



IS ECONOMIC INEQUALITY ENDING THE AMERICAN DREAM?

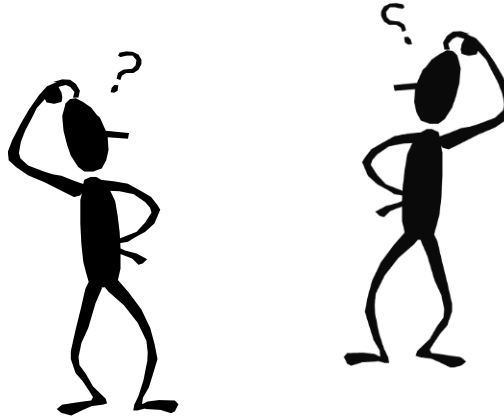
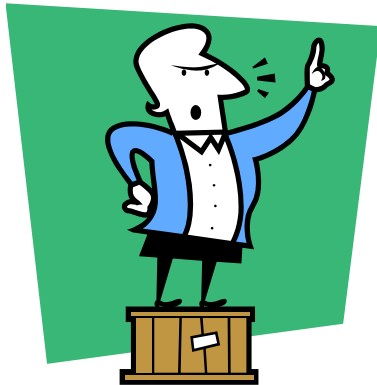
By Anne L. Schneider. (full paper available at
UUJAZ.org)

Escalating Inequality: the UU “CSAI”

- **VUU’s Income Inequality Forums:**
- Is Income Inequality Ending the American Dream?
 - ▣ Presentation by Anne L. Schneider Oct. 26
- America’s Winter, Dec. 21 (12-2)
 - ▣ A 90 minute documentary on what is happening to the middle class. Led by Charlie Thomas
- Income Inequality is Dangerous to Your Health
 - ▣ Presentation by Ann Sebren, TBD (March / April)

Escalating Inequality – Part I. The End of the American Dream?

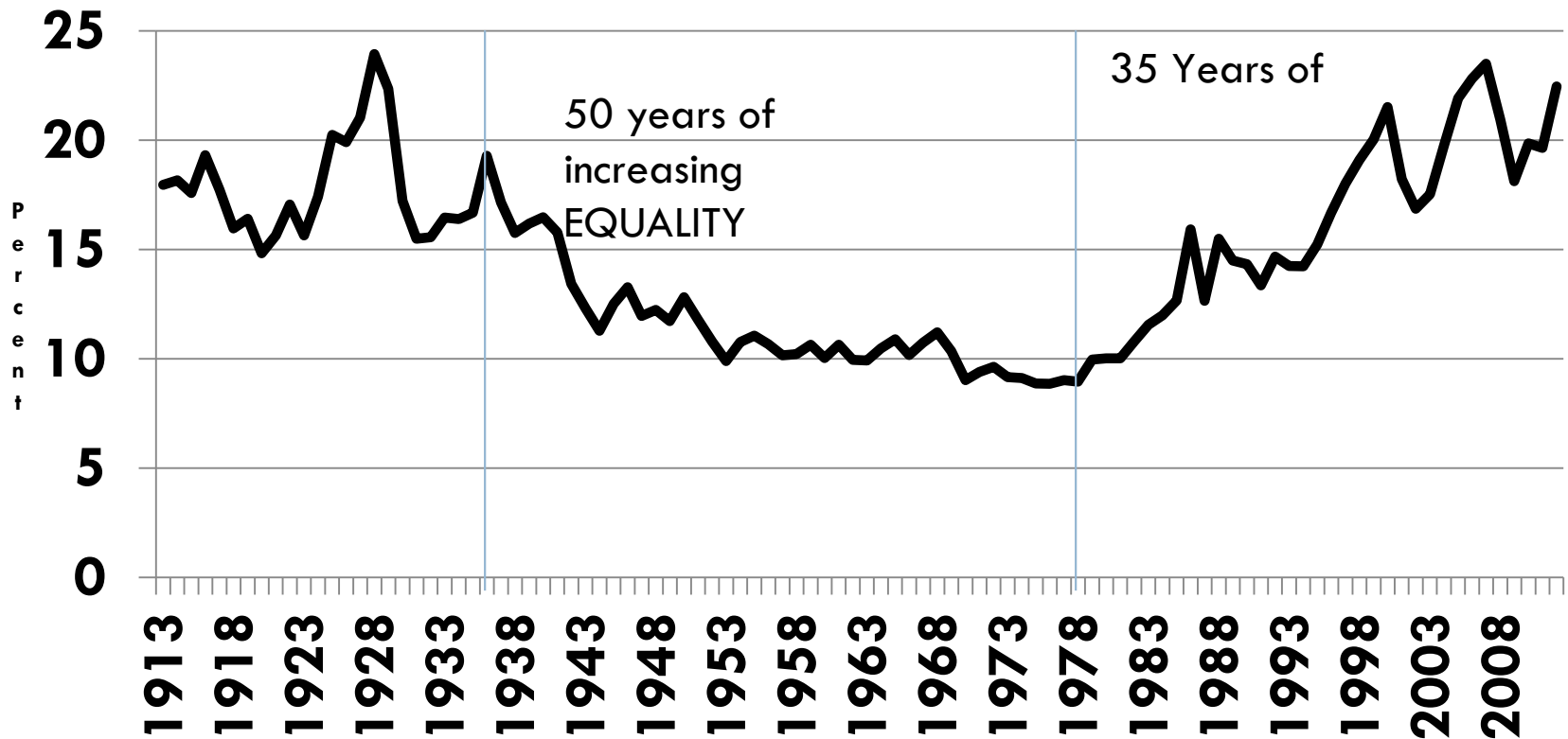
- **Is income inequality really escalating, or is this just political hype?**



