

CREATING THE POOR

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We are taught to think of poverty as an unfortunate but inevitable condition visited upon some portion of the population. And we tend to think of the poor as a breed apart who, if not exactly deserving of their situation, are an unfortunately predictable component of the social landscape. This view is as old as antiquity. In Matthew 26:11 (and similarly in Mark 14:7), when a woman anoints Jesus' head, the apostles protest, "for this ointment might have sold for much and given to the poor." But Jesus praises the woman for her "good work" in tending to him and assures the apostles that "ye have the poor always with you," suggesting that since poverty is so persistent, there is no compelling need to trouble ourselves about it.

Indifference to indigence has incurred the ire of those compassionate people who, like the apostles, believe that poverty is a matter of some urgency. I recall how Martin Luther King Jr. soundly castigated the rich and powerful for their lack of concern for the needy. More recently I have come to the conclusion that the rich and powerful are anything but indifferent. They always "look to the poor" as both a troublesome lot and an essential adjunct to the accumulation of wealth. And they have a real if seldom articulated concern that the mass of working poor do not become too successful or elevated in their collective class condition. Indeed, the owning class sees such a development as threatening to its own vital interests.

Blaming the Poor

Throughout the ages, the affluent have argued that the poor are the authors of their own poverty that indigence is caused by the profligate and demoralized ways of the indigent. In seventeenth-century England, impoverished people were thought to be not the victims of circumstances but of their own "idle, irregular and wicked courses." Little has changed since then. In 1995, in the time-honored manner of all reactionary elites, right-wing Republican leader Newt Gingrich reduced poverty to a matter of personal inclination: "I am prepared to say to the poor, `You have to learn new habits. The habits of being poor don't work.'"

Meanwhile Gingrich tirelessly pursued policies to enlarge the ranks of the poor. As House Speaker he fought to shift still more of the tax burden onto low- and middle-income people; he fought to eliminate the minimum wage, to cut spending for public housing, and to abolish school lunches, food stamps, and aid to families with dependent children (welfare). He supported enormous tax cuts for the corporate rich, for deregulating business activities, downgrading jobs, downsizing workforces, and breaking unions - all policies that have led to both deeper and more widespread poverty and more concentrated accumulations of wealth.

For affluent persons, the poor are less than human; they are demoralized creatures who seem to prefer squalor and misery, freeloaders who live off the rest

of us. When they do work, they want to be paid too much for too little effort. And when they organize into unions, they become troublesome encumbrances to productivity and prosperity. All this we hear again and again.

Some persons of modest means embrace the denigrating opinions about the poor circulated by political leaders and opinion makers. Yet, during the 1995 budget debate, there was no mass support for the mean-spirited cuts imposed by a Republican Congress. A survey by the Center for the Study of Policy Attitudes (Washington, D.C., December 1994) found that 80 percent of respondents felt that society and government have a moral obligation to alleviate poverty. About the same number reject the right-wing argument that poverty is the outcome of inferior culture among the impoverished rather than material economic causes. But thanks to conservative disinformationists like Rush Limbaugh, who claims that 90 percent of government antipoverty funds fail to reach the poor, respondents thought the programs were poorly administered with much waste. In fact, as economist Doug Henwood notes, the exact opposite is true. Only about 10 percent of the funds are spent on administrative costs with the rest going to recipients.

Another bit of conservative disinformation frequently mouthed by right-wing members of Congress and other commentators is that "\$5.3 trillion has been spent on welfare in the past thirty years," a bit of fiction that is seldom challenged by their poorly informed media hosts or liberal adversaries. In fact, the actual figure is less than a tenth of that, about \$400 billion, or what the Pentagon spends in a year and a half.

