

Is Income Inequality Ending the American Dream?

An Introduction to Escalating Economic Inequality

September 26, 2014, By Anne Schneider, Ph.Dⁱ

Prepared for the Valley Unitarian Universalist Congregation and UUJAZ – Unitarian Universalist Justice Arizona Network. All graphs are prepared by the author from data compiled by others, unless otherwise noted.

At the UU General Assembly in 2014, “Escalating Economic Inequality,” was chosen as the congregational study action issue to be studied and a focus of political action over the next four years. <http://www.uua.org/economic/escalatinginequality/290506.shtml> This paper and presentation are part of the “educate ourselves and others” about the issues of income inequality and ideas of how to make progress on this at the local, state, and national levels. This is the first of several issue / background papers on the topic.

Introduction



Horatio Alger was a prominent writer of the late 1800s whose “rags to riches” stories of young boys in America inspired millions and helped solidify the idea of America as the true land of opportunity, where everyone who “worked hard and played by the rules,” as a prominent U.S. President said more than a century later, would do well. The son of a Unitarian minister, Alger’s stories resonated with generations of persons born poor who knew they did not have to stay that way, and that their children and grandchildren would live a better life than they did.

Many are now saying that this dream has become increasingly rare in the United States. Instead, there is a widespread belief that the rich are getting richer, the poor are becoming more numerous, and the great middle class is being hollowed out from each end.

The measure of economic justice in America has never just been about actual equality of incomes, but rather true equality of opportunity, freedom, and the security of an adequate safety net available to all when needed.

The evidence for escalating economic inequality is so striking that few are left to argue with this contention (although see Burkhauser, Larrimore and Simon, 2012). The debate continues, however, about the meaning of these changes: is income inequality

becoming so extreme that it threatens many cherished aspects of life in the United States?

In 2012, President Barack Obama said,

“We are true to our creed when a little girl born into the bleakest poverty knows she has the same chance to succeed as anybody else because she is an American, she is free, and she is equal not just in the eyes of God, but also in her own.

It is striking that he did not say we are being true to our creed, or even coming closer to it, but that this must be our vision for America.

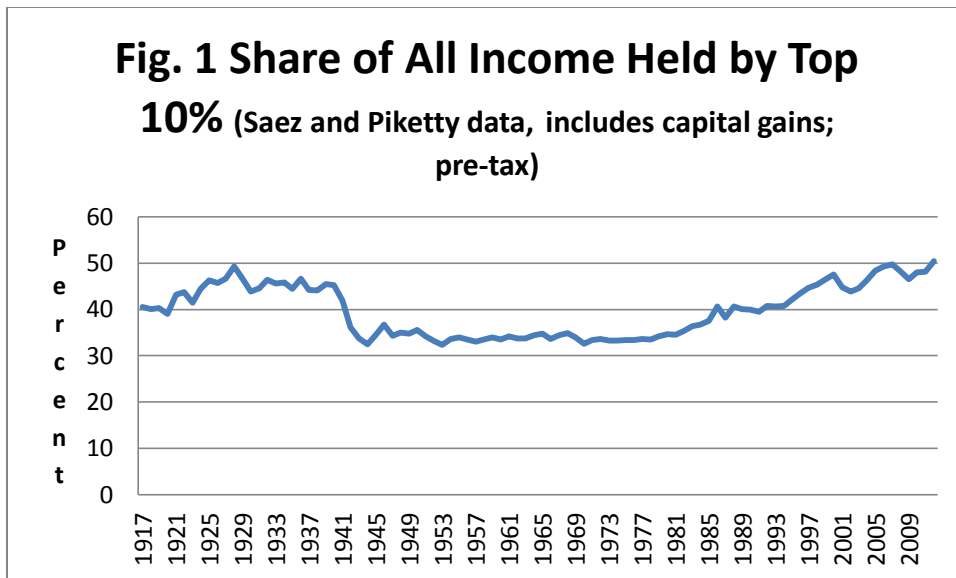
At the 2014 General Assembly, the Unitarian Universalists gathered there chose “Escalating Inequality” as the social justice study issue that UUs throughout the United States would focus on for a four-year stretch of time, in the hopes of impacting the hearts and minds of people all over this nation and through increased recognition of the injustice created by excessive inequality, policy changes would eventually occur.

In this paper, I will address the following topics:ⁱⁱ

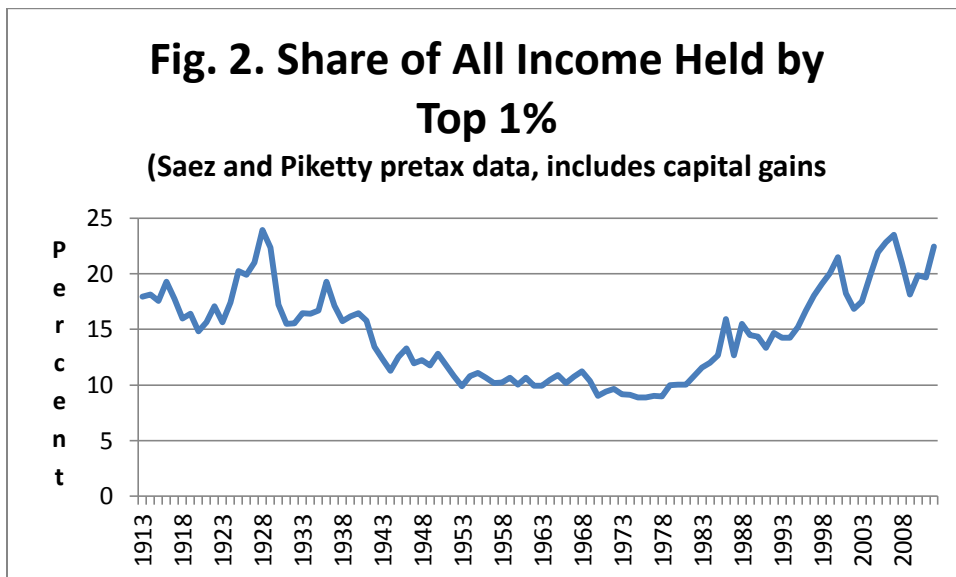
- Is income inequality increasing?
- Why has this become an issue?
- Why has income inequality escalated in the U.S.?
- What can be done about escalating income inequality?

1. The facts on escalating income inequality

Using data compiled from United States tax records, economists have been able to trace income inequality for almost the entire 20th century to the present (Figure 1) (Saez and Piketty). In 2012, the level of inequality has risen to be as extreme as it was in the 1920s, where the top 10% of the households obtained 50 percent of all income.



