

Trends That Will Affect Your Future . . .

A Portrait of American Societal Health

| By Stephan A. Schwartz |

The SchwartzReport tracks emerging trends that will affect the world, particularly the United States. For EXPLORE, it focuses on matters of health in the broadest sense of that term, including medical issues, changes in the biosphere, technology, and policy considerations, all of which will shape our culture and our lives.

When Benjamin Franklin—the only founder who drafted and signed all three of the documents that brought the United States to life, the Declaration of Independence, the Treaty of Paris (September 3, 1783), and the Constitution—dreamed of the America he would like to see develop, the imagery that came to his mind was of a middle-class, largely urban culture made up of immigrants who were technologically sophisticated, family oriented, joyful, and upwardly mobile. And when he thought about how they might happen to become that society, it wasn't just the people he thought about. He also understood the importance of infrastructure as a factor in creating a middle class. He felt so strongly about this that he used his will to continue to support his plan for America beyond his death. He left specific bequests for public works and created the microlending model that has proven such a powerful transformative force, leaving what today would be several hundred thousand dollars¹ each to the cities of Boston and Philadelphia. The infrastructure money was to be used specifically to build such an infrastructure and nurture such a middle class. He explained his intent was to create that “Which may be judged of most general utility to the Inhabitants, such as Fortifications, Bridges, Aqueducts, Public Buildings, Baths, Pavements or

whatever may make living in the Town more convenient to its People and render it more agreeable to Strangers, resorting thither for Health or a temporary residence.”²

This is classic Franklin. He defines a goal, and a process for achieving it, but leaves any personal cherished outcomes as to how this should happen unstated. Franklin put his money on creating civic amenities—the kinds of things now seen as the prime targets for budget reductions—because he knew they are essential for a healthy city. His genius allowed him to conceive of the impact over time that parks, sanitation, and hospitals would have on the lives of all the city's people. He knew that each interaction with clean water, or decent medical care in an emergency, or a place to go for a picnic improves the quality of life and lifts morale. People think in larger terms, attempt more. Are more optimistic. The interaction each individual in the city has with these amenities might seem small and not terribly important, but in aggregate, over time, they are a powerful force in shaping a city's character through their impact on the lives of citizens and visitors alike.

How different that view is from the policies that seem to govern so many municipalities, states, and even the federal government today. Ultraconservative Grover Norquist voices this worldview: “I don't want to abolish government. I simply want to reduce it to the size where I can drag it into the bathroom and drown it in the bathtub.”³ What he does not say, and what is not acknowledged, is that such a vision of governance can only be attempted through the radical reduction of the social safety net Franklin recognized as so important, because philosophically this worldview sees no role for government in doing such things.

So do these anti-Franklinian ideas really work?

A large percentage of politicians apparently think so and, through their voting, have attempted to create this Ayn Rand world, with the Bush tax reduction for the rich as one of its crown jewels. Just about this time last year, I wrote an essay “The Vanishing Middle Class,” which dealt with what was happening in 2009 as a result of pursuing those kinds of policies.⁴ I talked about Franklin's view and the truth of what was happening, noting:

University of California, Berkeley, economist Emanuel Saez had reported that, in 2007, the disparity between the richest and the poorest reached a level never before seen, going all the way back to 1917 when modern tax data began to be collected. According to Saez's study, the top 10% of earners in America received 49.7% of all the income earned in the United States. To give this context as recently as the 1970s, the top 10% earned around 33% of all the income earned in the United States—a 17% shift. This contrast becomes even starker when only the super rich are considered. According to Saez, “The top 0.01 percent of earners in the US are now taking home six percent of all the income, higher than the 1920s peak of five percent, and a whopping six-fold increase since the start of the Reagan administration, when the top 0.01 percent earned one percent of all the income.”⁴

Or, put another way, as of 2007 the top upper-class 1% of households owned 34.6% of all privately held wealth, and the next 19% (the managerial, professional, and small business stratum) had 50.5%, which means that just 20% of the people owned a remarkable 85%, leaving only

15% of the wealth for the bottom 80% (wage and salary workers).

