



From the President

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The rich and the rest

Trial lawyers need to remember who we stand up for

Like most trial lawyers, I have always come down on the side of ordinary people versus the rich and the powerful.

I guess it started during my years at UCLA back in the '60s. As a med mal lawyer, I believe MICRA came about because we lowered our guard against the depredations of the rich and powerful and allowed the privileges of the few to replace the good of the many.

As trial lawyers, standing up for those without a voice against rich and powerful interests is engrained into our DNA. It's what we are all about.

As we all know, we've been in the midst of tough economic times for the past two years and everyone has been affected. Well, almost everyone. Corporations and the wealthiest among us are doing quite well, thank you. In his State of the Union address, President Obama declared that "Two years after the worst recession most of us have ever known, the stock market has come roaring back. Corporate profits are up. The economy is growing again."

But with all due respect to the president, unemployment is still unacceptably high and most of the gains from economic growth go to a small sliver of Americans.

Some questions to consider

In the past 25 years what percent of the total increase in employment income went to the richest one percent of Americans? When was the last time that the wealthiest one percent of American households had as large a share of annual income as it does today? And one last question: In 1965, the CEOs of major American companies earned 24 times the annual pay of the average American worker. What is that ratio today?

[The answers are 80 percent; 1928; and 262]

The vast majority of the total increase in income to American workers since 1985 went to only one percent of families. The other 99 percent were left with the crumbs. The disparity between the rich and the

rest has not been this vast since the Crash of 1929. The two-year extension of the Bush tax cuts gives the richest 0.1 percent of families a tax break of \$370,000 each; a total of \$67 billion.

With more than eight million Americans losing their jobs in the last two years, this money would have been better spent in ways that benefited the economy as a whole, put more people back to work and diminished future layoffs. Although promoted by Republicans as a job creation device, these tax cuts are the most expensive and least efficient form of job stimulus. Economist Mark Zandi estimates that every dollar spent on Bush tax cuts yields just 32 cents in economic growth. The same amount used as aid to the unemployed creates growth five times greater.

Numbers tell the tale

The United States has one of the highest levels of income inequality among developed countries; it is also number one in the recent increase in that inequality. In the past 40 years, income disparity increased by 35 percent for men and 20 percent for women. In the years 1947 to 1973 income growth was distributed about evenly across all economic classes, not skewed in favor of those at the very top of the income ladder.

The effect of this growing inequality has been dramatic. The poverty rate for children under age six was five percent in 1969; it is now 24 percent. Fourteen percent of all Americans live in poverty today, less than \$22,000 per year for a family of four; that is double the percentage 40 years ago. Life expectancy for higher income men at age 65 is another 21 years; for lower income men it is only another 16 years. Although the life expectancy of all Americans has increased in the past 20 years, the bottom one-half of earners gained only one year of life; the upper half, five years.

This income gap is even more pronounced racially. Blacks have higher rates

of poverty, greater income disparity and are far less likely to advance economically than whites.

Princeton economics Professor Paul Krugman notes that this burgeoning income gap has pushed middle class families into debt and foreclosure, and risk-taking banks into failure. Public money used to bail out the banks has gone into gigantic bonuses for upper management and further risk taking in securities and derivatives, not into refinancing to minimize foreclosures.

The government's just-published Financial Crisis Inquiry Commission report accuses financial institutions of "greed and ineptitude" – of years of shoddy mortgage lending and risky bets on mortgage investments – all of which, it contends, contributed to the current recession. The banks and its gamblers were bailed out by public money and the other victims of their greed wound up with their homes under water, maxed out on expensive credit cards, out of work and foreclosed on. The mantra of these captains of financial industry was "let them eat credit." Marie Antoinette couldn't have said it better.

Attack on trial lawyers

It should also come as no surprise that many of those "captains of the financial industry," as well as some of the nation's richest corporations and wealthiest individuals, use some of their money to go after trial lawyers and the consumers we represent. Mega-rich industrialists like Charles and David Koch have given millions of dollars to boost conservative political causes that regularly attack trial lawyers.

As trial lawyers, it's imperative that we remember who we are, what we do and what we believe in and that means standing up for ordinary Americans when they have been harmed by the negligence of powerful corporations. Our focus must stay on the "rest" of our citizens, not just on the "rich."