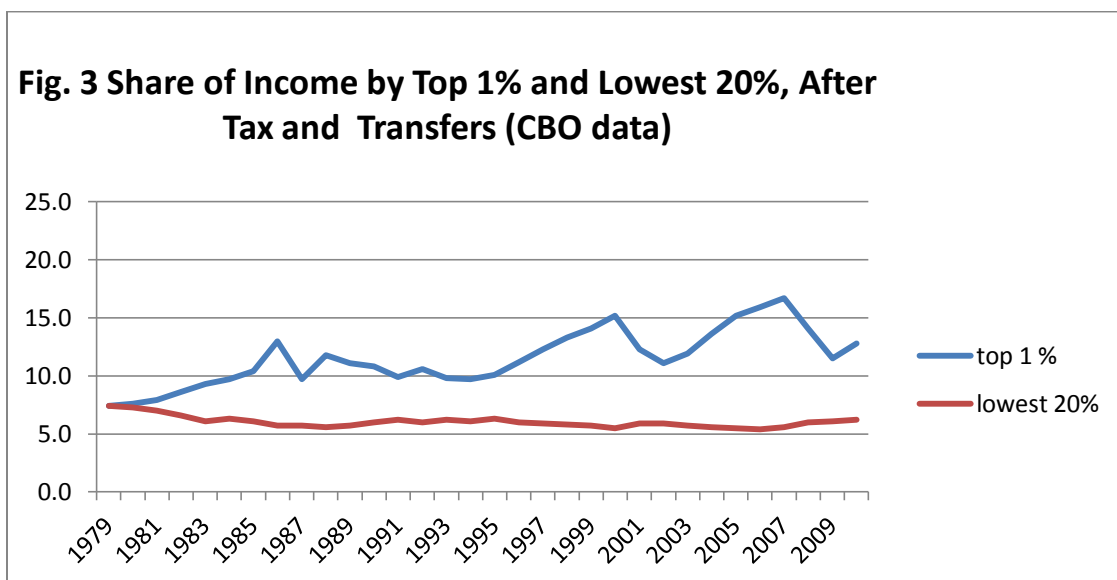
The escalation of inequality is even more apparent when examining the share of income held by the top 1% of the households (Figure 2). In both of these graphs, income inequality was severe in the 1920s just before the great depression, then dropped and leveled off during the 1940s, 50s, 60s, but began climbing again in the 1980s and continued to the present.



These data show the “market” income inequality – the inequality produced by the market without taking into account the leveling effects that come with taxation and government transfers. To address the question of how much poverty there is after taking into account these leveling effects,

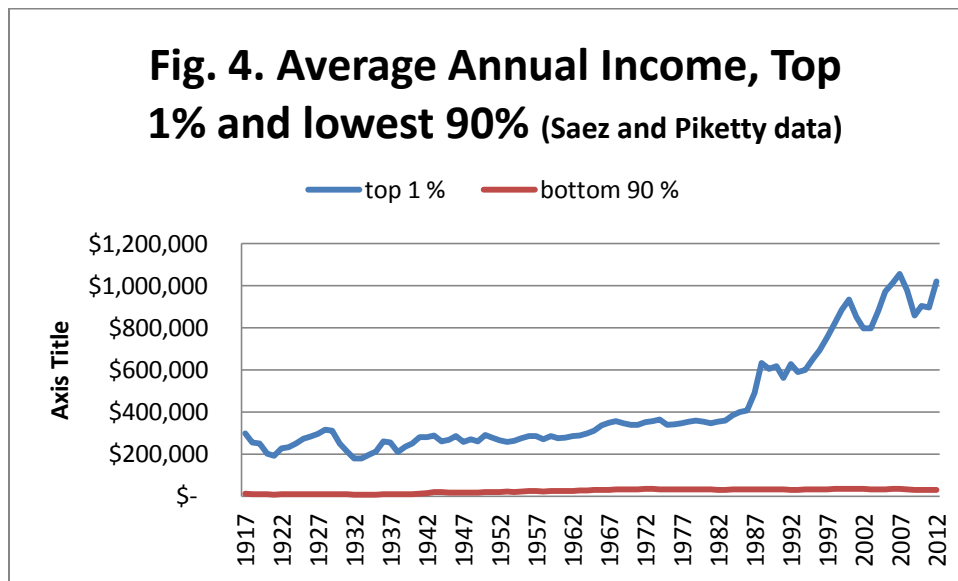
Congressional Budget Office used data from a variety of sources to include as a component of income, government programs such as social security, Temporary Assistance to Needy Families (TANF), earned income tax credit, social security, supplemental nutrition assistance program (formerly, food stamps), unemployment insurance and some of the in-kind payments such as Medicare, Medicaid, school lunch programs, subsidized housing, and so on. The CBO data also excluded money paid in taxes, and made other changes in the calculations, in particular, the size of the household. Unfortunately, these data only go back to 1979, due to limitations on comparable data before that time.

The CBO data show that the top 1% did not claim as high a proportion of all income as the Piketty measures, but it is still disproportionately high and escalating at a rapid rate. In 1979 (Figure 3), the top 1% of the population (about 300,000 people) and the lowest 20% (about 63 million people) got about the same share of national income – about 7 percent. By 2010, however, the top 1% using the CBO measure garnered about 13% compared to 6 percent for the lowest 20% of the people even after all welfare programs and tax “leveling” effects are taken into account. Clearly, the public policies intended to help smooth out the harsh realities of a capitalist economy did not keep pace with the income growth of the very wealthy.