Top 1% of Households: 20% of Income!

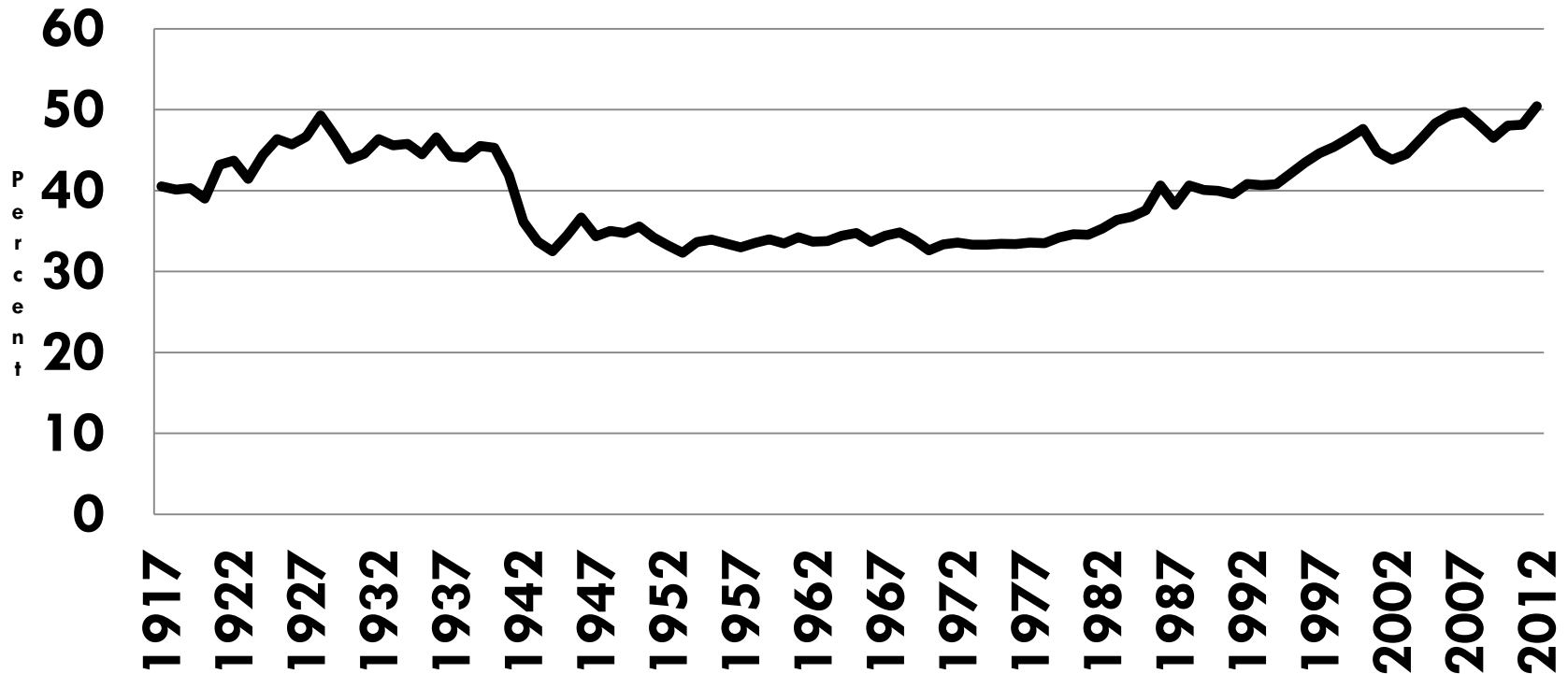
The “graph of the year”

(Saez and Piketty pretax data, includes capital gains)



And If That Isn't Convincing...