In contrast to right-wing Republicans, those of more liberal bent see poverty as a problem created by hard times, a tight job market, substandard schools and housing, deteriorating neighborhoods, a lack of much needed public programs, broken families, crime, and drugs. While well meaning enough, this view sometimes confuses effect with cause, for most of the aforementioned conditions are really just symptoms. Substandard housing, crime, drugs, and deteriorating neighborhoods do not cause poverty but are part of its results. (This is not to deny that such effects can themselves have a demoralizing impact upon deprived people.) The question remains, what in the system brings about such results?

The liberal view tends to treat poverty as an outcome of impersonal forces. The differences between rich and poor are accepted as a natural given, a reflection of happenstance and circumstance. This view fails to recognize that poverty and wealth do not just coexist but are causally linked to each other. The notion propagated by conservatives and some liberals is that the more wealth accumulates in society, the better it is for all of us: as the pie gets bigger, we all get more. Supposedly it is not a zero-sum system. In fact, for most working people it is. More for one interest usually does mean less for another. What matters is not only the size of the pie but how it is sliced.

Wealth as the Cause of Poverty

Does wealth cause poverty? Certainly the converse is true. Throughout history, in societies where no great amount of wealth was accumulated by the few, there was no great poverty. Most hunting and food-gathering societies

and early horticultural communities lived modestly under a rough social equality. When the herds disappeared and the crops failed, everyone bore the brunt of the deprivation.

During normal times, most of these societies enjoyed levels of consumption, health standards, and longevity rates that would compare favorably to their descendants in the present era. The diseases of "advanced" societies, such as cancer, typhoid, heart ailments, bubonic plague, tuberculosis, smallpox, diabetes, diphtheria, syphilis, and gonorrhea were nonexistent or relatively rare—as were the combined conditions of poverty, poor sanitation, and overcrowding that produced them. Nor did the people work from dawn to dusk, as is popularly thought. Modern research has revealed that there was a great deal of free time for recreation and community gatherings.

The poverty of so much of the Third World is not an original historic condition. It was created by the expropriation of European and North American colonizers who stole the people's land and enslaved their labor, driving them into destitution. Thus under British imperial rule, the per capita income level in India plummeted 65 percent between 1830 and 1900. As the colonizing leaders grew richer, the colonized grew poorer.

If land and resources were used for social need instead of private greed, there would be enough for everyone in just about every society. Every country in the world has sufficient land to feed its population. Many poor ones export more agricultural products than they import. In India, the number of hungry people is conservatively estimated at 300 million, more than any other nation. Yet India's wheat and rice surplus in 1991 was about fourteen million tons, mostly in the hands of big producers and exporters. A fairly modest portion of this surplus would be a sufficient supplement for that nation's malnourished millions. The problem is not supply but distribution.

The dirty truth is that the rich are the great cause of poverty. When large surpluses are accumulated by the few, then want and deprivation will be endured by the many who have created the surplus. Slaveholders lived in luxury and opulence because slaves toiled from dawn to dusk creating the slaveholder's wealth while consuming but a meager portion for subsistence. Lords and ladies lived in great castles amidst splendid finery with tables laden with food because there were servants and serfs laboring endless hours to sustain them in the style to which they were accustomed.

Today, wherever there are great landholdings and latifundios, so there will be landless, destitute peasants crowded onto the dusty infertile hills, forced to work the agribusiness fields for something close to starvation wages—when work is to be had. Wherever there are rich factory owners and bankers who extract enormous profits from production and investment, so are there workers who put in long hours while paid but a small fraction of the value they produce.

The correlation is not a mere coincidence. How else is wealth accumulated save from the labor of those who produce far more than they are allowed to consume? Did the slaveholders or feudal lords, who spent their days hunting, riding, fighting, feasting, and drinking, create the abundance they enjoyed? Do the big shareholders, who spend their time boating, traveling, partying, attending

charity balls, or running for public office, create the fortunes that accumulate from their investments? In reality, class systems of accumulation are zero-sum.

