, don't look at government "welfare" programs. Look instead straight into the hearts of Americans. There you'll see a "thousand points of light," countless examples of goodness and mercy that have nothing to do with government handouts. Let other nations depend on government to help the downtrodden. In America, the claim goes, the fortunate help the unfortunate directly.

Take, for instance, the battle against hunger. No one can deny that vast numbers of Americans have engaged themselves, over the past quarter-century, in anti-hunger campaigns. Since the early 1980s, notes Janet Poppendieck, a sociologist at Hunter College in New York, "literally millions of Americans" have volunteered their time in "soup kitchens and food pantries" and the "canned goods drives, food banks, and 'food rescue' projects that supply them."[65]

Poppendieck herself has been actively involved in anti-hunger activism since the late 1960s. Over the years, she has interviewed hundreds of volunteers at food banks across the United States. She knows the anti-hunger world, personally and professionally, as well as anyone. And she is troubled by what she knows. America's heavy emphasis on volunteer efforts to fight hunger, she fears, may be dulling, not feeding, our national commitment to compassion.

This anti-hunger volunteerism, Poppendieck notes, has become part of everyday American life. Boy Scouts go door-to-door collecting spare cans of food. Supermarkets place collection barrels for foodstuffs near their entrances. Restaurants sponsor anti-hunger fundraisers. Surrounded by all this activity, many of us quite logically assume that hunger must surely be "under control." Those who actually coordinate anti-hunger volunteer programs know that not to be true. The most important organizations in America working against hunger — Second Harvest, Food Chain, Catholic Charities, the Salvation Army — have all stressed that they play only a supplemental role in the struggle against hunger. The real heavy-lifting in that struggle, these groups have testified repeatedly, must come from government food assistance programs.

But many lawmakers no longer deem these programs essential. If government food programs were so needed, these lawmakers ask, why do so many poor people convert their Food Stamps into cash or resell items they pick up free at food pantries? If people were really hungry, the lawmakers argue, these poor families wouldn't be turning food aid into dollars they can spend on something other than food.

Are these lawmakers exaggerating the "fraud" that goes on in food programs? They may be, but many poor people, the fact remains, *do* turn food aid into cash. Does this mean that hunger really isn't a problem anymore? Wrong question, answers Janet Poppendieck. We ought instead, she argues, to be asking what makes modern life in the United States so miserably difficult for poor people. The key culprit, she contends, is not hunger.

"Many poor people are indeed hungry, but hunger, like homelessness and a host of other problems, is a symptom, not a cause, of poverty," Poppendieck notes. "And poverty, in turn, in an affluent society like our own, is fundamentally a product of inequality."

Only by confronting that inequality, adds Poppendieck, can we overcome social misery. The key issue, she argues, "is not whether people have enough to survive, but how far they are from the median and the mainstream."

That observation, at first take, doesn't ring true. Surely, at least with food, the issue must be whether people have enough to survive. What, after all, could be more misery-inducing than having to go hungry? Poppendieck understands how odd her contention — that inequality, not hunger, matters most — might seem. She helpfully offers an analogy to clarify her point. In many tropical nations, she notes, "children routinely go barefoot." But no mother in these nations feels "driven to convert food resources into cash to buy a pair of shoes, or to demean herself by seeking a charity handout to provide them."

But a poor mother in the United States, "where children are bombarded with hours of television advertising daily," faces a quite different set of pressures. Her child must have shoes, and not just any shoes, but the *right* shoes, "the particular name brand that her child has been convinced is essential for social acceptance" at the local junior high. To get her child the right shoes, to protect her child from ridicule, an American poor mother may well feel driven to convert Food Stamps into cash, even if that means going hungry.

The quality of life that poor people lead depends, in the end, not on how much food is on their plate, but on the gap that separates them from the social mainstream. If that gap is widening, poor people will see more misery, more hunger, even as cans of green beans are piling up in food banks.

Far too many anti-hunger activists, Janet Poppendieck charges, have ignored America's growing gaps in income and wealth. These activists, "diverted by the demands of ever larger emergency food systems," have essentially left conservative lawmakers free "to dismantle the fragile income protections that remain," free to "concentrate ever greater resources at the top." The result: Those "who want more inequality are getting it, and well-meaning people are responding to the resulting deprivation by handing out more and more pantry bags, and dishing up more and more soup." Ladling soup may make us feel noble, Poppendieck notes, but we ought not confuse our comforted consciences with real progress for people shunted to our society's bottom rungs.

"It is time," she concludes, "to find ways to shift the discourse from undernutrition to unfairness, from hunger to inequality."