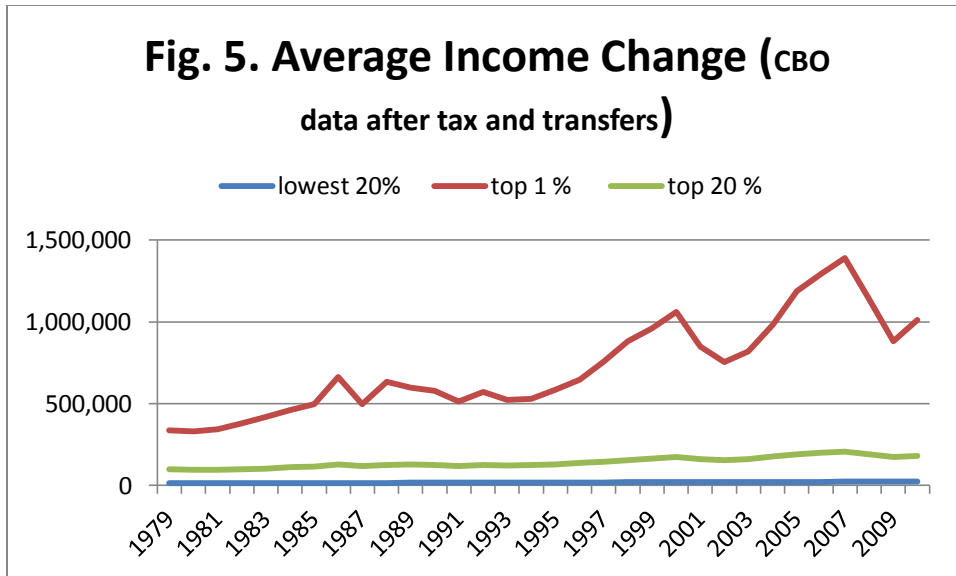


How much income are we actually talking about? The dramatic change is captured by the Saez and Piketty data extending back to 1917, (Figure 4) where it is clear that during the first three-fourths of the 20th century, the average income of the top one percent climbed from about \$300,000 to about \$375,000 (in inflation-adjusted 2012 dollars) and then skyrocketed to more than a million

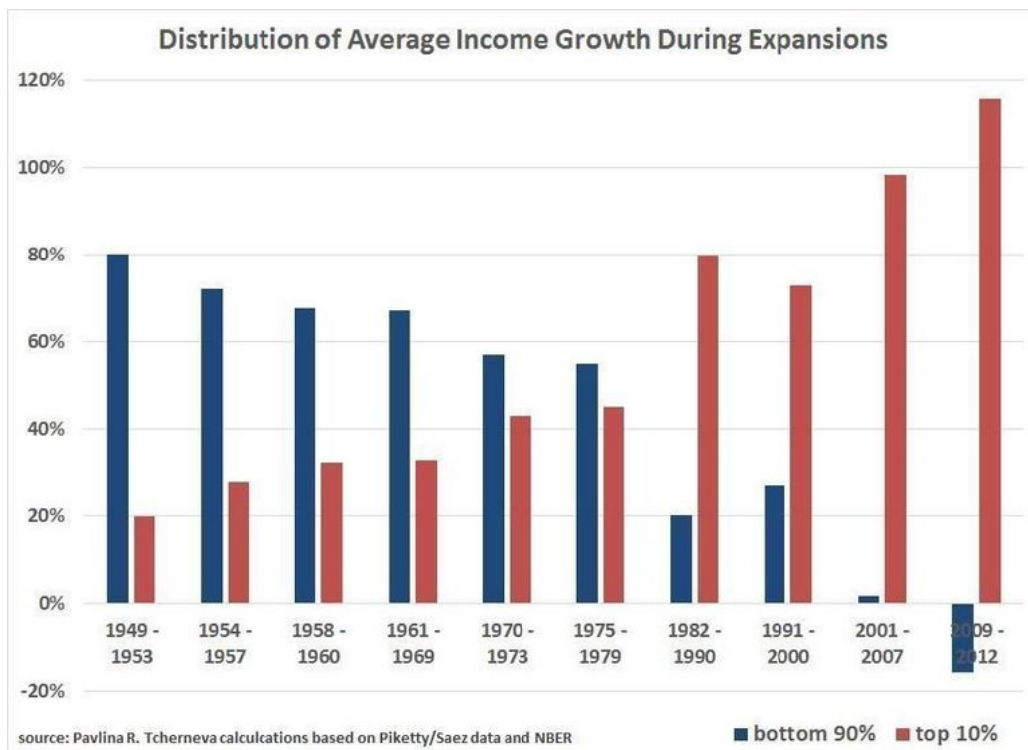
dollars while the average income of the entire other 90% hardly even registers on the graph even though it actually increased from about \$11,000 to almost \$35,000.



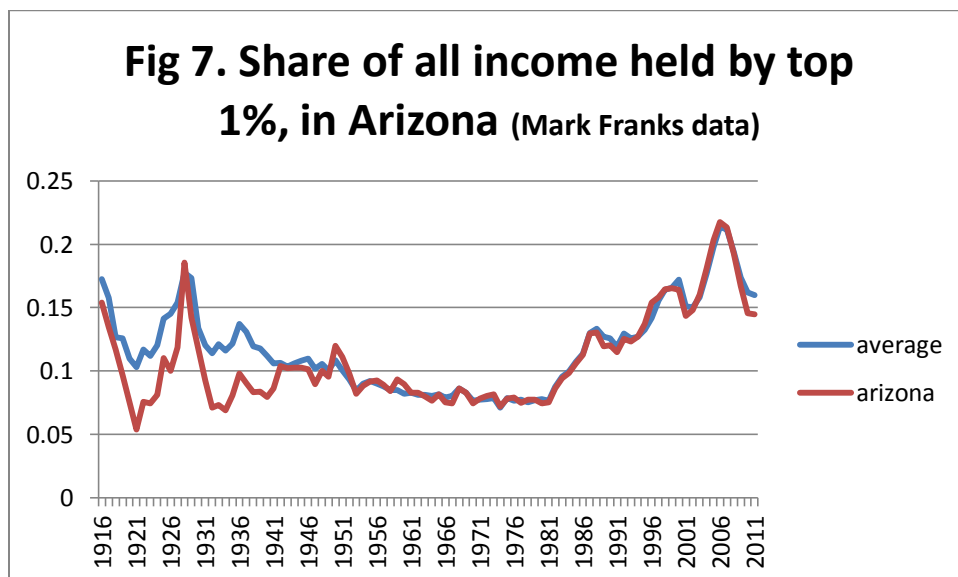
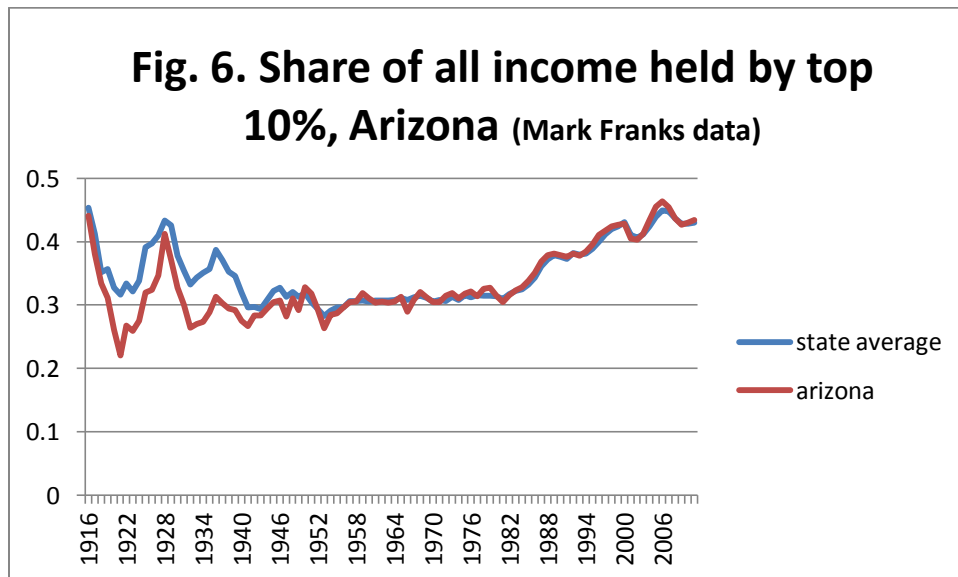
The same pattern is apparent starting with 1979 using the Congressional Budget Office data which most refer to it as the “gold standard” for how to calculate income inequality. Beginning in 1979, the top 1 percent income escalated from about \$350,000 to almost 1.5 million before it dropped back to about 1.0 million in 2012. The top 20 % saw their income climb from just under \$100,000 to almost \$200,000 whereas those in the lowest 20 % of households move up from just below \$16,000 to just below \$24,000. If looked at in terms of ratios, the ratio of the top 1% to the lowest 20% started out in 1979 at 20 times higher and climbed to more than 40 times higher by 2010. By any measure that is used, income inequality is escalating.