A year later, these trends have continued, and every one of my markers has become more distorted in favor of the top at a cost to the middle class and the poor. There are a hundred ways to show this breakdown. Here are seven, by which I hope you will see that I am not selectively picking my data to make a polemic case, but describing the actuality of American society just when it transits the midterm elections. Perhaps it will provide some guidance for the choices we now must make.

TAX CUTS

Just as they did in 2000, the Republicans are running, as I write this, on an economic platform centered on tax cuts, and proposing that the Bush cuts be made permanent for the richest Americans. The 2008 income tax data are now in, so we can assess what their economic theory is worth, and how it fulfilled its promise that tax cuts would produce widespread prosperity, by looking at all the years of the George W. Bush presidency. This is what David Cay Johnston, on the faculty of Syracuse University College of Law and Whitman School of Management, and Pulitzer Prize-winning tax analyst, concluded, based on the IRS data:

Total income was \$2.74 trillion less during the eight Bush years than if incomes had stayed at 2000 levels (all figures are in 2008 dollars). In only two years was total income up, but even when those years are combined they exceed the declines in only one of the other six years.

Even if we limit the analysis by starting in 2003, when the dividend and capital gains tax cuts began, through the peak year of 2007, the result is still less income than at the 2000 level. Total income was down \$951 billion during those four years.

Average incomes fell. Average taxpayer income was down \$3,512, or 5.7 percent, in 2008 compared with 2000, President Bush's own benchmark year for his promises of prosperity through tax cuts. Had incomes stayed at 2000 levels, the average taxpayer would have earned almost

\$21,000 more over those eight years. That's almost \$50 per week. Just measuring the second through seventh years we find that total income was still nearly \$2 trillion lower than if 2000 level income continued.⁵

POVERTY RATE

That same US Census data also described what has happened to the nation's standard of living, comparing just the latest time period—2008 data with that of 2009. Here are some of the highlights:

Some 43.6 million people were living in poverty last year—the highest number since 1959, five years before President Lyndon Johnson declared his War on Poverty. The poverty rate was 14.3 percent, up from 13.2 percent in 2008 and the highest level since 1994. Hispanic households took the hardest hit: Their poverty rate rose 2.1 percent from 2008's level, compared with a 1.1 percent jump in the rate for blacks and whites. (The US government considers an annual income of \$21,756 to be the poverty line for a family of four.)

A record number of Americans, 50.7 million, were not covered by health-care insurance in 2009. At the same time the survey was being taken, Congress passed President Obama's contentious health-care reform law.⁶

MOVING IN

From the 50s until about five years ago, one of the strongest American familial trends was for children to grow up and move away. It was a central part of the nuclear family ethos. That is now reversing thanks to the grinding down of the middle class through unemployment, job loss, and reduction in income even when a person is employed.

From 2005 to 2009, family households added about 3.8 million extended family members, from adult siblings and in-laws to cousins and nephews. Extended family members now make up 8.2% of family households, up from 6.9% in 2005, according to Census data released in September 2010.

"Clearly, a big part of that is the economic recession and housing costs," says Stephanie Coontz, cochair of the Council

on Contemporary Families, a nonprofit research association. "We're seeing a shift away from the 1950s and 1960s mentality against extended families, when 'modern' women did not take in aging parents for fear of hurting their marriage."⁷

And this shift involves far more than blood relations. "For the first time in more than a century, more than half of people aged 25 to 34 have never been married. The number of people in non-family households—those whose members are not related—grew 4.4% from 2005 to 2009, faster than the 3.4% growth for family households."⁷