THE OBLIGATIONS OF A GOOD SOCIETY go far beyond insuring decency for the hungry, the ill, the old, and the weak. All truly good societies, all societies that knit strong social fabrics, take great pains to offer and maintain public amenities for everyone. These societies cherish what some call the "commons," those shared aspects of public life that impact all people, not just the unfortunate.

In societies that cherish the commons, people breathe clean air, drink safe water, and gaze out over landscapes free from blight. The schools of these societies are joyously inspiring, their parks well manicured, their streets walkable without worry. In these societies, commuters don't sit and fume in endless traffic jams, and kids and seniors always seem to have plenty of pleasant places to go.

Public amenities, most Americans would agree, help make life worth living.[66] Yet today, all across the United States, these amenities are going neglected. In city after city, county after county, frustrated citizens can point sadly to signs of a deteriorating commons — to worn-out parks, to traffic-clogged roads, to libraries operating on scaled-back hours. These deteriorating public services, in the booming 1990s, would exasperate millions of American families. America had never been wealthier. So why couldn't our communities keep parks clean and libraries open? Why were local elected leaders neglecting the public goods and services that make our lives easier and more enjoyable? Were these officials vile — or simply incompetent?

Or could there be another explanation? Could we be expecting our local officials to do the impossible, to maintain the commons, for all Americans, at a time when growing inequality had left Americans with not much in common?

A commons, any commons, brings people together. We cannot benefit from public parks and public libraries, or public schools and public transportation, without rubbing elbows with other people. In more equal societies, no one gives this elbow rubbing much of a second thought. In less equal societies, the situation changes. In less equal societies, some people — the wealthiest among us — are not at all eager to come together, face to face, with other people. This hesitance, in societies divided by wide gaps in wealth, almost always arises, not because the wealthy are born snobbish, but because wealth inevitably generates pressures that induce the wealthy to withdraw from general company.

"Economic disparity," as journalist Michele Quinn has noted, "has always made socializing awkward."[67]

This awkwardness, Quinn has shown in her reporting on life in Silicon Valley, can spoil even the most casual of encounters. Just going about "picking a restaurant to meet friends," she explains, can end up sparking considerable social static if some acquaintances in a group can easily afford a hot new dinner spot and others can't. Wealthy people, once singed by such static, tend to take steps to avoid it in the future. They start, sometimes consciously, sometimes not, "making friends with those whose economic profile is similar to theirs."[68]

Author Michael Lewis, another acute observer of life amid wealth, sees in this self-segregation an eternal truth: "People tend to spend time, and everything else, in the company of others who possess roughly similar sums of money."[69]

Wealthy people see this separation as self-protection. They come to feel, often with good reason, that the nonwealthy envy and resent them.

"We've had five sets of friends who have turned on us since we made our money," one newly minted multimillionaire told the *Houston Chronicle* in 2000. "Some of them demanded a cut, saying they helped us, so we should help them."[70]

Wealthy people, this multimillionaire concluded from his experience, are better off hanging out with other wealthy people.

"You don't have to worry that they want something from you," he explained, "because, well, they're rich, too."[71]

The wealthy, not surprisingly, come to have little patience with the rest of us. Sooner or later, they withdraw. They cluster with their own kind, in affluent surroundings, luxury condominiums like New York City's Ritz-Carlton Downtown. In these surroundings, the wealthy no longer need the commons. They no longer depend on publicly provided goods and services. They can afford to provide their own.

At the Ritz-Carlton Downtown, for instance, the payment of a $4,500 monthly condo fee would entitle residents, early in the twenty-first century, to almost any service they could imagine. They could have condo staff arrange child care or do laundry or fill a refrigerator. They could even have staff talk to their plants while they were away on vacation. Not far from the Ritz-Carlton Downtown, at the Trump International Hotel & Towers, suitably wealthy families could buy into an equally lavish and self-contained world. Janet and Christopher Hassett, multimillionaires from California, made their home there in the late 1990s. They found everything they needed, all under one roof. Never any crowds, never any waiting. They could have lobster risotto delivered just by "pressing an extension" on their phone. If they ever wanted to cook for themselves, staff would be happy to bring by anything from porcelain chop sticks to a non-stick wok.[72]

"Here it's private and exclusive," Janet Hassett beamed in an interview. "It's la-la land."