Another way to conceptualize the extraordinary change that has occurred is to examine who gains the most as the United States come out of a recession. Compiled by economist Pavlina Tcherneva from the Piketty / Saez data, the chart below shows that most of the gain went to the 90% group and lesser amounts to the 10%, until the 1982 recession when the gain by the top 10% far outpaced the 90% and from 2009 to 2012 the 90 percent have actually lost income.



Now, to examine income inequality in Arizona we switch to still another data base (Mark Frank, 2014) a professor at Sam Houston University who has developed a methodology for calculating income inequality in each of the states. Going back to the year 1913, Arizona was somewhat more egalitarian in terms of income distribution than the average state, but by the 1940s and certainly by the 1950s, Arizona was basically following the average of other states, which is where we are at this time.



2. Why has this become an issue?

There are several reasons income inequality has become an issue, but two of the most important are these: first, the rapidly escalating disparity in income violates the basic sense of fairness and justice of many people in the United States and second, even the most loyal adherents to capitalism have become concerned that income inequality itself may continue to escalate and may already be a negative factor in terms of economic growth, political democracy, and social capital.

Beginning first with the fairness issue, it is not simple to set out criteria by which to judge the relative justice or fairness of the income distribution in a society—something that philosophers have argued about since time immemorial. There are, however, some standards that can be used to judge the fairness, or lack of it, of income disparity over time.

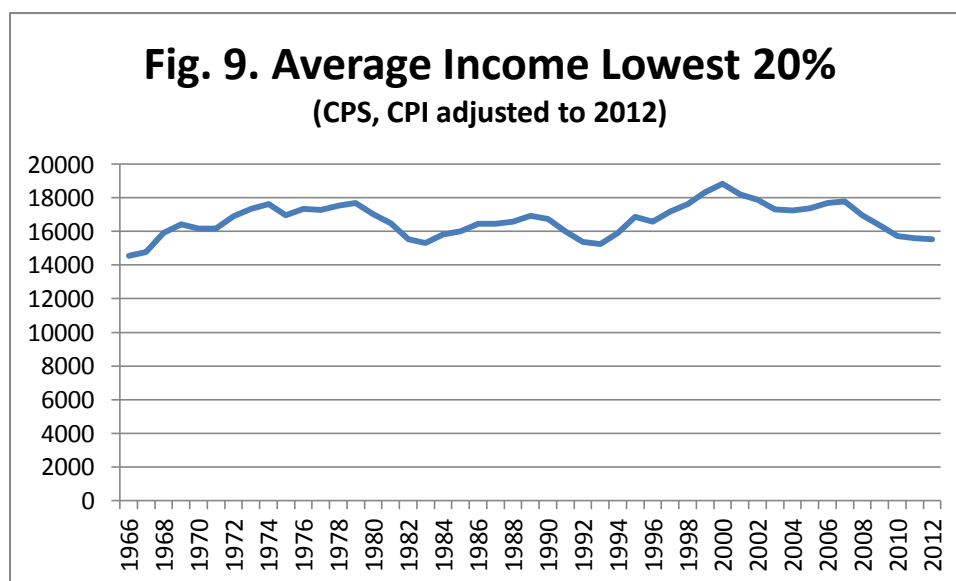
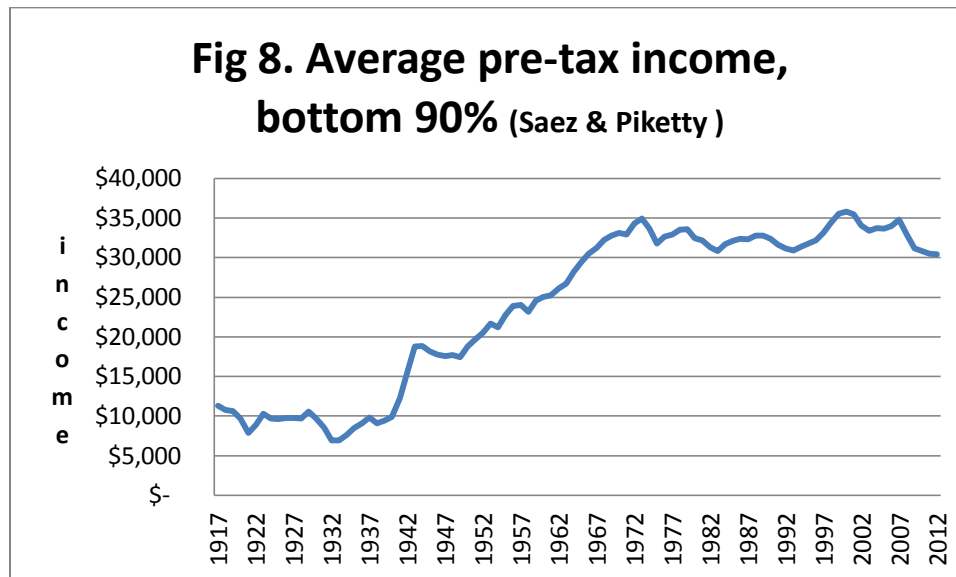
- The difference principle -- that inequality is permitted if it works to the advantage of everyone, especially the most disadvantaged (John Rawls)
- The “open to all” equal opportunity and social mobility principle – another Rawls principle that all positions in the society must be open to all people. For example, persons born poor must have the same opportunities as those born rich (to become rich, go to college, have a happy life, etc.).
- The basic need principle – that no “surplus” income should be distributed to anyone until everyone has their basic needs met (Gilbert, 2001).
- The proportionality principle – (from Plato through Peter Drucker) that there is an upper limit on how much more “surplus” income some should have than others.