Top 10% of Households Get 50% of the Income! (Saez and Piketty data, includes capital gains; pre-tax)

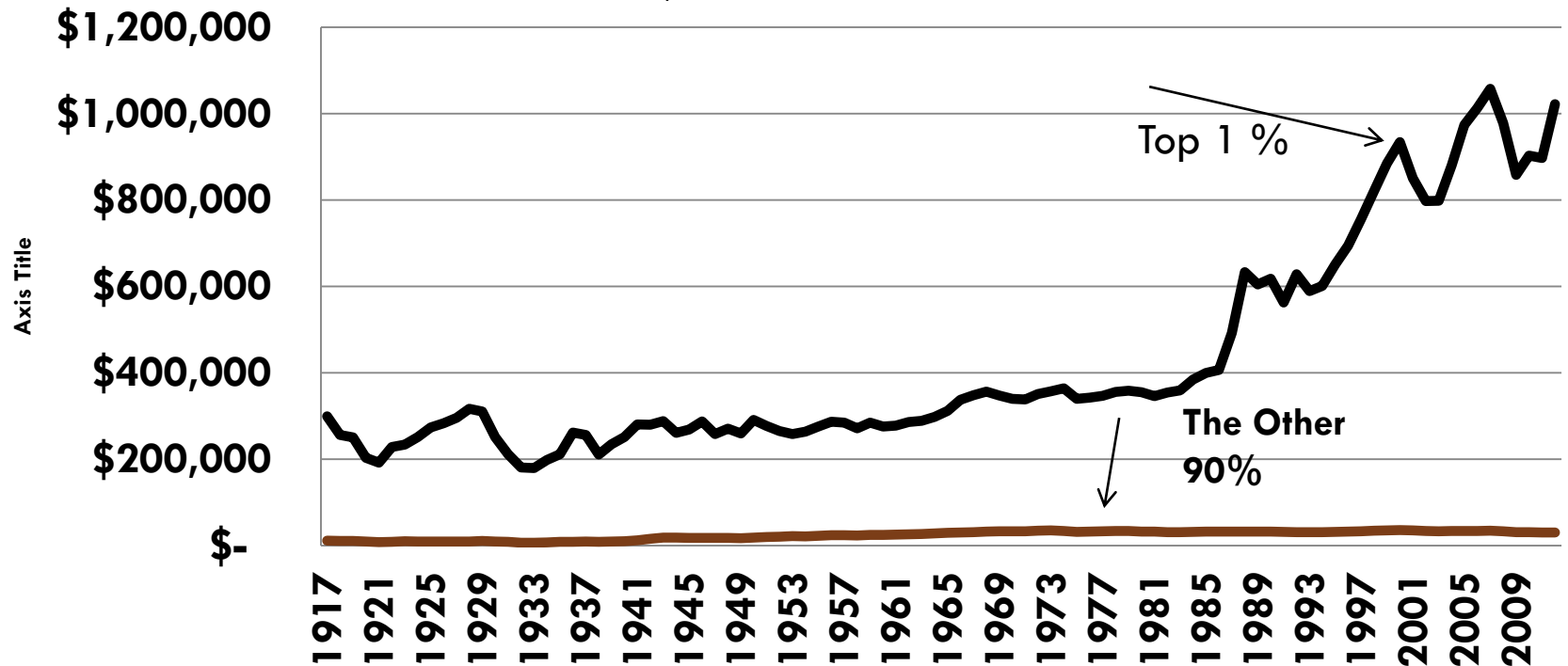


How Much Money Are We Talking About?

Average Annual Income, Top 1% and lowest 90%

(Saez and Piketty data, adjusted to 2012 CPI-U)