Would she ever leave, a reporter wondered? Only in a pine box, she laughed.[73]

IN THE SELF-CONTAINED WORLDS OF WEALTHY PEOPLE like Janet and Christopher Hassett, public goods and services hardly ever make an appearance. The exceedingly wealthy don't need public parks for recreation or public transportation to get to work. They don't browse at public libraries or send their children to public schools. They never sit in public hospital waiting rooms. They don't even call on public law enforcement officers for protection. Their homes are monitored, day and night, by private security.

Exceedingly wealthy people, in short, don't use public services. They have no personal stake in supporting them. They come, over time, to resent any government that insists they help pay for them.

"The poor have sometimes objected to being governed badly," as the English writer and critic G. K. Chesterton noted years ago. "The rich have always objected to being governed at all."[74]

These objections never much matter, to the regular providing of quality public services, so long as a society's rich people are neither particularly plentiful nor wildly wealthy. In societies where grand fortunes are few and far between, the overwhelming majority of people will always depend on the commons. This overwhelming majority will actively partake of public services — and frown on those who seek to wiggle out of their obligation to help support them. In these more equal communities, isolated wealthy families may grumble about paying for public services they don't use, but their grumbling will be dismissed. Public life will move on.

But everything changes when wealth starts concentrating, when fortunes start proliferating. In these societies, more and more people start inching away from the normal, everyday social life of their communities. More and more people start living in their own private and separate wealthy worlds. At some point, if wealth concentrates enough, the society begins to tip. Private services come to seem necessary not just for the awesomely affluent but for the modestly affluent as well. These affluent, in every community becoming more unequal, also come to feel they're better off going life alone, on their own nickel — better off joining a private country club, better off sending their kids to private school, better off living in a privately guarded gated development.

Over time, the greater the numbers of affluent who forsake the commons, the greater the danger to the public services that most people still depend on. The affluent, in more equal communities, may grumble about paying taxes for public services they do not use. But grumbling is usually all they can do. In communities where wealth is concentrating, by contrast, the affluent have the clout to go beyond grumbling. They can press politically for tax cutbacks, and succeed, because fewer people, in an unequal community, have a stake in the public services that taxes support.

With every such "success," with every tax cut, with every subsequent budget cutback, with every resulting deterioration in public services, the constituencies for maintaining quality public services shrink. Those who can afford to make the shift to private services do so. With fewer people using public services, still more budget cutbacks become inevitable. Services deteriorate even further. People of distinctly modest means now find themselves depending on private services, even if they really can't afford them. Deteriorating public services leave them no choice.

This dynamic unfolds so predictably, whenever wealth concentrates, that one economist, the University of Chicago's Sam Peltzman, has even formulated a "law" to account for it. Growing income *equality*, holds Peltzman's Law, "stimulates growth of government."[75] Growing *inequality* has the exact opposite effect. In societies becoming more unequal, taxpayers are less likely to support spending that enhances a society's stock of public goods and services.

"If wealth and income are unequally distributed, the 'winners,' so to speak, will want to maintain their advantage," explain historians Carolyn Webber and Aaron Wildavsky. But "if substantial equality already exists, then citizens will want still more of it."[76]

Over the last half century, government spending in the United States has followed Peltzman's Law as assuredly as if that law had been enacted by Congress. Spending for public goods and services increased in the 1950s and 1960s, years of growing equality, and fell significantly in the 1980s and 1990s, years of growing gaps in income and wealth. In California, America's egalitarian middle class heaven after World War II, $1 of every $100 state residents earned in the 1950s went for the commons, for building schools, roads, water systems, and other public goods and services. By 1997, California had become the nation's most unequal state. In that year, of every $100 Californians earned, only seven cents went for public services.[77] The result: a massive deterioration of the California commons, from schools to roads. In the late 1990s, three-quarters of the teachers hired by the Los Angeles school district, the state's largest, "lacked teaching credentials." Freeways in the area remained "among the most clogged in the country."[78]

Americans, by century's end, could see the same sort of disinvestment in public goods and services throughout the United States. Drinking water systems that served more than 50 million Americans violated basic health standards. In nine major metro areas, the air people regularly breathed was polluted enough to spread serious respiratory disease.[79]

Our commons had been fouled — and nobody seemed to be cleaning the contaminants up, not in the air, not in the water, not even in our food. The federal government's Food and Drug Administration inspected food-processing plants twenty-one thousand times in 1981. By 1997, despite widespread fears about E-coli, listeria, and other dangers, the FDA only had enough funding to conduct five thousand annual inspections.[80]

This collapse of the commons, this fraying of the social fabric, would seldom inconvenience America's most fortunate. One way or another, affluent Americans could always arrange to get those public amenities they felt they absolutely must have.