PRISON POPULATION

According to the Pew Research Center's Economic Mobility Project, the US prison population has more than quadrupled since 1980, from 500,000 to 2.3 million.⁸ *The American Gulag is now larger than the 35 largest European countries combined.* The incarceration rate in the United States—753 inmates per 100,000—is five times that of the United Kingdom—itself an anomaly at 151 prisoners per 100,000. France, which is next, stands at 96, with Germany at 88. This means more than one in 100 Americans is in prison, and one in every 28 children in the United States has a parent behind bars—up from one in 125 just 25 years ago.⁷

It probably won't surprise you to learn that a family with a parent in prison on average earns 22% less the year after the incarceration than it did the year before. After all, who wants to hire an ex-con in a tight labor market? And children with parents in prison are significantly likelier to be expelled from school than others; 23% of students with jailed parents are expelled, compared with 4% for the general population.

"Both education and parental income are strong indicators of children's future economic mobility," the survey notes. "With millions of prison and jail inmates a year returning to their communities, it is important to identify policies that address the impact of incarceration on the economic mobility of former inmates and their children."⁷

In all, 2.7 million US children have parents behind bars, and "two-thirds of these children's parents were incarcerated for non-violent offenses," the study notes.⁷

And when you break the statistics down by race, it just gets nastier. There are large disparities. Among black children, fully one in nine, or 11.4%, have a parent in jail. For Hispanics, the number is one in 28, and for white children it's one in 57.

I hope marijuana law reform passed in California, because this alone could help reverse these trends, simply by reducing the 858,000 arrests in the United States in 2010 for marijuana. That's marginally down from the 2007 peak of 872,000. It is notable that more than 50% of these arrests are nonviolent violations involving marijuana.⁹

The cost to states of this human warehousing now exceeds \$50 billion per year, or one in every 15 state dollars expended.⁷ What is worse is that a growing number of small towns and cities now look to the gulag for their economic well-being. Like something from an Orwell novel, it is a complete cycle: one group of Americans lives on the incarceration of another group of Americans. And although it would appear illogical, it goes on even though it is well-known that the children of incarcerated parents face a much harder struggle in life. The gulag that incarcerates their parents, in the process, also often condemns the next generation to a life in jail.

Why would any society do this? Well, from the point of view of those who live on keeping them, and who mostly live in low-crime areas, isn't this exactly what is wanted? Thus, we have created a lobby whose rice bowl is dependent on the gulag. It is a truly Dickensian reality that few talk about for fear of being labeled "soft on crime." It is a form of willful ignorance on the part of politicians and citizens alike.

PHYSICAL HEALTH

In 1950, before the inception of the present illness profit industry, the United States, compared with the world's other leading industrial nations, was fifth with respect to female life expectancy at birth, surpassed only by Sweden, Norway, Australia, and the Netherlands.¹⁰ In 2010, the United States position concerning female life expectancy had fallen to 46th.¹¹ And when both men and women were combined, it went to 49th.^{12,13} Americans live 5.7 fewer years of "perfect health"—a mea-

sure adjusted for time spent ill—than, for instance, the Japanese.¹⁴

Is this the result of lack of spending on the part of the United States? Most emphatically it is not.

Health policy expert Uwe E. Reinhardt, the James Madison Professor of Political Economy at Princeton University, headed a team that specifically considered this. They found, "per capita health spending in the United States increased at nearly twice the rate in other wealthy nations between 1970 and 2002."¹⁵ As a result, the United States now spends well over twice the median expenditure of industrialized nations on healthcare, and far more than any other country as a percentage of its gross domestic product.¹⁵

Peter A. Muennig, assistant professor of health policy and management at the Mailman School of Public Health, Columbia University, in New York City, and Sherry A. Glied, professor of health policy and management at the Mailman School of Public Health and currently on leave as assistant secretary for planning and evaluation at the Department of Health and Human Services, analyzed Reinhardt's and many other studies in a groundbreaking exetetic survey of healthcare.¹⁶ They concluded:

We found that none of the prevailing excuses for the poor performance of the US health care system are likely to be valid. On the spending side, we found that the unusually high medical spending is associated with worsening, rather than improving, 15-year survival in two groups for whom medical care is probably important.

