

Is Income Inequality a Problem?

Our discussion this session proceeds from a ‘mini-case.’ Case discussion is most satisfying of course when we prepare. The trove of information below invites your exploration. (To see number of pages, approximate word count, or video length, hover over a link. A printable pdf, [here](#).)

To anchor your prep, suggest you view the first half-hour of a [video](#) (first few minutes are intro, linked below also) that goes to the heart of Robert Putnam's The Upswing.

We plan to discuss answers to the four questions in red.



1. Does the US have a problem with income inequality?

To set the US case among its neighbors: An [OECD chart](#) compares income inequality across 39 nations. The US comes in 6th from the bottom by one measure, by other measures 4th or even 3rd from the bottom.

For historical context, [The Great Leveler](#) traces forces that reduce inequality, over literally thousands of years. (A promo video at the link summarizes very briefly.) This [Opinion piece](#) reveals sometimes-startling parallels during a great pandemic from the 14th century, and reactions that followed against inequality.

Over the last two decades, three authors – two of them prominent voices heralding opposite ends of the political spectrum – have exhaustively examined inequality.

A Republican two decades back

Kevin Phillips was a pivotal Republican strategist, credited with the decisive Southern Strategy that reestablished Republicans electorally. But about 20 years ago, discordant with this past, Phillips published what some say is the definitive, book-length documentation of inequality, [Wealth and Democracy](#). In lieu of those 473 pages, here also is an accessible treatment.

<https://aeon.co/essays/history-tells-us-where-the-wealth-gap-leads>

Want to read from those who would try to take Phillips down? See this book review:

<https://fee.org/articles/book-review-the-politics-of-rich-and-poor-wealth-and-the-american-electorate-in-the-reagan-aftermath-by-kevin-phillips/>

A French economist

Next, in 2013 Thomas Piketty published [Capital in the Twenty-First Century](#), which got a lot of press. Here is a [free download](#) of the book, here is Piketty in ‘[a lot less than 696 pages](#),’ here is an [hour interview](#) with him, and here a [streamable](#) documentary released 2020.

Now a counterview of Piketty from the Cato Institute, [Anti-Piketty](#).

Third is a progressive voice

Robert Putnam is past Dean of the Harvard Kennedy School and author of the acclaimed Bowling Alone. In The Upswing, 2020, he exhaustively enumerates Kevin Phillips' curve of disparities across a century – *high-falling-high again* – from the early 1900's to now.

For an hour-long discussion with Robert Putnam and his co author, last year (thanks, Jack B!), see:

<https://www.youtube.com/watch?v=pfOH5xKNYeE>

Please review Putnam's The Upswing, at least chapters 2 and 8.

2. What precipitates income inequality?

Causes

Kevin Phillips, Thomas Piketty, and Robert Putnam all offer analyses of causation.

Here is New York Times reportage from September just past, of money openly buying privilege:

<https://www.nytimes.com/2021/09/19/business/accounting-firms-tax-loopholes-government.html>

Is there a cycle, where this 'money in politics' multiplies the wealth of the few, commensurately amplifies inequality, then repeats, to ratchet step-by-step up?

A 2014 Princeton study concluded that the US has become a plutocracy, not a democracy. That is, monied interests, not the citizen electorate, call the legislative shots.

3. What is the impact of income inequality?

Effects

In the richest country in the world, American families have [not been able to feed](#) adequately 18 million children, 1 in 4 – children who may get a meal only because it is free midday, at school.

With funding for K–12 education largely through real estate taxes, also with poor inner-city education (as we heard about in our January discussion group meeting), the gulf of economic disparities appears to have produced a greater-than-twenty percent under-class, [functionally illiterate](#).

In the business world, the [average ratio](#) of CEO compensation to that of the median worker, from the mid-20th century to today, has mushroomed 1,671% – from 21 times in 1965, to 351 times today.

For a ‘this, then that’ view on impacts, see:

“[How does income inequality affect our lives?](#)” (from the OECD, to access use the ‘Read’ function offered)

But are there also other impacts such as threats to our democracy, for instance when a strongman political figure now is able to work a more alienated, pliant constituency (a subject to be explored at our next meeting)?

4. Confronted with this and other evidence, some of it disputed, what should Mr. Biden do, if anything, about income and wealth and status inequality?

The curve of disparities across a century – high-falling-high again – is conceived by Putnam as “I-we-I.” In [The Upswing](#) he suggests how we may use some of the lessons that were learned in the first part of the 20th

century from the Depression, and New Deal reforms following. As a way to turn back to a “we” that has less inequality.

Phillips and Piketty also make prescriptions.

What should Mr. Biden do now?