In New York City, for instance, visitors in the boom years would marvel at how beautiful the city seemed. "The city looks good, quite good indeed," economist William Tabb would observe early in the twenty-first century. "For the more affluent, the city is a fine place."[81] Tabb would give the credit to a clever financing maneuver that had become exceedingly popular in New York corporate circles. This maneuver gave quasi-public entities, called "Business Improvement Districts," the power to levy taxes on businesses within a particular neighborhood and spend the proceeds on various public amenities, from litter removal to refurbishing park benches, within the confines of each district. These Business Improvement Districts appeared to work admirably. The New Yorkers who lived and worked within them raved about the quality public services they delivered.

Had New York City stumbled onto a formula for successful urban revitalization? No such luck. Corporate tax dollars, as economist William Tabb would explain, had once gone to support the entire city. Through Business Improvement Districts, corporate tax dollars could now be targeted to the specific enclaves that corporate interests, for one reason or another, wanted "spruced up." Corporate New York, in effect, was now off the hook for maintaining a city-wide commons. With Business Improvement Districts, noted Tabb, the same companies that had for years been demanding lower taxes — lower taxes that left city schools without playgrounds and libraries — had "found a privatized way of paying for the services they want."[82] What they didn't want, they didn't have to support.

New York's affluent, by century's end, would see no litter on the streets they walked. Everyone else would see a cleaner, better New York only when they stepped into the neighborhoods that attracted affluent New Yorkers.

IN OSLO, UNLIKE NEW YORK CITY, Norwegians of means do not get to pick and choose the neighborhoods, or the public goods and services, their tax dollars will support. And they don't seem to mind. All Norwegians consider themselves part of one commons.

"Here, if you have money or no money, it doesn't make a difference," Ansgar Gabbrielson, a leader in Norway's Conservative Party, told a *New York Times* reporter in 1996. "We all go to the same doctors; we all get the same services."[83]

The services of the Norwegian commons make for quite a pleasant existence. Parents in Norway can receive up to forty-two weeks of paid maternity leave. Lifelong homemakers receive retirement pay. Norway even pays children an annual stipend. In the mid 1990s, each Norwegian child under seventeen, whatever that child's family income might have been, was entitled to $1,620. Norwegian families also enjoy full medical security. All medical bills, above a few hundred dollars per person, are reimbursed. In their bountiful commons, adult Norwegians can also find wonderful opportunities to advance their careers. Norway's Lifelong Learning Program gives all working men and women the option to take paid annual leave, once every decade, to improve their job skills.[84]

Norwegians credit the generosity of their society to a "national commitment to egalitarianism."[85] They work diligently to maintain this commitment. To keep income differences narrow, they tax higher incomes at higher rates. Few Norwegians grumble. Most all are proud of the caring society they have created.

Outside observers are not as universally impressed. Generosity comes easy, critics sneer, when a nation sits aside offshore oil fields that are gushing black gold at volumes and rates only topped by Saudi Arabia.

But oil bonanzas, more sympathetic observers note, don't guarantee a bountiful commons. Within the United States, oil-rich Texas rates lowly on nearly every measure of a quality commons. Nearly a quarter of children in Texas, 24.1 percent, lack health care coverage, according to federal data released in 2003, a higher percentage than in any other state.[86] Way south of Texas, in oil-rich Venezuela, petroleum wells generate about $9 billion a year in revenues, yet over half that nation's 23 million people still live in dire poverty, without any decent public amenities.[87]

In Texas and Venezuela, no bountiful commons has ever taken root, despite oil riches. Both locales have, historically, allowed those riches to concentrate. They have welcomed and embraced colossal concentrations of wealth that would, in Norway, bring only shame. They have made a beleaguered commons inevitable.

In Norway, in other words, equality, not oil, keeps the nation caring.

"Even if we didn't have oil," as Norwegian Health Minister Gudmund Hernes noted defiantly midway through the 1990s, "we would not rethink the notion of the welfare state."[88]

That may be true, skeptics snicker, but that's only because social solidarity comes as second nature in a nation as ethnically homogeneous as Norway. It's easy for Norwegians to behave as if they were their brother's keepers, these skeptics charge. Norwegians share a common culture. They look alike. They speak the same language. They don't have to deal with cultural and racial differences. They can treat everybody fairly because racist attitudes and assumptions never tear at their social fabric.

In the United States, by contrast, racist attitudes and assumptions have been ripping us apart for hundreds of years. These attitudes and assumptions prevent the sort of social solidarity that matures so easily in nations like Norway. Homogeneous nations, the skeptics sum up, deserve no special plaudits for their benevolence. If their populations were more diverse, they would be no more generous and caring than any other nation.