The Difference Principle

The difference principle requires us to compare two societies. If we use the data for the United States in 1917 compared with 2012 we have already shown that in spite of the dramatic surge in inequality, the lowest 20% actually gained in income, from \$16,000 to \$24,000 (in 2012 dollars). Therefore, by this standard, the country in 2012 was more just than the one in 1979. However, the better comparison is to use continuous time series data and think along a continuum not as a simple dichotomy. Figure 8 shows the average pretax income of the 90% of the society from 1917 to 2012 and it is obvious that, by the difference principle, the great majority of Americans were becoming better off beginning about 1940 and continuing to about 1970. From that point, the income of the 90 percent group has not been increasing in any sustained way. This conclusion is buttressed by the data in Figure 9 that shows income for the lowest 20% of people beginning in 1966. Even though the 2012 income is slightly higher than that in 1966, there has been no sustained improvement in the situation of the least

advantaged people in the United States, even as the most advantaged (top 1 % or 10) have gained enormously.

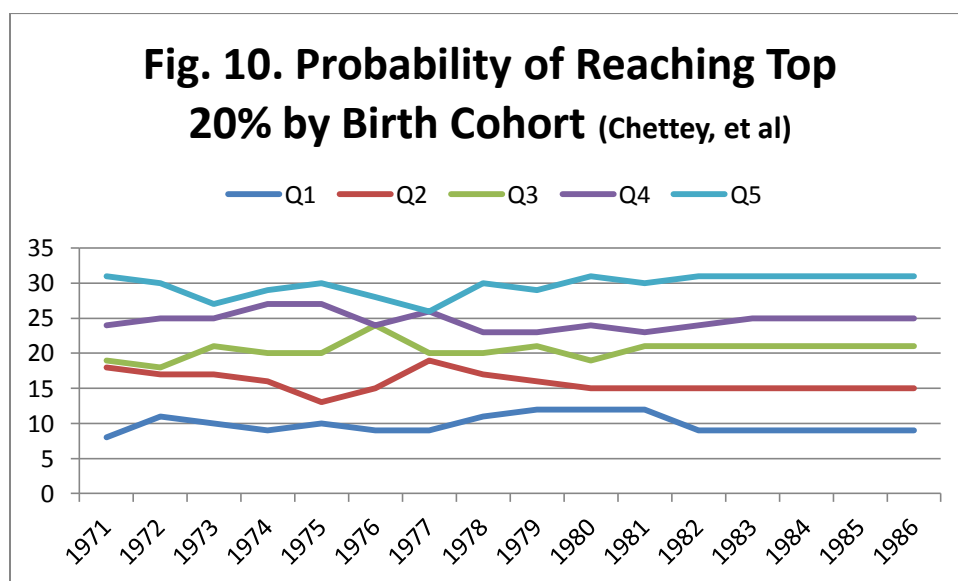
This is a subjective judgment, but it is not difficult to conclude that the escalating inequality beginning in the early 1970s is not working to the advantage of everyone, as the lowest income groups are not sharing in the increase in any sustained and systematic way.



Social Mobility and Equal Opportunity

Rawls second principle is that all stations must be open to all. This refers to equal opportunity, and if equal opportunity means anything at all, it surely must mean that persons born poor (or non white, or female) have the same opportunity to gain the higher income stations in life as those born rich. Public opinion polls in the U.S. show that most people's concerns about income inequality revolve around its threat to equal opportunity, rather than to a "soak the rich" attitude or a "pity the poor" (McCall 2013). McCall's study also finds that Americans are concerned about income inequality, but that the concern varies primarily with the extent of media attention rather than with actual changes in inequality data.

A recent study of social mobility across income categories concludes that the extent of social mobility has remained very stable from the 1970s to the mid 1980s birth cohorts, in spite of the dramatic increase in inequality, but the data also show that there actually is not much mobility: family income at birth is an amazingly accurate predictor of college attendance, college graduation, and child's income at age 26 to approximately 30. (Chetty, et al). Figure 10 shows the probability of reaching the top quintile of income at age 26, for those born into each of the five birth cohorts.



Persons born in 1971 into a household in the lowest quintile of income (bottom line in Figure 10) have less than a 10% chance (8.4%) of ending up in the top 20 percent of their age cohorts' income before they are 30 whereas persons born into the top cohort have more than 30% probability of being in that top group. These figures persist through the mid 1980s as persons born in 1986 into the lowest income group have about a 10 percent chance of moving into the top group compared with more than a 30% chance for those born of parents who were in the top group.

This gap in opportunity exists also for college attendance, which is a primary predictor of income: children born in 1971 into the highest income families were 69 times more likely to attend college than those born into the lowest group and that figure was 74 percent more likely for those born in 1986. These data of necessity are dated, and most observers of the social economic changes are very concerned that the escalation in income inequality will have far more significant impacts on the opportunities faced by persons born after the mid 1980s.

Chetty, et al broke their data into much smaller geographic “commuter” areas (716 in all). Examining the social mobility within these areas, they concluded, that the United States shows vast differences geographically with some areas being far more egalitarian in terms of social mobility than others. At the top of the list are cities such as Salt Lake City (10.6 probability of moving from the lowest to the highest income categories) and some rural areas where this measure of social mobility is 20% or higher.)

Data for Arizona show that the least economically mobile area is in the northeast part of the state at a probability only of 4.8 percent that persons born into the lowest income group would rise to the top income group.

Table 1. Social Mobility In Arizona

Phoenix	7.5
Tucson	7.1
Flagstaff	9.5
Yuma	10.8
Northeast	4.8

Probability of moving from lowest quintile to highest

Yuma and Flagstaff offer more social mobility (10.8 and 9.5 probability of being in the top quintile if born in the lowest) and Tucson and Phoenix are at 7.1 and 7.5 respectively. [Some areas](#) of the United States have a probability in the neighborhood of 20%.