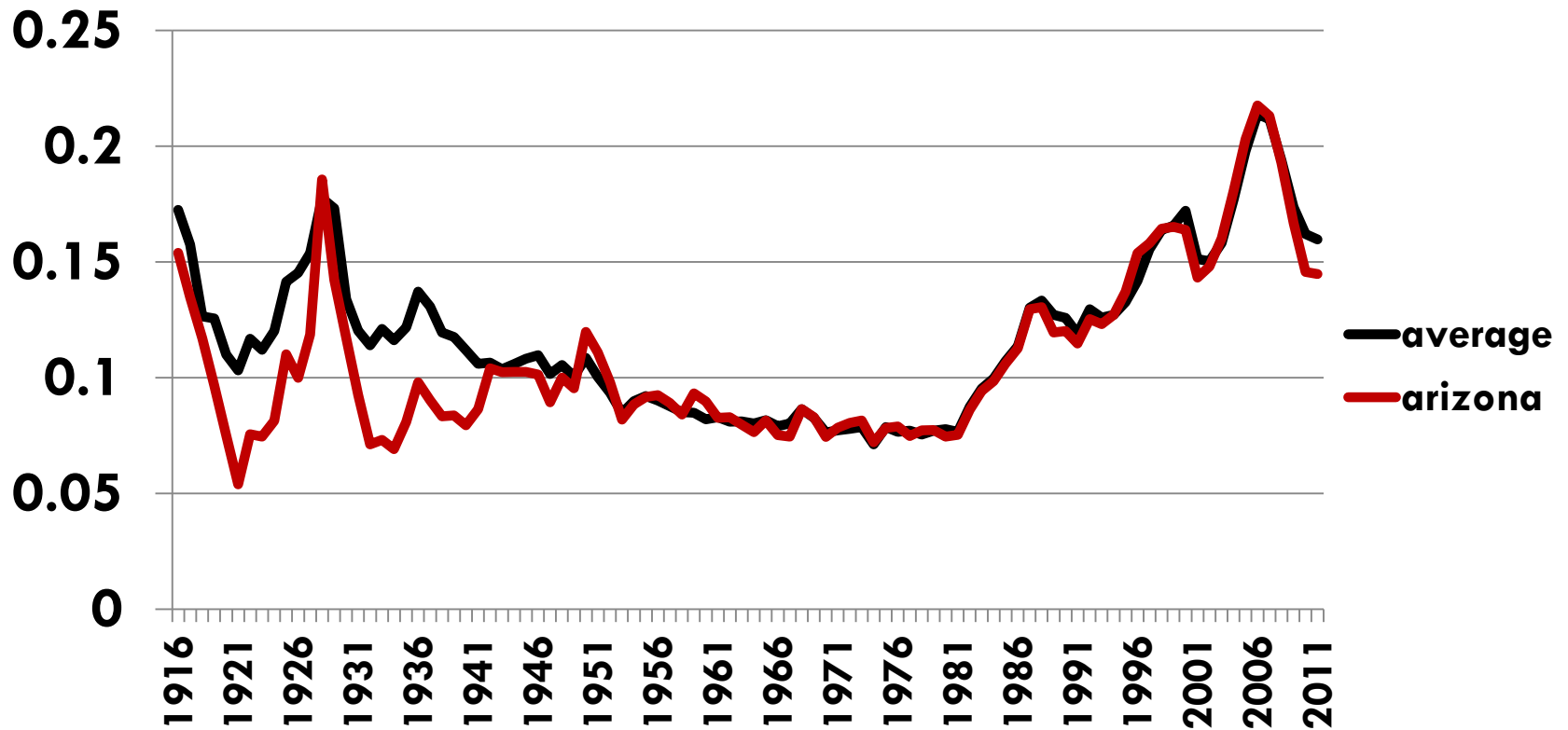
— top 1 % — bottom 90 %



Arizona Is an “Average” State

Share of all income held by top 1%, in Arizona

(Mark Franks data)



But, What's Wrong With Income Inequality?

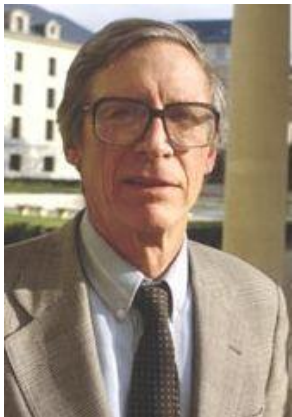
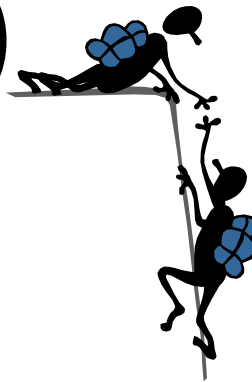
- You really don't expect a capitalist country to try to equalize incomes, do you?



- No, but we do have principles!!

The Difference Principle...