We speculate that the nature of our health care system specifically, its reliance on unregulated fee-for-service and specialty care may explain both the increased spending and the relative deterioration in survival that we observed. If so, meaningful reform may not only save money over the long term, it may also save lives.¹⁶

HUNGER

It doesn't get much more basic than not having enough to eat. It is hard to think of America as a place where large numbers of people are facing hunger as a daily reality for themselves and, even worse, for their children. That happens in Africa, or

maybe Asia, but surely not here. You think not? Millions of our fellow citizens routinely are forced to make life decisions based on whether they or their children will eat or go without to pay for housing or medical bills. And even the slender pipeline of assistance that does exist is problematic; 70% of emergency food centers face threats to their survival.

According to a study from the nation's largest food bank operator, the number of Americans in need of food aid has jumped 46% in three years, including a 50% jump in the number of children needing food assistance and a 64% increase in hunger in senior citizens' homes.

According to the largest study of domestic hunger ever done, *Hunger in America 2010*, a study based on more than 61,000 interviews with clients and surveys of 37,000 feeding agencies, "hunger is increasing at an alarming rate in the United States"¹⁷:

1. Feeding America is annually providing food to 37 million Americans, including 14 million children. This is an increase of 46% over 2006, when we were feeding 25 million Americans, including nine million children, each year.
2. That means one in eight Americans now rely on Feeding America for food and groceries.
3. Feeding America's nationwide network of food banks is feeding one million more Americans each week than we did in 2006.
4. Thirty-six percent of the households we serve have at least one person working.
5. More than one third of client households report having to choose between food and other basic necessities, such as rent, utilities, and medical care.
6. The number of children the Feeding America network serves has increased by 50% since 2006.¹⁷

"Clearly, the economic recession, resulting in dramatically increasing unemployment nationwide, has driven unprecedented, sharp increases in the need for emergency food assistance and enrollment in federal nutrition programs," said Vicki Escarra, president and CEO of Feed-

Table 1. Nine-Factors Ranking Analysis^a

Nations	Factor One	Factor Two	Factor Three	Factor Four	Factor Five	Factor Six	Factor Seven	Factor Eight	Factor Nine
Austria	3	3	4	1	1	6	3	3	1
Canada	4	4	3	3	4	4	4	5	6
France	6	5	5	4	6	5	6	6	4
Netherlands	2	2	2	5	3	2	2	2	3
Spain	5	6	7	7	5	7	7	4	7
Sweden	1	1	1	2	2	1	1	1	2
USA	7	7	6	6	7	3	5	7	5

^aCountries are ranked from one to seven.

ing America, which operates some 200 food banks across the country.

“It is morally reprehensible that we live in the wealthiest nation in the world where one in six people are struggling to make choices between food and other basic necessities,” Escarra said in a statement.

She added that “these are choices that no one should have to make, but particularly households with children. Insufficient nutrition has adverse effects on the physical, behavioral and mental health, and academic performance of children.”¹⁸

Feeding America’s report is far from alone in reporting this food catastrophe.

“The Food Research and Action Center found that nearly one in five in the US—18.5 percent—report having gone hungry in the past year, up from 16.3 percent at the start of 2008. Households with children were even likelier to experience hunger, with nearly a quarter reporting hunger in the past year.

“Perhaps worst of all, the Feeding America study finds that 70 percent of emergency food centers are reporting “one or more problems that threaten their ability to continue operating.”¹⁸

JUSTICE

I have placed this last because I hope you will agree with me that where there is not justice, there is not civil society. It has always been my safe port that no matter what else happened in America, I always saw the justice system as fair. Perhaps you feel the same way, and will be as appalled as I was when I read the World of Justice Project (WJP) report, *Rule of Law Index 2010*.¹⁹

To understand why I think this report is such a big deal, perhaps it will help to say who funded it: the Bill and Melinda Gates Foundation, the Neukom Family Founda-

tion, the GE Foundation, the Ewing Marion Kauffman Foundation, and LexisNexis. I list them to make the point that this is the pinnacle of nonpartisan philanthropy, not some political think tank with an agenda. We can trust the data.

