

Large Sections of the “Middle Class” are Sinking into Poverty around the World

[This is a letter I sent out to my “Hi everybody” email list on April 22, 2010.]

Hi everybody,

There were two articles in yesterday's *N.Y. Times* that have an inadvertent common theme: That large and growing sections of the “[middle class](#)” in many countries are now sinking into poverty.

One article is “Japan Tries to Face Up to Growing Poverty Problem” (available online at: <http://www.nytimes.com/2010/04/22/world/asia/22poverty.html?th&emc=th>). This article talks about how Japan’s government is admitting for the first time that there is a large poverty problem in their country, and moreover that the number of people below the newly established “poverty line” there is growing fast.

This is a serious shock to the previously widespread Japanese consciousness that they were a nation of almost entirely “middle class” people. They are especially shocked to find that the percentage of people in poverty in Japan is almost as high as the official poverty level in the U.S., since the U.S. has long been despised in not only Japan but throughout the world for its high levels of poverty in such a rich country, and for the tremendous (and ever-growing) disparities of wealth in this country.

But as bad as the poverty situation in the U.S. already was, it is also now rapidly worsening. The second *N.Y. Times* article talks a little about that, and about a very limited and somewhat inept government program that is trying to slow down this trend: “U.S. Offers a Hand to Those on Eviction’s Edge”, (online at: <http://www.nytimes.com/2010/04/22/business/economy/22prevent.html?th&emc=th>).

There are billions of people in the world who live in poverty. One estimate I saw a few months ago said that there were more than a billion people who live on less than \$1.25/day, and more than 2 billion who live on less than \$2/day. It is probably the case that roughly half of the population of the world actually lives in poverty by any reasonable standard. And that was *before* the current world economic crisis took its recent qualitative turn for the worse!

But both of the *N.Y. Times* articles focus not on this massive severe poverty, but rather on the sinking of many “middle class” people into relative poverty in the rich countries. The article on the U.S., for example, starts by talking about a guy who 3 years ago had a job paying \$75,000/year, who owned a luxury car (Lexus) and so forth, but who is now working as a fast-food cook for \$10/hour and has been in serious danger of becoming homeless. Personally, I find it a little hard to be as sympathetic toward him as I am toward those billions of people around the world who have been in much more severe poverty all along! After all, he didn’t have the good sense to save some of his money when it was rolling in.

On the other hand we shouldn't primarily blame those who are now falling on hard times even if some of them were spendthrifts in the past. They were indoctrinated to believe the previous good times would last forever.

But why is it, exactly, that there is so much more concern in the rich man's media with this problem of people in the "middle class" slipping into poverty? Well partly, of course, it is because they view their readership as mostly "middle class", and therefore seek to address their concerns and fears.

But another reason, I think, is just that the bourgeois owners and managers of the media also fear what the current trend might mean *for them* in the long run. The rich intuitively know that if too great a section of the masses is in poverty their own wealth and privileges might come at risk! The advanced capitalist countries (which are mostly capitalist-imperialist countries) know quite well that at least in their home bases they must have a fairly large "middle class" to maintain stability. So the capitalist class is also alarmed by the shrinking of the "middle class"—even if they themselves are not directly affected by the phenomenon.

The U.S. and world economies are currently in a very limited and short-term "recovery" wherein production is picking up a bit and so forth. But the larger, overall picture is still one which should be characterized as a long unwinding of the economy toward a new depression. Even more so than during the 1929-1932 period, this will be taking some considerable time to unfold. But don't be fooled by the short-term slight improvement in GDP and corporate profits! There are many things going on besides that!

And one of the major things now going on is that a growing section of the masses is sinking into worsening economic conditions, and many of them into outright poverty. I know you might read about "personal income" rising at the present time, and so forth, but remember that this averages in the situation for the bourgeoisie with the working class. For most people the situation is continuing to worsen, and for many of them really severely so.

In the second half of this year the large "stimulus" packages of the past couple years will have mostly run their course, and new ones of the necessary size will not be soon forthcoming. Thus the economy as a whole will resume its decline over the next year, including overall "personal income". But even in the meanwhile there are processes at work which are part of the overall economic unwinding. And the continued sinking of more and more people into poverty is certainly one of them.

Scott