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Between the Haves and Have-Nots, a Widening Gulf

Report Finds Gaps Have Grown in Md.

By Susan DeFord
Washington Post Staff Writer
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Maryland's rich are getting richer, while middle-class and poor families are falling further behind in their efforts to prosper, according to a new report by two Washington think tanks.

The report, "Pulling Apart," by the [Center on Budget and Policy Priorities](#) and the [Economic Policy Institute](#), noted that the national phenomenon of a widening income gap has grown sharply in Maryland in the past 20 years.

Maryland used to have more equal income distribution, but it jumped to seventh among 50 states showing the greatest increases in the gap between the richest and poorest families from the 1980s to the mid-2000s. Also, Maryland ranked fourth among the states for rising income disparity between the wealthiest and the middle-income families during the same period, the report found.

"What we have seen over the past 20 years is that all of the increased prosperity has gone to the upper reaches of income distribution," said Neil Bergsman, director of the Maryland Budget & Tax Policy Institute in Silver Spring. "The working class and middle class and poor haven't gotten a share of that increased prosperity."

The findings, he said, go against the notion that there's ample opportunity to move up.

The after-tax income of the wealthiest fifth of Maryland households grew an average 47 percent from the late 1980s to the mid-2000s, according to the report -- from \$109,000 to more than \$159,000. The income of the poorest fifth of Maryland families grew 9 percent during that period, from an average \$20,100 to \$22,000. The middle fifth of Maryland families saw household income rise 12 percent, from an average \$56,000 to \$62,900.

The fate of the middle class, which enjoyed generally rising living standards for decades after World War II, is a key issue, said [Anirban Basu](#), a Baltimore economic consultant.

"There is general concern that the middle class is being strained, that it's working very hard simply to maintain their existing quality of life," Basu said. "That's why they're susceptible to taking on too much debt."

"There is no way for the lower class to advance when the middle class is in retrenchment," he added.

Lily Pratt is a lifelong [Montgomery County](#) resident who grew up solidly middle class but who now tightly controls her spending as a single parent with a child in college and one in high school. She enjoys her job as a para-educator at a Silver Spring elementary school, but it doesn't pay much more than what she made working for an insurance agency 20 years ago.

"Today, I don't see a middle class," said Pratt, who works through much of the summer to supplement her teaching income. "I see wealthy people, upper-middle class and slightly below middle class trying to make ends meet."

In contrast, Wayne G. Magoon, a vice president and partner in Beacon Printing in Waldorf, said he thinks the middle class is still vigorous, and he offered as evidence the resilience of his 33-year-old commercial printing company and its 20 employees.

"We stay competitive," said Magoon, who moved to [Charles County](#) in 1984. "I feel just about anyone who works for it can have it."

But [Sean Dobson](#), executive director of the Progressive Maryland Education Fund, said the report's findings about income disparity

make the case for more proactive state government measures: broader access to affordable health care, expanded sales taxes to cover more services, further increases in the minimum wage and even voluntary funding of political campaigns to check the influence of special interests in Maryland.

"The money is piling up at the top of the pyramid, and not enough is trickling down," Dobson said. "You have to positively intervene in smart ways. You have to systematically redistribute it."

Maryland business representatives said that government already is doing plenty to spread opportunity in the state.

"Too much taxation, too much regulation will stop the influx of these good-paying jobs," said Kathleen Snyder, president and chief executive of the Maryland Chamber of Commerce. "We want to avoid more taxation because the state has already raised taxes by \$1.2 billion in the past six months. With the economy struggling as it is, the state can't afford to do much more than that at this time."

Across the street from the chamber's offices in downtown Annapolis is 49 West Coffeehouse, a laid-back hangout that draws an eclectic clientele. Sarah Cahalan, the coffeehouse's owner for 13 years, said her business is doing well, even as her friends who operate upscale restaurants have watched their customers dwindle.

"People still can afford a cup of coffee and a bagel," Cahalan said. But she has noticed another trend: The majority of her customers now pay with credit cards.

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