Racism, of course, does rip social fabrics — and probably more viciously than any other social divider. But racism does not survive and thrive in isolation. Racism, many analysts note, cannot be separated from inequalities in income and wealth distribution. Indeed, maldistributions of income and wealth may well be what keeps racist stereotypes and hostilities alive in our modern age, an age that repeatedly declares, in every official international pronouncement, zero tolerance for racist behavior.

We Americans have by and large separated racial and economic inequality. We see lingering racism and concentrating wealth as two totally distinct phenomenon. Rich people, we know from our experience, can be bigots and rich people can be noble humanitarians. That some Americans have accumulated substantially more wealth than others, we consequently assume, makes no difference to whether America is winning or losing the struggle against discrimination, intolerance, and hate.

We have paid, and continue to pay, an enormous price for this most faulty assumption.

YEARS AGO, IN SEGREGATED AMERICA, African Americans occupied essentially only the bottom rungs of our national economic ladder. Racism, both virulent and subtle, kept better jobs off limits to black people — and kept wages depressed in the jobs where blacks dominated. Civil rights activists in these segregated years could and did argue, with unassailable logic, that black poverty reflected ongoing discrimination. End that discrimination, people of good will agreed, and black people would finally be able to realize the American dream.

The struggle against segregation and racial discrimination would take generations — and many lives. That struggle would finally triumph, in the 1960s, with a series of landmark civil rights acts. People of color, under these new laws, could no longer be denied jobs or housing, an adequate education or the right to vote.

These stirring victories, most of white America believed, would clear away the obstacles that had blocked black people from full participation in American life. With discrimination at long last illegal, racial gaps in social and economic well-being would surely start vanishing, or so white America assumed. But gaps between blacks and whites would not vanish in the decades after Jim Crow died. By almost every measure of social and economic well-being, black Americans would continue to lag behind white Americans, often by significant margins. Black Americans didn't make as much money. They suffered through higher jobless rates. They spent more time in poverty. They lived shorter lives. And they didn't do as well in school.

The school achievement statistics would be the most distressing of all, for schools were about the future. If black young people weren't succeeding in school, they didn't figure to succeed later in life — and racial gaps would never narrow. For America's political leaders, white and black alike, and for millions of parents, poor black student performance in education would emerge in the late twentieth century as the single most visible symbol of America's failure to come to grips with racial inequalities.

And just who or what was to blame for inequalities in school performance? Answers varied. Many community activists blamed low black test scores on poverty and the poor schools that most black kids attended. But some experts argued that other factors had to be at work. How else to make sense out of the most troubling academic achievement gap of all, the gap between middle-income kids of color and middle-income white kids? Black students were scoring lower than white kids, researchers reported, even when they shared the same socio-economic status.[89]

"How do we explain the underproductivity of middle-class kids, of able and gifted minority youngsters who come out of situations where you would expect high achievement?" asked Edmund Gordon, a distinguished psychologist at Yale. "This is not something a lot of people feel comfortable talking about."[90]

That discomfort, of course, reflected the racial dynamite in the middle class achievement gap numbers. These numbers cheered only the heirs to America's vilest racist traditions. If blacks from middle-income families were scoring less on their SATs than whites from middle-income families — and even less than whites from low-income families — that "proved," to racist minds, that blacks must be intellectually inferior, exactly the claim that white supremacists had been making for generations.[91]

Halfway through the 1990s, two academics, Richard Herrnstein and Charles Murray, would give this age-old racist claim a more scholarly gloss. Their 1994 best-seller, *The Bell Curve*, argued that "intelligence is largely inherited and intractable" and linked poverty and poor school test scores to the "lower" average IQ of blacks.[92] *The Bell Curve* would find plenty of receptive readers. National public opinion polls, conducted about the same time, suggested that one in five whites still believed that "blacks are genetically less intelligent than whites."[93]

Educators and community leaders, deeply alarmed by *The Bell Curve* mindset, would launch an all-out search for the real reasons behind the achievement gap between black and white students from comfortable families. The College Board, the nation's premiere testing organization, would create a special blue-ribbon panel, the National Task Force on Minority High Achievement, to investigate.[94] Meanwhile, out across the United States, parents, pundits, and politicians would be in no mood to wait for declarations from blue-ribbon panels. Some would blame white teachers for the achievement gaps between black and white middle class students. These teachers, critics contended, were making racist assumptions about black kids.[95] Other critics blamed black parents.[96] They didn't "care enough" about learning. Still other critics blamed black students themselves. These students, the charge went, equated success in school with "acting white" and ridiculed those black students who did dare to concentrate on their studies.[97]