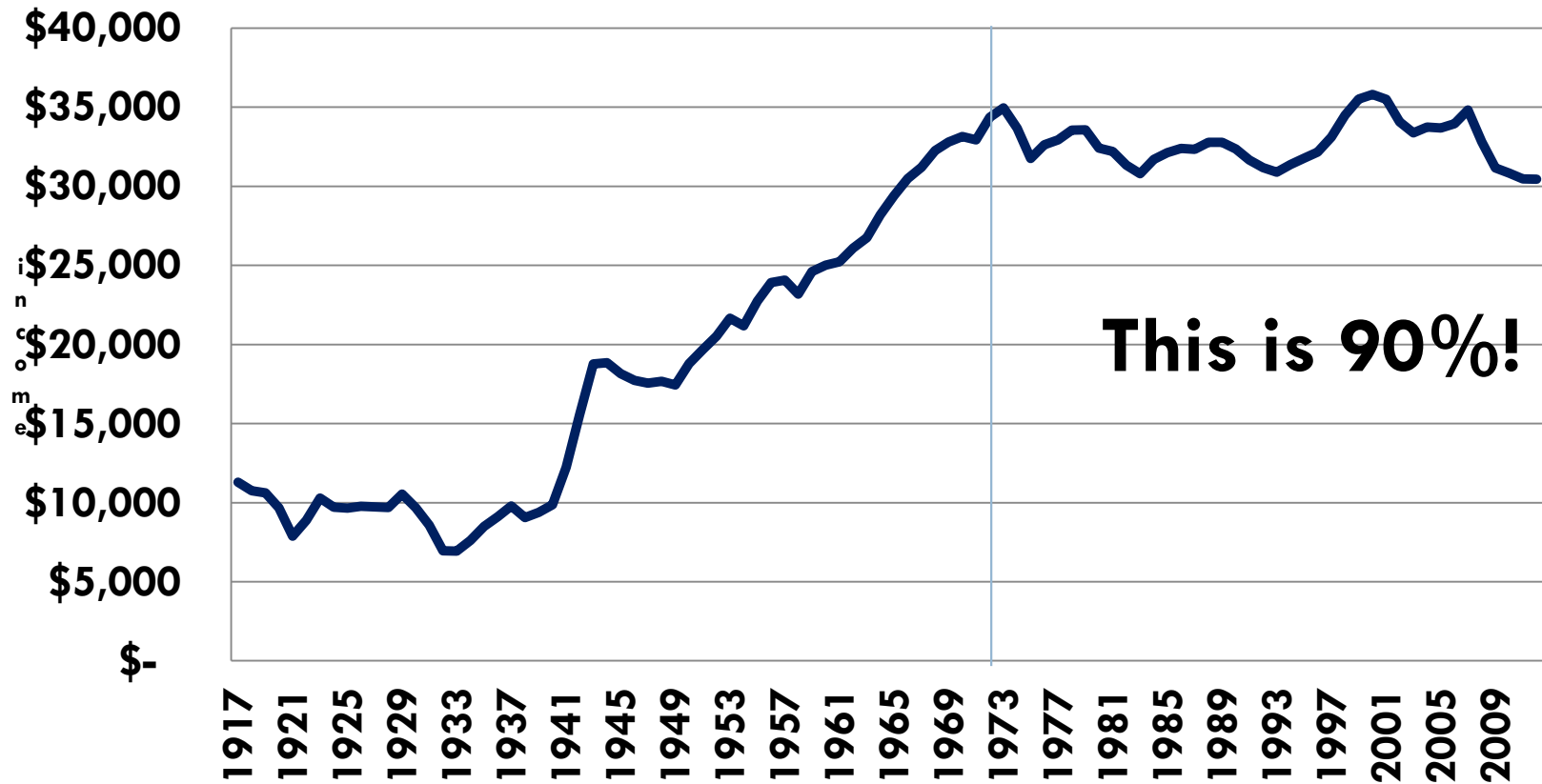
- ... Income inequality can be justified if it works to the advantage of everyone, especially the **MOST** disadvantaged (John Rawls)