The project, involving 900 researchers from 35 countries, who have polled 35,000 individuals, in addition to searching each nation’s records, presents itself in this very Franklinian way:

“Establishing the rule of law is fundamental to achieving communities of opportunity and equity—communities that offer sustainable economic development, accountable government, and respect for fundamental rights. . . . The rule of law is the cornerstone to improving public health, safeguarding participation, ensuring security, and fighting poverty.”

When the WJP talks about the rule of law, they spell out very carefully what they mean. They refer to “a rules-based system in which the following four universal principles are upheld:

- the government and its officials and agents are accountable under the law;
- the laws are clear, publicized, stable, and fair, and protect fundamental rights, including the security of persons and property;
- the process by which the laws are enacted, administered, and enforced is accessible, fair, and efficient;
- access to justice is provided by competent, independent, and ethical adjudicators, attorneys or representatives, and judicial officers who are of sufficient number, have adequate resources, and reflect the makeup of the communities they serve.

With this as the basis for its analysis, the *Rule of Law Index 2010* then lists what it

calls the 10 “factors,” which break down further into 49 “subfactors.” These descriptors are the basis upon which the *Rule of Law Index 2010* evaluates a nation’s justice under the rule of law. The outcome of this exercise is a quite extraordinary assessment “of the extent to which countries adhere to the rule of law—not in theory but in practice [emphasis added].”¹⁹ Here are the 10 factors; they all sound very “American”:

- factor one: limited government powers
- factor two: absence of corruption
- factor three: clear, publicized, and stable laws
- factor four: order and security
- factor five: fundamental rights
- factor six: open government
- factor seven: regulatory enforcement
- factor eight: access to civil justice
- factor nine: effective criminal justice
- factor 10: informal justice¹⁹

As I started reading the report, I assumed that whatever other self-inflicted wounds we have brought to ourselves as a nation, our justice system was still solid, and that the United States would rank at the top of the world’s list. Surprise. The WJP groups countries by regions as well as such considerations as income level, then evaluates them, dropping factor 10—“informal justice”—because it does not involve law. Not surprisingly, the United States is grouped with North America and Western Europe, and there are seven nations in our bloc: Austria, Canada, France, Netherlands, Spain, Sweden, and USA (Table 1). These are the nations where the survey was carried out for the 2010 report, with other countries to follow in later reports.

For the United States, it is a death’s head portrait of the reality that lies be-

neath the smug rhetoric we use to hector others about justice and the rule of law. I am embarrassed. We all should be. This has haunted me since I read the report. If America is not a leader in justice, what are we? I could pick a dozen other trends, from closing libraries, to depaving streets, to decline in educational performance, but do we need to go further? If America were a patient, what would you tell him about his lifestyle and habits? What would you see as his prognosis?

On the basis of data, it is impossible to say America's societal health is good. On the basis of that same data, we can also conclude policies based on cutting taxes, without recognizing that it is in the societal interest to assure a decent quality of life for all, are destructive. We know enough to see that democracy cannot function properly without a healthy and vibrant middle class, and to prove to ourselves that we are killing ours. We need to change course—not on the basis of political ideology—but on facts. Facts about what does and does not work.

It is the middle class that holds the key, just as Franklin saw all those years ago. The middle class has enough money to dream, but rarely enough to do it alone. Success requires working together, finding compromises. And that's what most of us say we want. According to research by Michael I. Norton of Harvard Business School and Dan Ariely of Duke University, 92% of Americans would choose to live in a society with far less income disparity than the United States, choosing Sweden's model over that of the United States.²⁰ The America Benjamin Franklin imagined while sitting beneath his mulberry tree in the courtyard of his house in Philadelphia over two centuries ago.

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