

Recently the pace of job growth in the US has picked up, which is a very welcome development, yet the economy remains far from healthy and is not working for the average family. Adjusted for inflation, median earnings of men working full-time year-round are where they were in 1980. On the other hand the upper 1 percent of Americans are now taking in nearly 25% of the nation's income every year. Their lot in life has improved considerably during the past 25 years. In 1990 they were "only" taking home 12% of the nation's income.

I think it is time to reject the old misconception that our so-called free market economy is a perfectly efficient, mechanical system. We need to embrace the much more accurate idea of an economy as a complex ecosystem made up of real people who are dependent on one another. The fundamental law of capitalism must be: If workers have more money, businesses have more customers and need more employees. That makes middle-class consumers, not the rich, the true job creators.

Extreme income inequality is really a kind of cancer that infects almost every aspect of our social, political, economic and even legal system - a tiny elite is able to effectively purchase laws and regulations that work in their favor. If businesses paid workers a living wage rather than poverty wages, taxpayers wouldn't have to make up the difference. In fact, the data show that when workers are treated better, business gets better. The middle class is the source of growth and prosperity, not the rich guys. Yet, during the past three decades, compensation for CEOs grew 127 times faster than it did for workers. The mismatch between reward and effort makes a mockery of the American dream.

Many Americans are starting to believe that capitalism itself is the root of our problem. I disagree. Capitalism, when well managed, is the greatest social technology ever invented to create prosperity in

human societies. But capitalism left unchecked tends toward concentration and collapse. It can be managed either to benefit the few in the near term or the many in the long term. The work of democracies is to bend it to the latter. That is why investments in the middle class work. And tax breaks for rich people don't. Balancing the power of workers and billionaires by raising the minimum wage isn't bad for capitalism. It's an indispensable tool smart capitalists use to make capitalism stable and sustainable.

Some inequality is intrinsic to any high-functioning capitalist economy but the problem is that inequality is now at historically high levels and getting worse every day. Our country is rapidly becoming less a capitalist society and more a feudal society. Unless our policies change dramatically, an economy like America's, in which most citizens are doing worse year after year, is not likely to do well over the long haul.

Bill Schaser