Rawls may not have been a member, but his memorial service was held in the UU church of Lexington Mass.

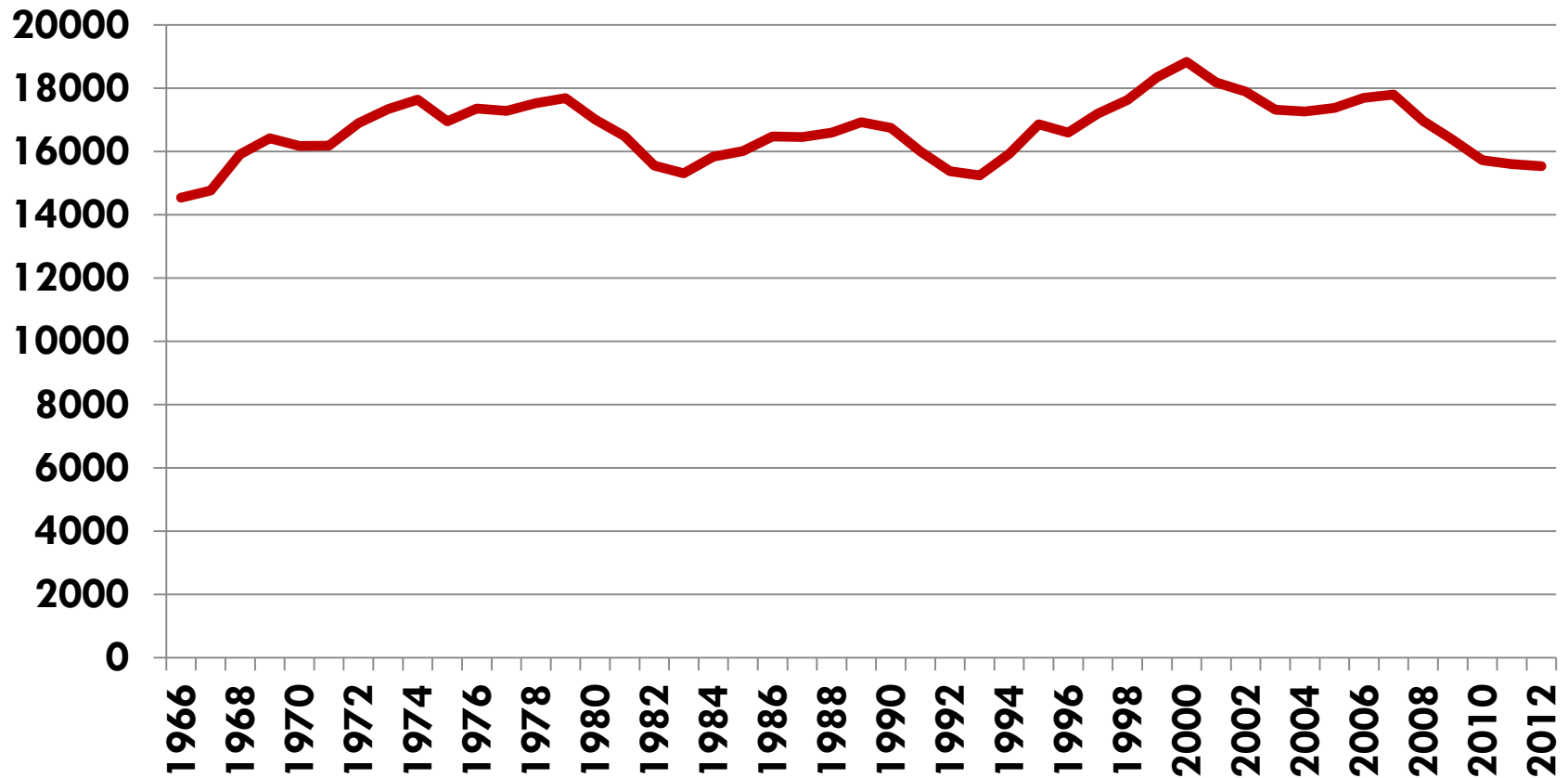
Does a “Rising Tide Raise All Boats?”