Those who toil at the lower rungs of the social ladder are not "neglected" or "overlooked." They are harnessed into the toughest, meanest, least-rewarding, lowest-paying work. In the early 1960s we heard that the residents of Appalachia, one of the poorest regions in the United States, were a forgotten people left behind by history. In fact, Appalachia is a rich region, having produced vast fortunes for the Mellons, Morgans, and Rockefellers. Only its people are poor. But their poverty is not an accidental condition. It is directly linked to the wealth extracted from their land and labor. The people of Appalachia were driven from the choice lands by the coal companies. They were overworked and underpaid; thousands were killed or maimed in the mines or broken in health by harsh occupational conditions. Their unions were threatened and attacked and their lives put at risk by company gun thugs, Pinkertons, state militia, police, and the U.S. Army. Their community needs were regularly betrayed by local, state, and federal politicians and courts in the service of the big coal companies.

The Appalachian poor are not "forgotten" by history. They long have been the focus of keen ruling-class attentions, of strenuous deception, repression, and exploitation. Their poverty is not a natural or inevitable condition nor a reflection of their own lack of effort. When masses of people labor so hard and end up with so little at such a cost to their own well-being, while so much is accumulated by a privileged few, then it is time to stop blaming the poor and direct our critical attention to the politico-economic powers that systematically impoverish them.

Wealth and Labor

By now it should be clear that when talking about wealth, we should also talk about labor, for the two are interrelated. Where does wealth come from? First of all, from the natural resources of our planet: the land, minerals, forests, and seas, which offer valuable life-sustaining materials. The other source of wealth is the human labor that extracts and transmutes these materials into marketable products. What transforms a tree into a salable commodity like timber is the labor that goes into harvesting it. Human labor also transforms the timber into lumber, another commodity, then into salable furniture.

Of itself, capital cannot create anything. It is the thing created by labor, the value accumulated by the living process of labor. It can only increase by being mixed with more labor. This is what is meant when people say they are "putting their money to work." The value accumulated is preserved in the form of money, gold, stocks, and bonds. Of themselves, all these forms of wealth could not produce the book you now are reading; only human labor can do that. But what of productive capital such as machinery and technology, do they not produce value? Marx would argue that machines only transfer value that is created by living labor. To be sure, it is human labor that creates, maintains, and operates machinery and other such productive capital. The ruling powers present themselves as the creators of wealth, to whom we are

beholden. They would have us think they produce the milk when all they do is skim the cream.

Labor is the ultimate source of all commodity value. Adam Smith, one of capitalism's founding theorists, wrote in 1776: "Labor is alone the ultimate and real standard by which the value of all commodities at all times and places can be estimated and compared. It is their real price, money is their nominal price only." The first Republican president, Abraham Lincoln, said: "Labor is prior to and independent of capital. Capital is only the fruit of labor and could not have existed had not labor first existed. Labor is the superior of capital and deserves much the higher consideration:"

All of humanity can be categorized into three groups. Group A consists of that tiny portion of people who usually do not work because they do not have to. The people in group A receive the bulk of their money from dividends on stock investments; interest payments on bonds and securities; the sale of appreciated holdings in commodity futures, real estate, and other ventures; rents on income property; payments on privately financed loans or mortgage notes that they hold as creditors; government business subsidies and other giveaways; royalties from oil and other mineral deposits; and various other investments. Some prominent tycoons who preside over vast financial empires may work, but they do so out of personal choice, not economic necessity. And the workday they put in does not explain the source of their immense wealth nor the pace at which it accumulates. The far greater portion of their fortune comes from the ownership of assets that directly or indirectly engage the labor of others.

Most of humanity, group B, consists of those who live principally off wages, salaries, bonuses, fees, commissions, and pensions. To be sure, group B includes a wide income spread, from affluent professionals who have to work because they cannot live exclusively off their investment earnings, to working poor who have no net assets and endure real deprivations. Generally what the people in groups A and B have in common is that they both live principally off the labor of the people in group B.