Comparisons with other countries also show that social mobility in the U.S. is lower than other developed countries. Jantti’s study found that 42 percent of American males raised in the bottom fifth of income stay there as adults whereas in Denmark it is 25 percent and 30 percent in Britain. His study also confirmed that 8 percent of American men at the bottom rose to the top fifth compared with 12 for Britain and 14 percent for Danes. Studies by the Pew Charitable Trusts (2014) show that 62 percent of Americans raised in the top fifth of income stay in the top two fifths whereas 65 percent of those born in the lower fifth stay in the lower two fifths.

Chetty and his coauthors analyzed the characteristics of areas with varying levels of mobility and concluded that lower social mobility was related to greater segregation (especially for African Americans, but also for white people in highly segregated areas), lower quality of K-12 education, less social capital, and single-family households

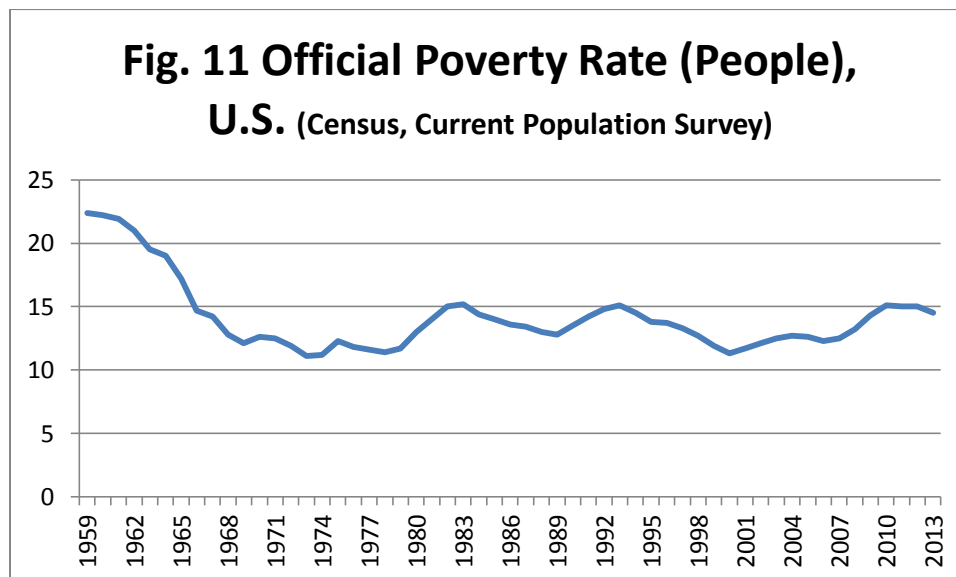
The Need Principle

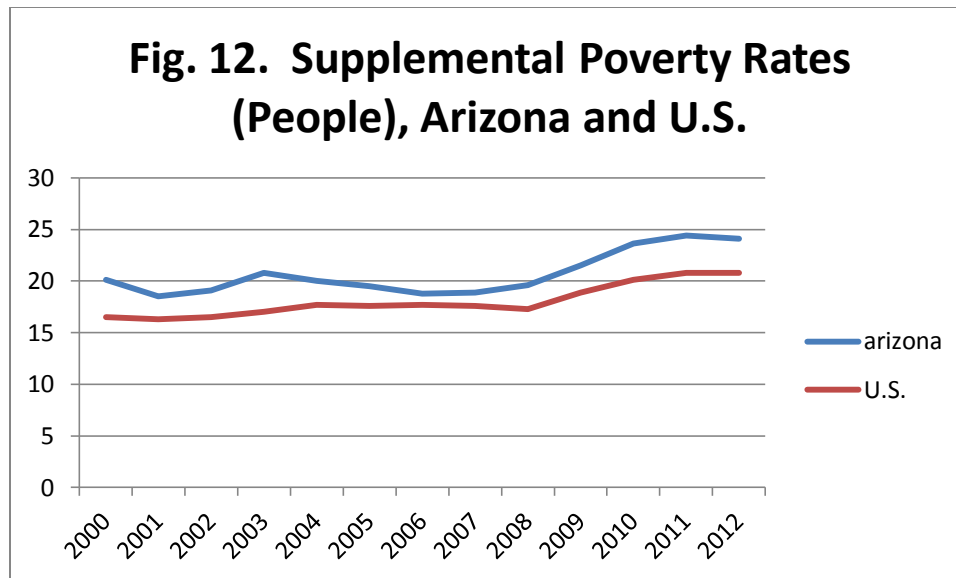
A third principle to assess the fairness of the income distribution in a society is related to need. As Rev. Richard Gilbert said (p. 151) “All humans have the inherent

right to have their basic human needs met before any economic surplus is distributed to others.” This of course assumes the society is capable of producing goods and services beyond the basic needs, as the United States certainly is.

Figure 11 shows the official poverty rate in the United States (as measured by the current population survey) from 1959 through 2013. This measure draws the poverty line at three times the cost of a basic “grocery basket” of food. Income includes wages, dividends, interest, and so forth but does not include welfare payments or in-kind assistance such as housing, medical care, supplemental nutrition assistance program, and so on. Figure 12 uses a different definition of poverty which includes the cost of food, shelter, clothing, and utilities. It also is adjusted for different costs of living in different parts of the United States.

The data in Fig. 11 show that poverty declined sharply from 1959 at least partly because of the War on Poverty that began in 1963, but then moved back to about 15 percent in the early 1980s and has not shown any sustained improvement over time. The supplemental poverty is somewhat higher and shows a gradual increase in the poverty rate beginning in the year 2000 when it was first calculated to 2013. These data show Arizona as having a slightly higher than average poverty rate.





There are more than 45 million people in the United States below the official poverty line, and even more below the supplemental measures of poverty. These figures produce arguments about whether the poor are “really” poor or not, or whether these figures are a gross exaggeration of the extent to which basic human needs are being met. The Heritage Foundation and other conservative anti-welfare groups point to the amenities available to people in poverty, such as 80% percent of those in poverty have air conditioning; 75% have a truck or car, half have a computer, 92 percent have a microwave (Richtor and Sheffield).

On the other hand, census data based largely on annual surveys assess actual living conditions of Americans and show quite a different picture. Using food security as an example, surveys in 2013 have shown that 14 percent (17.5 million households) had difficulty sometime during the previous year providing enough food for all their members due to a lack of resources (Coleman-Jensen, et al). And, in 2013, 5.6 percent (6.8 million households) had extremely low food security to the extent that food intake was reduced and normal eating patterns disrupted. The surveys, conducted since 2,000 show a slight worsening on both of these measures.

Again, whether basic needs are met is a subjective judgment, but it should be based on actual data, and the data for the U.S. show that basic needs for all people are not being met.