Average pre-tax income, bottom 90% (Saez & Piketty CPI adj)



A Closer Look: Poorest 20%

Average Income Poorest 20% (CPS, CPI adjusted to 2012)



The Equal Opportunity Principle (Social Mobility)

- Rawls also said that income inequality is justified ONLY IF “stations are open to all.” Economic Justice has never meant Equal Incomes; but rather, TRUE, Equal Opportunity.
- Rags to Riches! Horatio Alger Jr.
 - (He was a Unitarian)

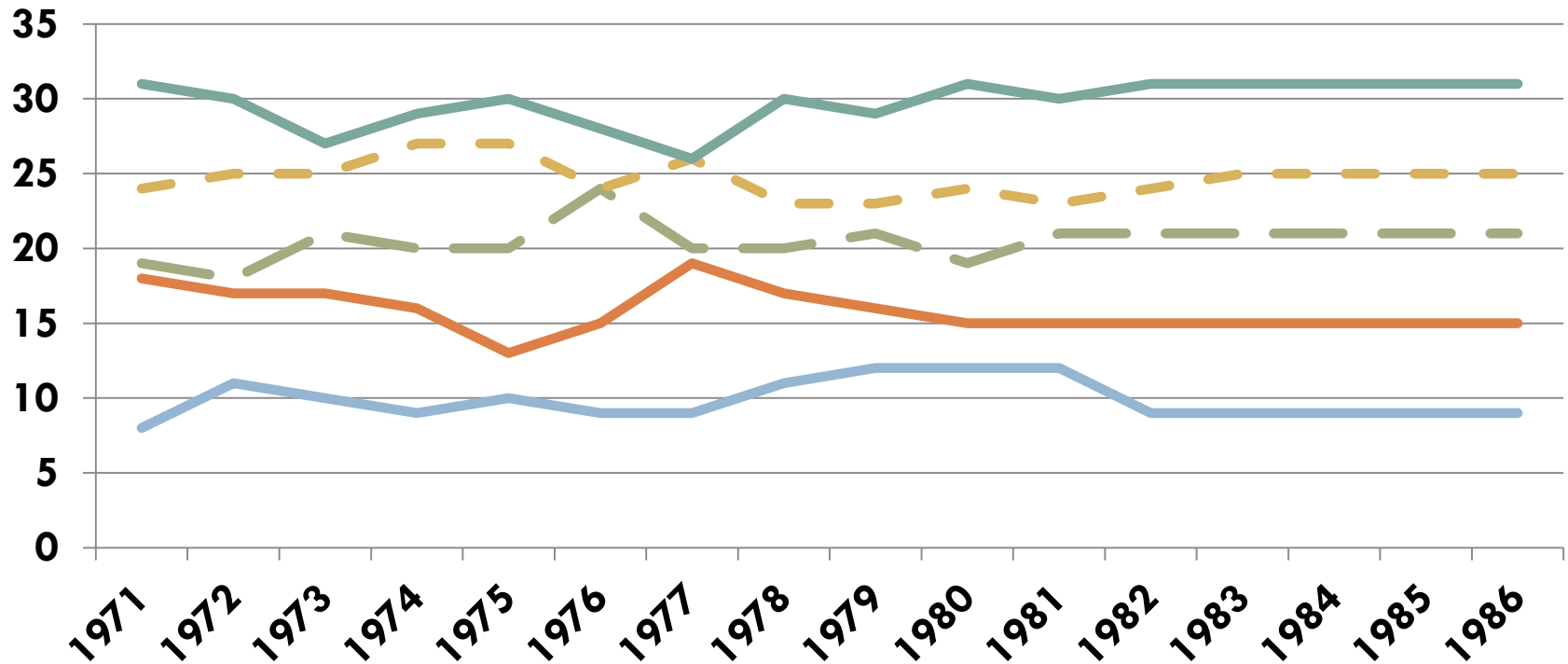


Social Mobility, Not Very Good! Is it Worse?

Probability of Reaching Top 20% by Birth Cohort

(Chetty, et al)

Q1 Q2 Q3 Q4 Q5



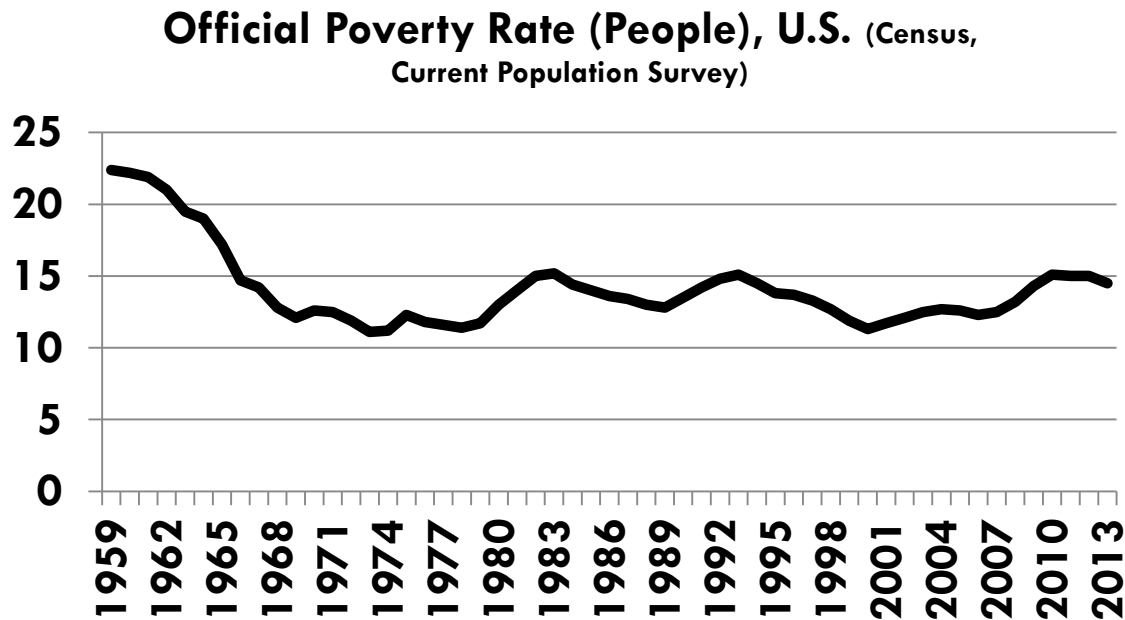
Social Mobility in Arizona

Phoenix	7.5
Tucson	7.1
Flagstaff	9.5
Yuma	10.8
Northeast	4.8

Probability of moving from lowest quintile to highest. Some areas are about 20.