Group C comprises the most desperate millions throughout the world who have been forced off the labor market and who live in absolute destitution. Their political function is to be castigated and scapegoated as social parasites. Their economic function is to provide a surplus of needy workers at home and abroad who help glut the labor market and depress wages. They make up what Marx called, "the reserve army of labor."

Two studies conducted in 1995 respectively by the Rand Corporation and the Brookings Institution do their best to muddy our understanding of wealth in the United States. They find that individuals typically achieve affluence not from inheritance but by maintaining their health and working hard. Most of their savings comes from earnings and has nothing to do with inherited wealth, the researchers conclude.

In typical social science fashion, the investigators prefigure their findings by limiting the scope of their data. Both studies fail to note that the capacity to achieve a high income is itself in large part due to inherited advantages, determined by the income level of one's parents. The socio-economic status of

one's family is the greatest single determinant of one's own life chances. Those coming from the upper strata have a far better opportunity to maintain their health and develop their performance, attend superior schools, and achieve the advanced professional training, contacts, and influence needed to land the higher paying positions.

More significantly, neither the Rand nor Brookings study actually includes the rich, the people in group A, the top one or two percent who control the lion's share of the nation's wealth largely through inheritance. Both studies instead concentrate on upper middle-class professionals and managers, who are labeled as "rich" -which indicates that the researchers have no idea how rich the rich really are. The investigators explain that there is a shortage of data on the wealthiest Americans. Being such a tiny percentage, "they're an extremely difficult part of the population to survey," admits James P. Smith, a Rand economist. That they're difficult to survey should not cause him or us to overlook the fact that their existence refutes the findings of these studies. Smith seems to admit as much when he says, "This [study] shouldn't be taken as a statement that the Rockefellers didn't give to their kids and the Kennedys didn't give to their kids." (*New York Times*, 7/25/95) Indeed, most of the really big money is inherited-and by a portion of the population that is so minuscule as to be judged statistically insignificant by some economists.

The Growing Gap

While asserting that the poor create their own poverty, ruling elites pursue policies that take from the needy and give to the greedy. So we have lower wages and salaries for the people in group B, with greater earnings for top corporate executives, shareholders, bondholders, and others in group A; a growing and more regressive tax burden for group B, with multibillion dollar tax cuts for group A; draconian reductions in human services for groups B and C; but ever-increasing government services, protections, and contracts for big business in group A.

In the United States most of the people living below the poverty level, including many homeless people, actually work. If they are poor, it is not because they are lazy but because they are being paid poverty wages while facing exorbitant rents, regressive taxes, and other high costs. In our society the line between the poor and the working class is becoming increasingly blurred. High-paying blue-collar employment has all but disappeared. In its place are millions of new low-paying jobs. Often the wife in the family now brings in a second low income to make up for the male breadwinner's drop in earnings.

In addition, numerous white-collar occupations have been eliminated or downgraded, including medical personnel, middle managers, technicians, and other professionals. When employees are deskilled, they are also disempowered, being more replaceable and thus less able to negotiate conditions of employment.

From 1990 to 1995, as profits achieved record levels and stock prices surged, the great mass of working people saw their wages stagnate or fall, while many of their benefits were reduced or eliminated. In the last twenty years the real income of a U.S. male worker with a high school diploma plunged by 30

percent. Many have lost their health insurance, homes, and savings. About one fourth of the workforce is now doing contract labor, hired on a daily basis, paid hourly with few or no benefits, no job security or collective bargaining.

The ten largest corporations alone have terminated more than 500,000 jobs from 1991 to 1994. Nearly one-third of the workforce is now employed part time. More than 4.5 million part-time employees want full-time jobs. About 75 percent of the workforce has experienced wage stagnation or decline since 1989. Hundreds of thousands of occupations have been downgraded so that fewer than one in five jobs pays enough to support a family of four (U.S. *News & World Report*, 4/3/95).