In 1998, after a three-month investigation, the *San Francisco Examiner* would enter the fray. A major *Examiner* analysis would trace the achievement gap between middle class black and white students to a "complex" set of factors, everything from low teacher expectations to differences in parenting styles.[98] Nothing new here. But this *Examiner* analysis would go a bit further. The paper would offer, almost as an afterthought, another observation on the achievement gap between middle class black and white students. Black middle class families may have the same income as white middle class families, *Examiner* reporter Annie Nakao noted, but they have "less accumulated wealth."

"This, along with segregation patterns, can affect where a family buys a home," Nakao added, "and result in children having to attend school in less desirable districts, where peers are less likely to aspire to higher education."[99]

The *Examiner* reporter had hit upon a vitally important but almost universally ignored reality: Families with the same income do not necessarily live in the same economic world. Families really only belong to the same socio-economic class when they earn about the same incomes *and* own about the same wealth.

In the late 1990s, one researcher, Yale's Dalton Conley, would document just why this insight matters. Taking income *and* wealth into account, Conley reanalyzed the data that purported to show a clear achievement gap between "middle class" black and "middle class" white students. He would discover that no achievement gap actually existed. Black and white students from comfortable families of the same income *and* same wealth, he found, actually scored about the same on standardized tests.[100]

By ignoring wealth, Conley noted, previous educational researchers had ignored a key determinant of educational success. A family that earns $50,000 a year and owns a home, he explained, will almost always be able offer its children more in the way of educational advantages than a family earning the same income that rents. The family that owns will likely live in a better neighborhood. That better neighborhood will likely have a better school, because local property taxes still largely determine how much individual schools have to spend. That better school will likely have lower teacher-to-pupil ratios, better textbooks and supplies — and more qualified teachers. Students in that better school will likely do better. Almost always.

A family's level of wealth also determines other educational supports as well. Families with wealth can afford extracurricular resources and activities that families without wealth cannot. And families with wealth, adds education journalist Alain Jehlen, can offer their children an even more important leg up, a sense of confidence.

"Parents who own their home or other forms of wealth are imbued with a sense that 'their kind' of people can make it in America," he notes. "Children soak up this feeling at the dinner table and in a thousand other little interactions that have more impact than any amount of preaching."[101]

Wealth, in short, matters to education. And because wealth matters, how wealth is distributed ought to matter, too, especially to Americans who want to narrow and erase, once and for all, the gaps that divide white Americans from Americans of color. These gaps rest, above all else, on differences in wealth.

IN 1995, TWO RESEARCHERS, Melvin Oliver and Thomas Shapiro, would publish a major study that set out to compare the wealth of black and white households.[102] On one level, their findings would prove rather unremarkable. Black households overall, the two sociologists would show, owned less wealth than white households.[103] Everyone, of course, already knew that, and everyone also thought they knew why. The breadwinners in black households, the conventional wisdom went, did not have the education that breadwinners in white households had attained. Consequently, white breadwinners could find better jobs and earn higher salaries. Black breadwinners, once they had earned the same degrees, would be able to compete for the same good jobs. Eventually, they would make the same incomes and have the same wealth. The gap would disappear.

But Oliver and Shapiro's work would directly challenge this conventional wisdom. Blacks in the United States didn't just hold less wealth overall than whites. Blacks who had achieved the same educational degrees as whites held less wealth. Indeed, blacks who had the same degrees, the same jobs, and the same salaries as whites owned on average "dramatically lower levels of wealth."[104]

Subsequent research would find no significant changes in these distributional patterns. The wealth gap between white and black families, Dalton Conley would sum up in 2001, "is far greater than racial differences in education, employment or income." And this wealth gap, Conley would add, had actually been growing "in the decades since the civil rights triumphs of the 1960s."[105]

How could that be? How could wealth gaps between white and black households be growing if blacks now had access to the better-paying jobs previously denied them? The wealth gap between black and white households could be growing, analysts noted, because most of the wealth Americans accumulate doesn't come from our job earnings. We spend the bulk of our earnings on day-to-day expenses. Most of our household wealth, from 70 to 80 percent, comes from "family gifts in one form or another passed down from generation to generation."[106]

"These gifts," notes Dalton Conley, "range from a downpayment on a first home to a free college education to a bequest upon the death of a parent."[107]

Gifts like these help young families gain an economic foothold. With help on a downpayment, families just starting out can buy a first home and spend years building equity instead of paying rent. With a free college education, they can be saving money instead of paying back student loans. With an unexpected bequest, they can invest in a bond or a mutual fund and watch their wealth grow.