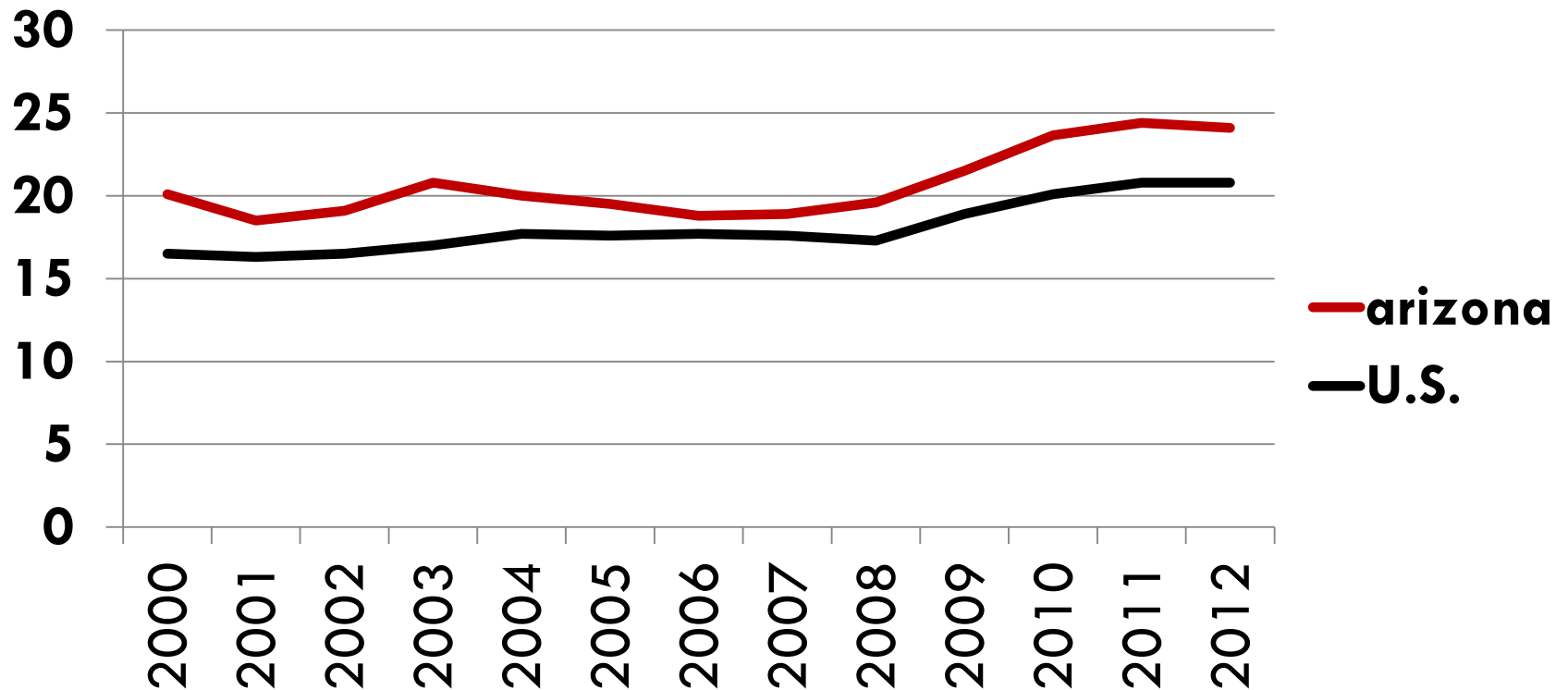
The Need Principle:

- No one should have “surplus” income until all persons have their basic needs met.



Meeting Basic Human Needs

Supplemental Poverty Rates (People), Arizona and U.S.



The Proportionality Principle

- Plato – The wealthiest should make no more than four times the poorest
- Aristotle – No, it would be okay for the wealthiest to make 5 times as much as the poorest
- J.P. Morgan – The CEO should not make more than 20 times the workers
- Peter Drucker – 20 times is about right
- **In the U.S. the most egalitarian period was the 1970s and the ratio was 20:1 (top 1% to poorest 20%) and by 2012, it is now 40:1.**



What? Me Worry?

- Piketty says, Income inequality will continue to escalate well into the 21st century... Unless...
- Other leading economists say... The current level of income inequality is damaging the economy as a whole, including the recovery; capitalism cannot survive this level of inequality
- Political scientists say ... The infusion of money into politics means that the government is unable to reverse policy directions
- Others: Income inequality is damaging to your health, to social capital, to the very fiber of our communities

What can be done?



- Masters of the Universe would...
 - Increase the top marginal tax rate (back to 75%)
 - Greatly increase the inheritance tax
 - Create a global progressive tax on wealth
 - Overturn *Citizens United* (and take money entirely out of politics, “Clean elections” for everyone)
 - End the 60 vote “filibuster” in the Senate
 - Curtail lobbying; full disclosure

What can be done by ordinary people?

- **Level 1: Educate ourselves and others (think and feel it)**
- **Level 2: ORGANIZE ourselves, inspire, identify action opportunities, build alliances with others**
- **Level 3: Take Action – show up, donate money**
- **Level 4: Reach the heart and CHANGE the conversation; use art, poetry, film, music to reach people's hearts and change the paradigm**



Cities can lead the way!



- Economics
 - ▣ Take on the corporations (pressure them to pay a living wage) and to get out of ALEC
 - ▣ Take on the banks (pressure them to reduce principal on underwater loans; to refinance student loans)
 - ▣ Take on local government (increase the minimum wage; put local funds into community or public banks)
- Politics
 - ▣ Increase political participation, stop voter suppression
 - ▣ Take on ALEC
 - ▣ Strengthen “clean elections,” overturn *Citizens United*
 - ▣ Stop harmful state legislation
- Education
 - ▣ Make higher Ed more affordable
 - ▣ K-12 funding; support public schools

Remember

- Do what you can, with what you have, from where you are !
- “Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.” Margaret Mead



Your turn: Questions, Comments,
Discussion.

