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Are We Rich If We Don't Feed the Poor?

by David R. Francis

The unseen contrast is sharp. Every workday morning, some of the nation's richest corporate executives and Wall Street financiers ride in trains or cars through poorer parts of New York to their Manhattan offices.

There, in the Bronx, Brooklyn, Queens, or upper Manhattan, mostly volunteers offer some 250,000 free meals per day from church and synagogue basements or community centers. They serve 1.2 million people a year, some 350,000 of them children.

Last year, more than 1,200 New York soup kitchens and food pantries distributed about 67 million pounds of food to the city's poor and sometimes hungry. That's up 50 percent in five years.

As the incomes of the richest 1 percent of Americans have been rising spectacularly, the Food Bank for New York City has been nearly "flat funded" by city, state, and federal programs for almost 10 years, complains vice president Aine Duggan. The result has been less government money after inflation - and some people leaving food banks still hungry.

"We are not always able to serve all those standing in line," says Ms. Duggan.

Meanwhile, the average chief executive officer at a large American firm last year got 411 times an average US worker's pay, up from 107 times in 1990.

Each CEO should look in the mirror every morning and ask about his or her "personal responsibility and integrity," says Travis Hale, coauthor of a study on US income distribution.

A doctoral student in economics at the University of Texas at Austin, Mr. Hale dislikes the attitude that, "I've got mine, and I deserve it - and good luck to the rest of you." Reducing inequality of incomes is "not a matter of just growing the pie. It is a matter of splitting it up more equally," he adds. "If the economic growth of the last 40 years had been shared more equitably, we could now have a country where very few persons are poor."

As it is, the richest 1 percent of Americans have seen their incomes pull away dramatically from the merely rich, the middle class, and the poor. That 1 percent in 2004 got 17 percent of all income nationwide. The bottom 90 percent got less than 58 percent.

Hale and his coauthor, James Galbraith, an economist at the same Texas university, found that much of the increase in income inequality in the late 1990s resulted from large rises in income in four counties heavily involved in the information-technology boom - three in California, and King County in Washington State (home of Microsoft).

Many dotcom executives got rich from stock options. In a rising stock market, these financial devices have been highly rewarding, mostly for the top four or five bosses in a company. Not satisfied, some executives went along with having their options backdated to when the stock price was at or near its lowest point. Federal regulators are investigating such possibly illegal moves in 115 companies - so far.

The data doesn't indicate how much of the rise in wealth at the top is because of illegalities. Clearly, a poor system of corporate governance has relevance, says Mr. Galbraith. Hale talks about how corporate executives, serving on other company boards, scratch one another's backs by voting for big pay packages.

Beyond income inequality, the rich-poor gap is even more skewed in terms of wealth, which includes such assets as houses, stocks, bonds, bank accounts, etc. The top 1 percent held more than 34 percent of all net worth in 2004, notes a report by the Economic Policy Institute, a liberal Washington think tank. The bottom 90 percent held a little less than 29 percent of all net worth. If home prices tumble seriously, that percentage will go down.

Indeed, the poorest one-fifth of households saw its average wealth fall from minus \$8,700 in 2001 to minus \$11,400 in 2004. In other words, their debts rose substantially.

It's the working poor, debtors, and others hit by poverty who use food banks. This isn't just in New York (though poverty rates there are high - and rising).

Across the US, 13 million children live in families that are "food insecure," says Bread for the World, a charity. Some 545,000 children experienced hunger in 2004, the US Department of Agriculture reports. Numbers for 2005 are due in late October or early November. Given the impact of hurricane Katrina, that number may be up - and its release delayed for political reasons until after the fall election.

In a family, "children are usually the last to actually go hungry," notes a spokeswoman for Bread for the World.

Because some of the 37 million poor people in the US are inadequately educated and don't always buy nutritious food, they binge on cheap high-calorie food instead, and become obese, says Duggan. One in 4 children live in families with incomes below the official poverty level.

To César Chelala, an international public health consultant in New York, a rich nation that doesn't fill the needs of its children is actually a "poor country."

Solutions urged by Mr. Chelala and others include better education, wider use of food stamps, tax policies that favor the rich less, a hike in the minimum wage, and other income-redistributive policies.

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