In the latter decades of the twentieth century, the years after the civil rights revolution, family wealth did grow. Homes and other real estate, stocks and bonds leaped ahead at record rates. Those families that entered the 1970s with household wealth would see that wealth multiply nicely over the next thirty years. But few black families would share in this multiplication. Most black families did not enter the 1970s holding any significant household wealth. They had nothing to multiply. Their parents and grandparents had not left them much wealth, in any form, because their parents and grandparents had little wealth to share. And they had little to share because they lived in a society, the United States, that had systematically prevented them, and their parents, and *their* parents, from accumulating wealth in the first place.

That prevention process had begun, generations back, in slavery. Black slaves were denied any share of the immense wealth they created. But the expropriation of the wealth that black people created did not end when slavery ended. The slaves freed by Lincoln's generals had been promised "forty acres and a mule." They never got them. They ended up instead as tenant farmers squeezed by sharecropping arrangements rigged to keep them in perpetual debt.[108] And if they could somehow save up some cash, despite these arrangements, they still couldn't count on being able to buy their own land. Whites who sold land to blacks, in some parts of the South, would be "physically attacked" after the Civil War.[109] In 1870, less than 5 percent of America's black families would own their own land.[110] Blacks that year made up a third of the South's total population. They would own 1.3 percent of the South's total wealth.[111]

By the early 1900s, a half-century after slavery, not much had changed. In the Deep South's Black Belt, fewer than one-fifth of black farmers owned the fields they worked with their families.[112] And the land and wealth they did accumulate could be snatched away at any time, as one successful South Carolina black farmer, Anthony Crawford, learned in 1916. One day, at a local store, the prosperous Crawford — his farm extended over four hundred acres — fell into an argument with the storekeeper. Word spread that Crawford had cursed a white man. A mob came for him. He fought back. The local sheriff whisked him away to jail, where a second mob grabbed him, tied a rope around his neck, hung him up, and "riddled his swaying body with several hundred bullets." Soon afterwards, the remaining Crawfords "packed up their belongings and left."[113]

Millions of black families picked up stakes like the Crawfords. But they would find limited opportunity elsewhere. In Northern cities, the government agencies set up to help Americans become homeowners would routinely keep black families out of housing and credit markets. The Home Owners' Loan Corporation, in the 1930s, would institutionalize "redlining," a practice that denied home loans to residents of black neighborhoods. The Federal Housing Authority and the Veterans Administration would later shut blacks out of homeownership by funneling most of their loan dollars to suburbs where African American households were unwelcome. Between 1930 and 1960, less than one of every hundred mortgages issued in the United States would go to black families.[114]

America's most important wealth-enhancing program of the twentieth century, Social Security, would also shortchange African Americans. To get Social Security through Congress in 1935, New Dealers needed the support of white Southern Democrats. The price of that support: no Social Security coverage for farm laborers and domestics, the two job categories that employed the most black workers. This initial exclusion, not remedied for years, meant that millions of black working people would exhaust during old age whatever savings they had been able to accumulate during their working years. They would die with little wealth to hand down to their family's next generation.[115]

That next generation, by the 1990s, would find itself on the economic outside looking in. By the end of that decade, just one man, Microsoft's Bill Gates, would hold more wealth in stocks and bonds than all the African Americans in the United States together.[116]

In the late 1990s, Gates would pledge to spend $1 billion over the next twenty years on minority scholarships. That "one white man can possess more securities wealth than all 33 million African Americans combined," observed *Washington Post* columnist Courtland Milloy, "suggests something so wrong that it's going to take much more than a billion dollars' worth of schooling opportunities to fix it."[117]

NO SOCIAL SCIENTIST HAS EVER BEEN ABLE TO CALCULATE just how far, before tearing, a social fabric can be stretched. But people within an unequal society, note economists Gary Burtless and Timothy Smeeding, can often sense danger "when the gulf separating rich, middle class, and poor grows too large."[118] In the closing decades of the twentieth century, many Americans did sense danger. They felt like targets. They believed that a disturbing number of their fellow Americans could no longer be trusted to live by the rules that define civil behavior. Some ascribed this refusal to play by the rules directly to growing inequality.[119] What else could society expect, they asked, when some did unimaginably well while others could imagine only more misery?