Meanwhile the gap between haves and have-nots grows still greater. In the United States, between 1973 and 1994, corporate profits jumped 389 percent while real wages fell 21 percent. From 1977 to 1993, the top one percent enjoyed over a 100 percent growth in income. Corporate CEO salaries and benefits jumped from 35 times what the average worker earns to almost 150 times. Today the richest one percent earn as much after-tax income as the bottom 40 percent.

The higher one goes up the income scale, the greater the rate of capital accumulation. Economist Paul Krugman notes that not only have the top 20 percent grown more affluent compared with everyone below, the top 5 percent have grown richer compared with the next 15 percent. The top one percent have become richer compared with the next 4 percent. And the top 0.25 percent have grown richer than the next 0.75 percent.

More than ever, wealth is being funneled upward. The causal relationship between accumulation at the top and decline among the lower strata is clearly demonstrated when various top corporate executives lay off thousands of workers, impose speedups and wage cuts on those remaining, and then-with this increase in productivity and profit to show-vote themselves record salaries, bonuses, and stock options. The leap in CEO and shareholder wealth comes directly at the expense of the workforce.

Keeping the Poor in Their Place

When the poor try to fight for a larger slice of the pie, they are met with the full force of the capitalist state. All over this country, for decades on end, those African Americans, Latinos, and others who have exercised any kind of protest leadership in their communities have been railroaded into jail on trumped-up charges or murdered by the police or subjected to legal lynchings.

Along with the surveillance and suppression by local, state, and federal agencies, social control is exercised by the mass trafficking in drugs, in which the police and other law-enforcement agencies play an active role. The Knapp Commission investigation found that at least half of New York City's police were accepting payoffs, many of them drug-related. It is common knowledge on the inner-city streets that the cops are among the biggest distributors of narcotics. The Reagan and Bush administrations talked a tough line on drugs but drastically cut the Drug Enforcement Agency's investigative staff and halted law-enforcement

efforts to keep narcotics out of the United States. Nor did things change much under the Clinton administration.

In addition, as several congressional investigations have discovered, the CIA has been involved in the heroin trafficking from Southeast Asia and the cocaine smuggling from Latin America. Legislation to stop U.S. companies from selling precursor chemicals needed in cocaine production remains un-enforced, as do the laws designed to stop the laundering of drug money through established financial institutions. In 1993, Richard Held resigned as head of the FBI's San Francisco office, commenting: "There's never been any war on drugs," just so much manipulation of appearances "to give the public the impression something is being done" (*San Francisco Examiner*, 5/24/93).

The war on drugs is principally a war on drug victims and even more vigorously a war against those in the inner-city communities who attempt to resist the traffickers. African American leaders like Martin Sostre, Frank Shuford, Hurricane Carter, and members of Black Men against Crack were all railroaded into jail on trumped-up charges for trying to resist, among other things, the drug inflow into their communities.

Presiding over all this suppression and drug trafficking are the federal, state, and local agencies whose task is to destroy the militant protest organizations that arise in poor communities. With low wages, lay-offs, high prices, inflated rents, and other "impersonal" forces of the market, the poor are kept poor, no matter how hard they toil. Government imposes the additional burdens of deficient services and regressive taxes that fall unfairly upon lower-income people. Private-sector corporations tend to shun poor neighborhoods. The exception is the waste disposal business, which does much of its toxic dumping near poor communities, taking advantage of their vulnerability and lack of organization resources. And should low-income people try to mobilize their forces, they often are treated to direct applications of force and violence from agencies of the state. The individuals who most persistently denounce the poor for failing to improve their lot are the first to act against them when they attempt to do so.

Poverty deepens when labor is in retreat to capital. When the power of capital is increasingly untrammelled, all of us are put at risk: the environment, the sacred forests, the beautiful and mysterious creatures of the sea, the ordinary people who with their strength and brains and inventiveness create community and give to life so much that is worthy of our respect.

The goal of ruling interests is to keep this society and the entire world open for maximum profitability regardless of the human and environmental costs. The real burden to society is not the poor but the corporate rich. We simply no longer can afford them.