

Inequality, Economic Crisis & the 2012 Presidential Election

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EDF-Alliance Executive Workshop
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Outline

ñ The Great Recession

ñ Growing Inequality

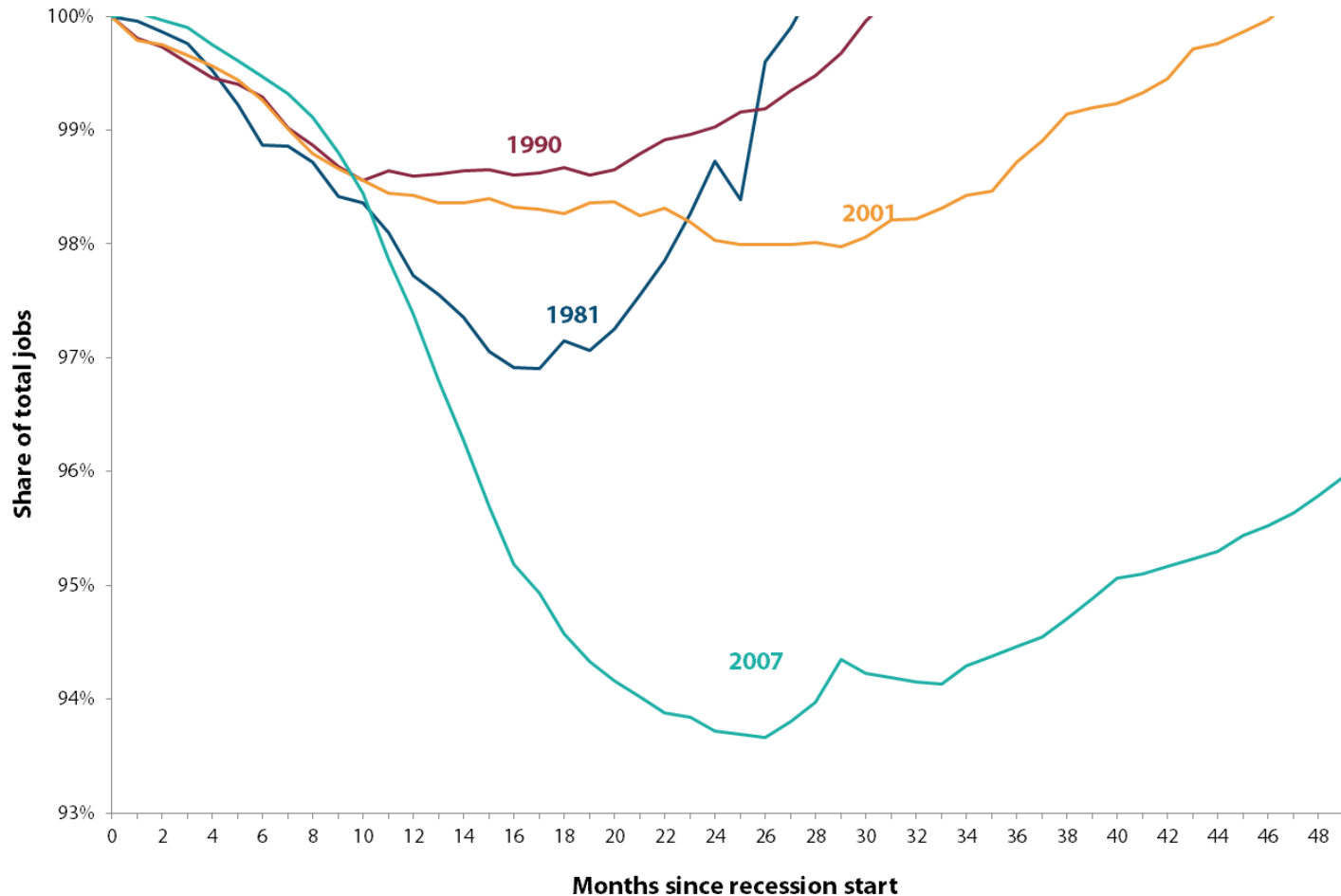
ñ Growing Polarization

ñ 2012 Presidential Election

The Great Recession



The Worst Recession:
Indexed job loss for prior four recessions



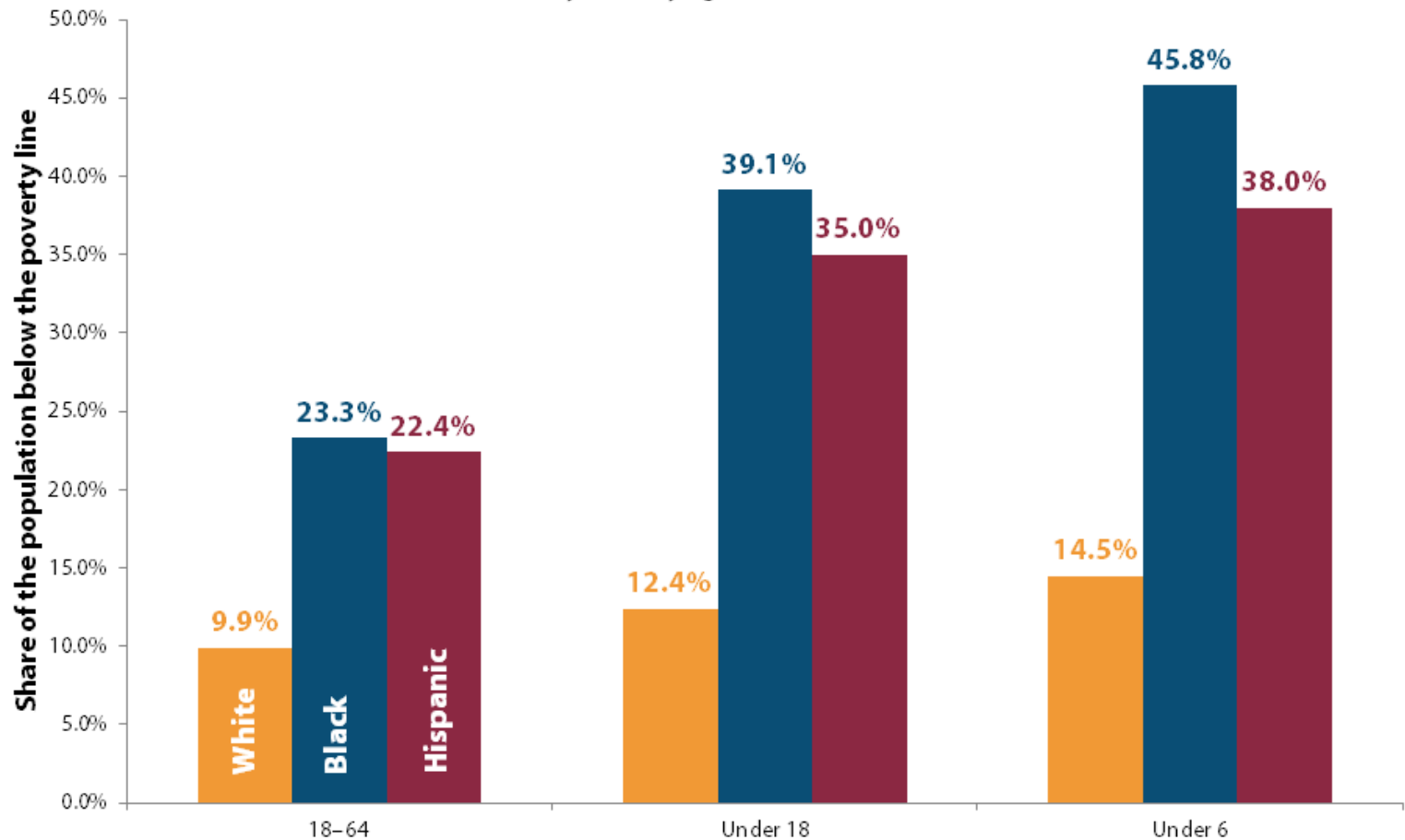
Source: EPI analysis of Bureau of Labor Statistics data

The Great Recession

8

The Great Recession

Poverty rates higher among young children
Poverty rates by age and race, 2010



Source: U.S. Census Bureau, *Income, Poverty and Health Insurance Coverage in the United States: 2010 – Historical Poverty Tables*, Table 3: "Poverty Status by Age, Race, and Hispanic Origin," Excel spreadsheet accessed November 29, 2011.
EPI analysis of Current Population Survey Annual Social and Economic Supplement microdata.

Economic Inequality

Table 7: Income equality in selected countries

Country/Overall Rank	Gini Coefficient
1. Sweden	23.0
2. Norway	25.0
8. Austria	26.0
10. Germany	27.0
17. Denmark	29.0
25. Australia	30.5
34. Italy	32.0
35. Canada	32.1
37. France	32.7
42. Switzerland	33.7
43. United Kingdom	34.0
45. Egypt	34.4
56. India	36.8
61. Japan	38.1
68. Israel	39.2
81. China	41.5
82. Russia	42.3
90. Iran	44.5
93. United States	45.0
107. Mexico	48.2
125. Brazil	56.7
133. South Africa	65.0