The Proportionality Test

The final test of fairness used here is the proportion of the incomes of the very rich to the rest of the population or to the poorest. Gilbert (2001) points out that Plato proposed that the ratio between the wealthiest and poorest person in the ideal state should be no more than 4:1 and Aristotle said it could be 5:1 (Gilbert, p. 157). Peter

Drucker, a contemporary economist says a CEO should not make more than 20 times the average worker and J.P. Morgan had set that same level for his companies in the early 20th century . Using the Piletty / Saez data, the most egalitarian period in U.S. history was during the 1970s and the ratio of the top 1% to those in the other 90% was 10:1 and had increased to 34:1 by 2012. Similar results are found with CBO data where the ratio between the richest 1% and the poorest 20% began at 20:1 in 1979 and had doubled to more than 40:1 by 2012.

Effects on Economic Growth and the Political Process

Income inequality was not given much attention in the late 1970s and early 1980s when the escalation began because no one actually expected it to continue to escalate after decades of relative stability, and also because financial analysts, economists, and university researchers claimed that the increasing inequality actually was stimulating economic growth so that everyone benefited. Also, it appeared that the American people didn't really care much about income inequality, per se.

As the escalation continued, however, alarms began to be heard. Increased attention by the media prompted public opinion scholars to pay more attention to the issue, and researchers such as McCall and Hochchild probed the data to discover that the primary concern was not about the rich, per se, but about threats to equal opportunity. Piketty and others began studying the causes of the escalation and concluded that changes in public policy (taxation, de-regulation, weakening of labor unions) worked to the advantage of the very rich. Economists began pointing out that there is nothing to halt the escalation of income inequality within the market economy itself (Piketty, Stiglitz, Standard and Poor report). Piketty says that the basic formula is that income inequality will continue to escalate well into the 21st century so long as the return to capital is greater than the return to labor, and public policies do not find a way to change this dynamic. It is self evident that income inequality will continue to grow so long as wealthy people have two main sources of income (wages plus return on investments from the money they already have) and others only have their wages, especially when capital gains is taxed at a much lower rate than wages. Also, the return to labor itself has become decidedly unequal as superstars whether athletes, actors, CEOs, financial managers earn outlandish salaries combined with relatively low marginal tax rates on the highest incomes.

Even the most ardent capitalists have become convinced that excessive income inequality will stymie economic growth, especially concentration in income at the very top levels such as the top 1 percent or .1 percent. Although only a few years earlier people were saying that income inequality actually spurs economic growth because those at the top are "job creators" research has undermined that idea and it has become apparent that current economic recessions and slow recovery should be attributed to lack of money among ordinary people who will actually spend it for goods and

services. The very rich tend not to spend their money, particularly not when there is insufficient demand due to lack of money in the hands of ordinary people. Why create new products or expand a business if no one is able to buy the products?

Alan Kreuger, chair of the council of economic advisors, put it this way in his [speech](#):

My theme in this talk is that the rise in inequality in the United States over the last three decades has reached the point that inequality in incomes is causing an unhealthy division in opportunities, and is a threat to our economic growth. Restoring a greater degree of fairness to the U.S. job market would be good for businesses, good for the economy, and good for the country.

Political analysts have also become significantly alarmed at the political consequences of more and more money in the hands of fewer and fewer people particularly since the Citizens United decision and the McCutcheon decision that have enabled rich individuals and corporations to insert astounding amounts of money into campaigns. Sen. Elizabeth Warren, in testimony regarding SJR19 that would have proposed a constitutional amendment to overturn both of those decisions said that the richest 32 people in the United States spent as much money in the 2012 election cycle as 3.7 million Americans who made contributions of \$200 or less.

Hacker and Pierson (2009) attribute much of the inability of the political system to address the inequality problem to the ascendancy of powerful business interest groups and the demise of labor and other progressive lobby groups. They put it this way: (p. 159)

Tellingly, the reversal in governance—defeat of health care and labor law reform, the crushing of efforts to establish a consumer protection agency and index the minimum wage to inflation, the beginnings of the deregulation revolution, and, most dramatically, a major tax bill anchored by steep cuts in the capital gains tax—all occurred during the late 1970s, at a time when Democrats held the White House and had large majorities in both houses of Congress.... Second only in importance to the ascent of business was the continuing decline of organized labor

In addition to the economic and political consequences of escalating income inequality is the impact on social capital—the ability of people across the lines of social class, race, ideology and other characteristics – to find common ground (Fiske 2011). This is too big a topic to explore in this paper, but it and the political consequences of inequality both deserve additional attention.

3. Why Is Income Inequality so High in the U.S.?

A great deal has been learned about the primary drivers of the escalation in inequality. These are so interrelated that it is not possible to attribute precise causal

effects, but they include: dramatic reductions in marginal tax rate of the highest incomes; reduced and low taxation of capital gains, land, and other assets; growth of CEO compensation and other “superstar” compensation that far outpaces ordinary people’s wages; the ability of CEOs to basically set their own salary regardless of market forces due to the control they have over the governance structure of corporations; reduction in taxes on inheritance so that inherited wealth is a much greater percentage of wealth than in the past; lack of taxation on overall wealth so that rich people invest their money and make even more money. (Especially see Piketty, Noah, and Stiglitz).

The past accumulation of wealth and the fact that investments (return on capital) are greater than return on labor (work) means that income inequality will continue to escalate unless corrective action is undertaken by government. Yet, government itself is so impacted by the necessity of raising massive amounts of money to win re-election that the wealthy (especially in light of recent Supreme Court decisions that permit almost unchecked use of wealth to influence elections) are able to prevent corrective political action at the local level and in many states and cities as well.

Among the economic causes that prevent ordinary working people from “keeping up” thereby also increasing inequality are: slow economic growth—some of which may be attributed to the concentration of wealth at the very top itself; low minimum wages; loss of union bargaining power; lack of access to affordable loans and funds needed to jump-start businesses; speculation in housing markets and subsequent bankruptcy of individuals whose mortgages are “underwater,” corporations that pay huge salaries at the top and barely a living wage for everyone else; high costs of higher education which is the key gateway to social mobility; unemployment; and underemployment; and low compensation for people who are unemployed. Basically, the problems here are lack of demand; that is, there isn’t enough demand to spur business growth and the lack of demand is attributed to the fact that too many people don’t have enough money to spend.

