



Center for Social Development

GEORGE WARREN BROWN
SCHOOL OF SOCIAL WORK

 Washington University in St. Louis



Reversing Extreme Economic Inequality

Laura Lein, Jennie Romich, Trina Shanks (presenters)

Willie Elliott, Susan Lambert, Julia Henly, Michael Sherraden (co-authors)

Grand Challenge Policy Conference

September 15, 2016



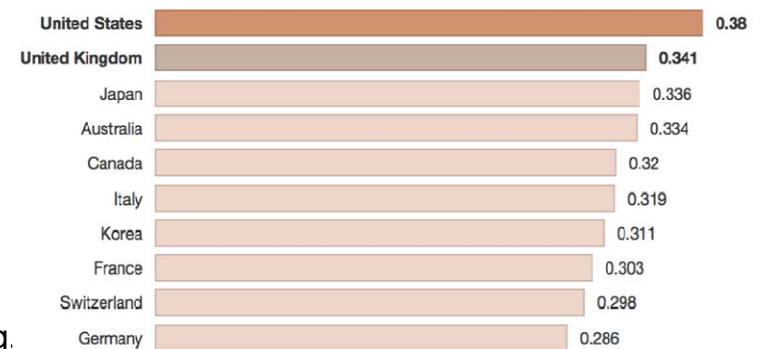
Responding to Extreme Inequality



- The Problem: Extreme inequality in the United States is not working:
 - It is wrong.
 - It intensifies racial and social inequality and political unrest and instability.
 - It slows economic growth.
 - Undercuts democracy/civic engagement
- Understanding the Problem
 - Income Inequality.
 - Wealth inequality.
 - Gender and race inequality.
 - Community-based inequality
- Designing the Solutions
 - Increased earnings/supports for low skilled jobs.
 - Redeploy current wealth-building.
 - Create progressive opportunities for wealth building.
 - Reduce the role of wealth in building human capital
 - Engage in income redistribution policies

- Implementing the Solutions
 - Education across the Grand Challenges
 - Frame to the political time of instability and contestation
 - New opening to use of fiscal policy
 - Examine tax system, welfare state, public investments for trade-offs
 - Include a focus on the top 1%.

Gini coefficient for ten largest rich economies



Created with [Datawrapper](#)

Source: OECD

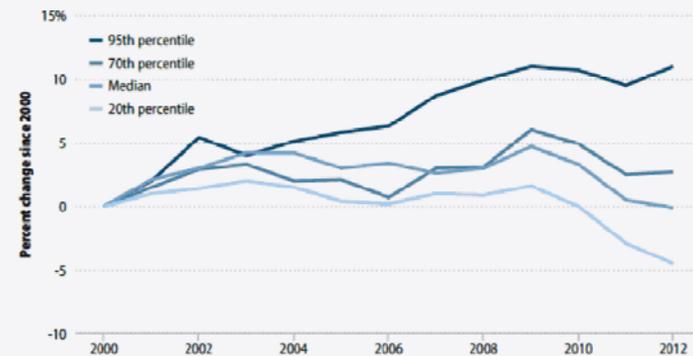


Responding to Income Inequality



- Increase wage, hours, and tenure stability.
- Increase Earned Income Tax Credit (EITC) and its coverage to a larger population.
- Increase Child Care Affordability and Availability.
- Invest in public and private sector job creation.
- Expand unemployment insurance.
- Consider income alternatives: guaranteed minimum income/family allowances/national job promise.
- Work on programs across the life cycle, including both young and old.
- Frame: investing in all people (human capital) “All means all”.

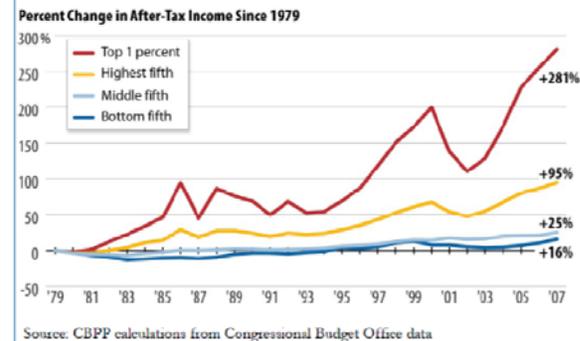
FIGURE C www.interactive.epl.org
Real average hourly wage growth, by percentile, 2000–2012



Source: Authors' analysis of Current Population Survey Outgoing Rotation Group microdata

ECONOMIC POLICY INSTITUTE

FIGURE 1:
Income Gains at the Top Dwarf Those of
Low- and Middle-Income Households



Source: CBPP calculations from Congressional Budget Office data

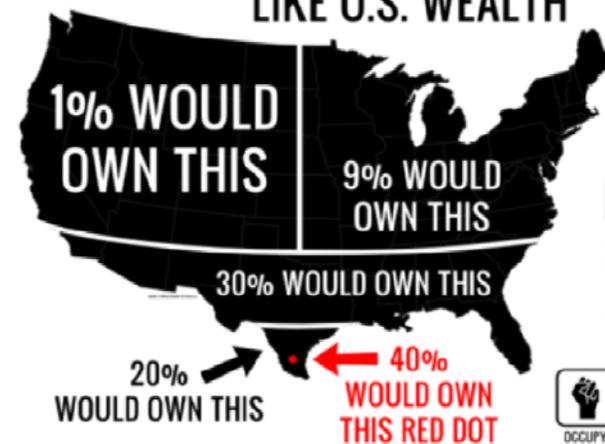


Responding to Wealth Inequality



- Tax reform to cease privileging income from capital over income from labor.
- Fair wealth building subsidies in retirement (This public support should be available similarly to all levels of income).
- Fair wealth-building subsidies for housing
- Create policies for inclusive wealth-building across income strata
- Reduce the role of wealth and income in building human capital

IF U.S. LAND MASS WERE DIVIDED
LIKE U.S. WEALTH





Responding to the Challenge: Next Steps



Inequality in the United States today creates hardship for households, a suboptimal economy, and social instability. Inequality is not caused solely by the market. Misguided public policies contribute hugely to inequality; thus, a partial remedy lies in the design and implementation of more positive policies.

Achieving the policy goals discussed here will require advances in policy design and changes in public will. The grandness of this challenge lies not in the depth of the required technical knowledge but in the more daunting task of crafting and executing political changes within a legislative system that is too often beholden to the interests of the wealthy.

Need policies ready to move forward:

- Labor force policies

- Balance between market and welfare policies

- Work at multiple levels: local/state/federal

Think in terms of investments:

- Tax Codes (privilege small business/privilege

- small savers/investors

- Infrastructure (physical)

- Service structure

- Education and training