"There is," as *New York Observer* columnist Michael Thomas would put it, "one very simple rule in life: Boast about your wealth, lifestyle and possessions, and it will occur to others either to get the same for themselves, or to deprive you of yours. The more remote a possibility the former becomes, the tastier the latter will seem."[120]

Affluent Americans, in the 1980s and 1990s, felt themselves much too tasty. They demanded protection. Political leaders rushed to provide it. They locked up every suspicious character in sight. By century's end, the United States would have 5 percent of the world's population and 25 percent of the world's prison inmates.[121] In California, America's most unequal state, public officials built one new university in the twentieth century's last two decades — and twenty-one new prisons.[122]

These building priorities would satisfy few Californians.

"The people in the inner city feel like they're being left out," Miguel Contreras, a top labor official in Los Angeles, would observe early in the new century. "And the people who live in the gated communities want higher gates."[123]

Rick Hilton, an heir to the Hilton hotel fortune, couldn't find gates high enough in Los Angeles. He wound up moving his family, in 1996, to New York City and an apartment that came with two cameras inside and six more outside in the hallway.[124]

"I feel completely safe in the middle of the night," Hilton's wife Kathy would note.[125]

Other affluent Americans couldn't feel completely safe without turning their homes into private fortresses. Architects caught on quickly. By 1998, the Neo-Fortress Movement — "towers and turrets, walled yards, locked gates, and tall, narrow windows" — had become a trendy and stylish look.[126]

In the end, affluent Americans would learn that no home fortress, no gates, no hallway cameras, could protect them from random violence. On September 11, 2001, all Americans would suddenly come to realize that we live in a horribly unsafe world — and cannot escape it.

That horribly unsafe world, like the United States, has become considerably more unequal over recent years. The latest studies of global income distribution, Robert Wade of the London School of Economics would note in 2001, all confirm "a rapid rise in inequality" among the earth's 6.2 billion people.[127] This inequality, he observed, is polarizing the world, creating entire regions where the social fabric has shredded, leaving behind scores of nation states "whose capacity to govern is stagnant or eroding." In these nations, "a rising proportion of people find their access to basic necessities restricted at the same time as they see people on television driving Mercedes cars."

"The result," Wade would add perceptively, just months before the horror of September 11, "is a lot of unemployed and angry young people, to whom new information technologies have given the means to threaten the stability of the societies they live in and even to threaten social stability in countries of the wealthy zone."

IN THE AFTERMATH OF THE ASSAULT on New York's World Trade Center, Americans would briefly step back into the commons that had been all but abandoned over the course of the previous quarter century. We all saw, in the heroic willingness of firefighters and other public employees to put their lives on the line for others, a world where people took seriously their obligations to one another. We liked what we saw. We saw community. We saw caring. We cheered.

But then life went on, as before, amid a social fabric that continued to fray, a commons that continued to collapse.

In New York, a year and a half after September 11, city officials would begin gearing up to shut down local firehouses, the homebases of 9/11 heroism, to help cover a mammoth budget deficit.[128] To avert the shutdowns, labor groups in the city rallied behind a proposal to impose a "transfer tax" on Wall Street stock transactions. Such a tax had actually been on the books until the early 1980s. Advocates for the tax noted that if this levy were reimposed, at just half the rate that had been in effect back in 1981, the city treasury would gain $3.8 billion, more than enough to eliminate the city's budget deficit without shutting firehouses and shredding other city services. But Wall Street balked. A transfer tax, the biggest brokerage houses charged, would be "disastrous." The mayor agreed. Stock trading would not be taxed. Firehouses, instead, would start closing.[129]

A continent away, wealthy Californians would be equally oblivious to the dangers of living in an unequal world. Their landgrabs along the California coast, throughout the boom years, had turned a series of coastal communities into resorts that middle class families could no longer afford to live in. Local city councils, if not the wealthy, worried mightily about the potential impact.

"So many firefighters, paramedics and other public safety employees on the coast are moving so far away because of housing prices," one journalist reported, "that there is new concern they might not be able to get back to town in an emergency such as an earthquake, when they would be needed most."[130]

We all, in the final analysis, need each other, whether we be rich or poor or anywhere in the middle. We never know when the earth might crack — or our homes go up in flames. We all really do need others to care about us, and that means, logically speaking, we ought to care about them. Deeply unequal distributions of income and wealth keep us from caring. Deeply unequal distributions keep us apart.

"Where wealth is centralized," as Confucius once noted, "the people are dispersed. Where wealth is distributed, the people are brought together."[131]

And social fabrics seldom tear.