There also are political causes that keep the poor from “keeping up.” In particular, legislative bodies at the national and state levels tend to be both well off and especially beholden to the corporations and super-rich who provide the money for their campaigns. Making the matter even worse, those who could gain the most from increasing their political participation (e.g., those who are poor), have the lowest rates of political participation of all social groups. Why? One of the dominant explanations is that public policy as well as most of the major institutions in the United States embed within their very framework the notion that the poor are getting exactly what they deserve, and no more (Fiske, 2011). People who are poor have very little political power because of their low levels of participation and because they are socially constructed as “undeserving” of anything better. Eventually, many of those who are poor tend to adopt this very same perspective – they don’t recognize that their own

deprivation has large-scale systemic causes and is not “their own fault.” (Schneider and Ingram, 1993; 2007).

4. What Can Be Done?

From a practical point of view, income inequality can be reduced either by reducing the income (after tax) of people at the very top or by increasing the income of everyone else. If one were the “master of the universe” it might be possible to use Piketty’s recommendation of a global tax on wealth that is progressive. This is a tax on accumulated wealth, not income; and it is progressive so that the rate is higher for persons of greater wealth. Also, it is a global tax so that companies and individuals cannot store their money outside the country. Such a proposal makes imminent sense as it would basically halt the ability of the wealthy to make extraordinary money simply from investing the money they already have. Or, if one were the master of the universe, a return to the top marginal tax rate that was over 90% in the 1950s and still as high as 70% in the 1970s. It currently is just under 40%. At the other end of the spectrum, a negative income tax that could dramatically improve the lot of the poorest people would enable people to find work without losing all of their public benefits.

But in some ways, this is disheartening since none of us can do much more than wish for changes at this scale. What can ordinary people do? How can we bring to life that old saying: *do what you can, from where you are, with what you’ve got.*

Levels of Effective Action

For ordinary people, there are many levels of action that together will make a difference.

- **Level 1 - Educating** oneself and others about the seriousness of excessive income inequality and its consequences. This can include writing and circulating issue and background papers, putting on forums, attending conferences or workshops, gathering data, writing blogs, reading about the issue, talking to others, etc. Topics include historical information about the facts of income inequality, impact on equality of opportunity, impact on different subgroups in the population especially non white people, children, and women; its impact on the democratic political process, and its implications for social cohesion and community. Historical and contemporary analysis of the effectiveness of previous efforts and social movements to reduce income inequality would be especially helpful.
- **Level 2 – Identifying** opportunities for action and informing others - Specifics include tracking legislation and other actions of elected officials at the local, state, and national levels; using facebook, newsletter, personal communication, forums, social media, etc. to alert others to action opportunities; organizing

people for action, creating opportunities for action, networking with allied groups and participating in their activities.

- **Level 3 – Taking Action** – Action can be organized around direct assistance to those who are poor or focused on institutional change. Volunteering and direct personal assistance to the poor as well as donating and supporting organizations that help alleviate the worst consequences of income inequality are important. Provide the poor not only with meals, but also with hope and information enabling them to participate more fully in the political process. Institutional change efforts include such things as writing letters to editor; writing op-ed pieces, sponsoring and attending rallies and demonstrations, calling / emailing elected officials, attending UUJAZ state-wide events such as “issues and action day” and “day at the legislature,” organizing voter registration drives, networking and organizing with others include interfaith groups and other progressive organizations.
- **Level 4 – Impacting the Agenda** – Rather than just being reactive, political action can shift to still another level by efforts to change the public policy agenda and change the entire conversation about the responsibility of a compassionate society. This requires such things as: building alliances or becoming partners with other progressive political, social, and economic advocacy groups; developing public policy proposals and taking these to local, state, national advocacy groups or directly to elected officials; personal contact with elected officials on specific policy proposals.

These levels are not actually linear. Education, informing, taking action, and trying to change the agenda may all go on simultaneously.

Public Policy Positions and Private Sector Advocacy

What can cities and counties do? Sen. Elizabeth Warren has some specific suggestions that [“Cities can lead the way.”](#)



Take on the corporations –Local government in many states can pass ordinances that mandate a higher minimum wage or require a “living wage” for corporations within its jurisdiction or for those that are eligible for contracts from state or county government. Individuals can work within their own company to advocate for a higher minimum

wage or a “living wage.”

Take on the banks – Local government and advocacy groups can put pressure on banks to reduce the principal owed for loans that are underwater. Some cities are

exploring using eminent domain to buy underwater homes from mortgage companies and use eminent domain to take them if the companies refuse. Some cities are exploring the idea of a “public bank” similar to the state “public bank” in North Dakota in which the state deposits its money in this public bank which then serves as a wholesale bank for community banks and credit unions. [Public Banking Institute](#). For the information in Arizona, [link here](#). Also see, [Institute for Local Self-Reliance](#).

What policy proposals should state legislatures, Governor, and agencies consider?

Economic and financial policy:

- **Raise the minimum wage** –
- **Banking reform** – reregulate banks and financial institutions
- **Government contracting** - ask state governments to contract only with companies paying a “living wage”
- **Economic development, including job creation programs, start up funds and loans** to reduce unemployment including government-sponsored start-up grants; (not just training for jobs that don’t exist)
- **Unemployment insurance** – raise the amount and duration of unemployment compensation
- **More progressive tax structures and close tax loopholes**
- **Compassionate welfare programs**

Political Process: Strengthening democracy

- **Develop programs to increase political participation by marginalized groups** – stop voter suppression. Support voter registration drives in low income neighborhoods.
- **Strengthen programs such as “clean elections”** and support legislation that limits campaign contributions.
- **Advocate** for the overturn of the Supreme Court’s *Citizens’ United* decision.

Education Policy

- **Higher education** – Make higher education more accessible and more affordable (through more appropriate state-level funding, scholarships, not loans; lowered tuition etc.). Perhaps extending the in-state tuition for Dreamers to NAU, ASU and Uof A as well as the other community colleges.
- **K-12 education** – Advocate for Arizona legislature to actually pay the schools what the courts have ordered. Stop siphoning off public funds through so-called

“empowerment” scholarships and other techniques that weaken public education.

Immigration Policy

- **Immigration Reform** – stop deporting undocumented people who present no threat or danger to America and start offering them a path to the American Dream.
- **“Dreamers”** - Getting the “dreamer’s” ban lifted so these youth can be employed
- Stop legislative “harassment” of undocumented persons and race/ethnic profiling

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ⁱⁱ See the UUA website for more information about the Congregational Study Issue. There are many other issues that deserve a fully-developed paper, including more in-depth analysis of the effectiveness of various public policy approaches, historical studies of previous social movements to end poverty or reduce inequality in the United States, in-depth analysis of the impact of income inequality on social class divisions, race, and gender relationships, examination of the role of faith-based organizations in social movements, etc.