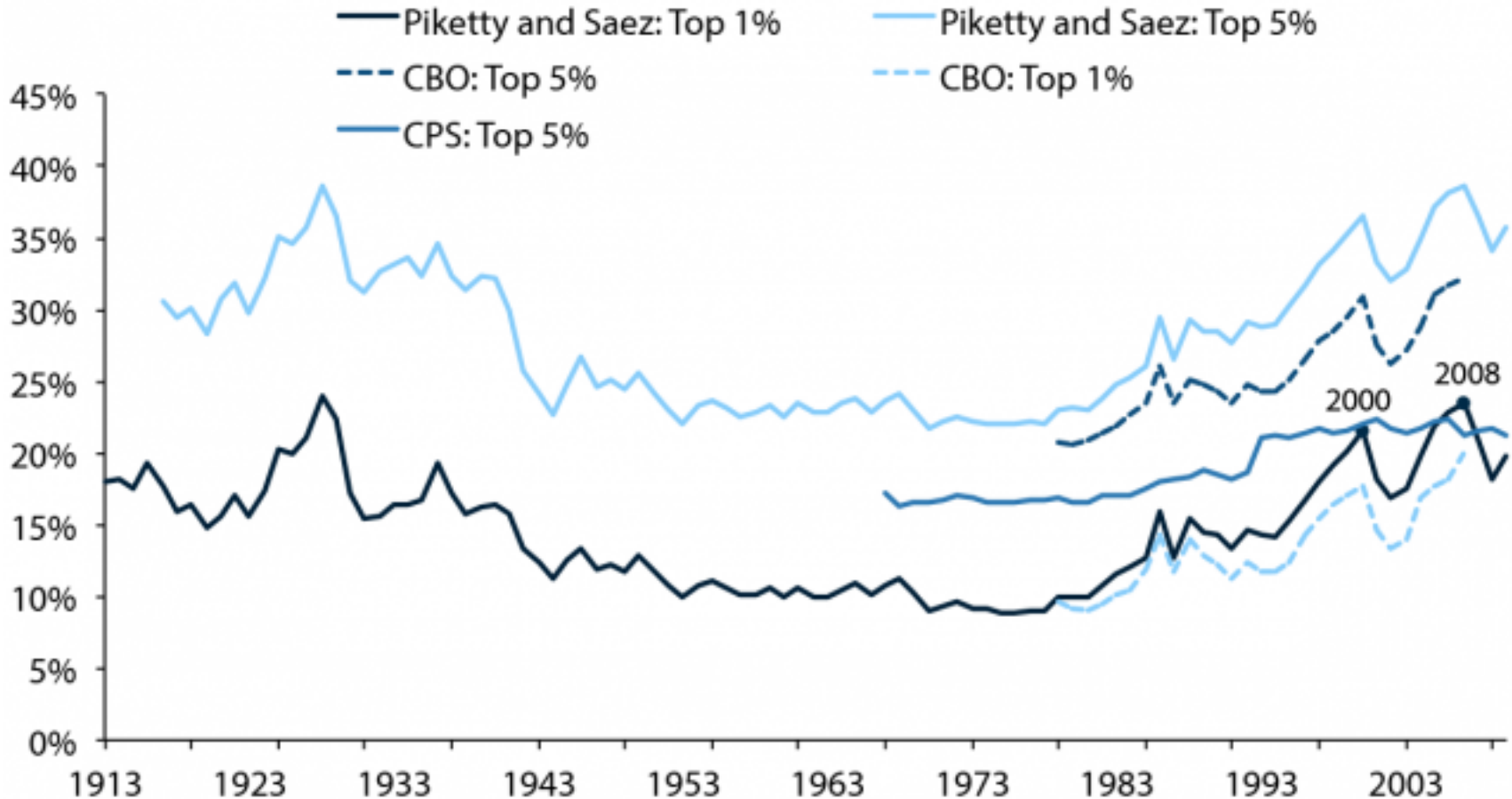
Note: These figures reflect family/household income, not individual income.

Source: Central Intelligence Agency (2010).

Growing Economic Inequality



Growing Economic Inequality



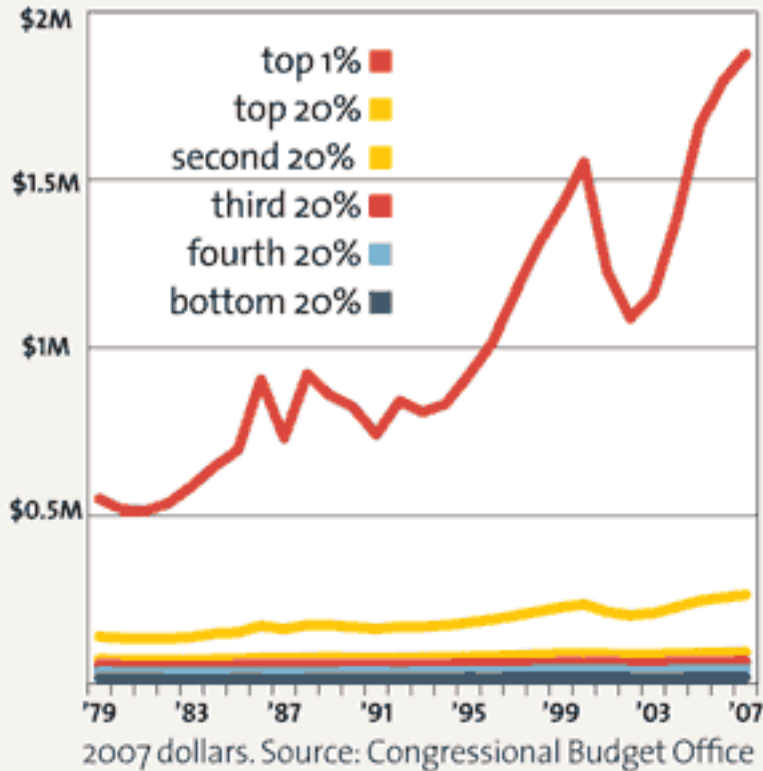
Source: <http://stateofworkingamerica.org/chart/swa-income-text-box-figure-share-income/>

Growing Economic Inequality

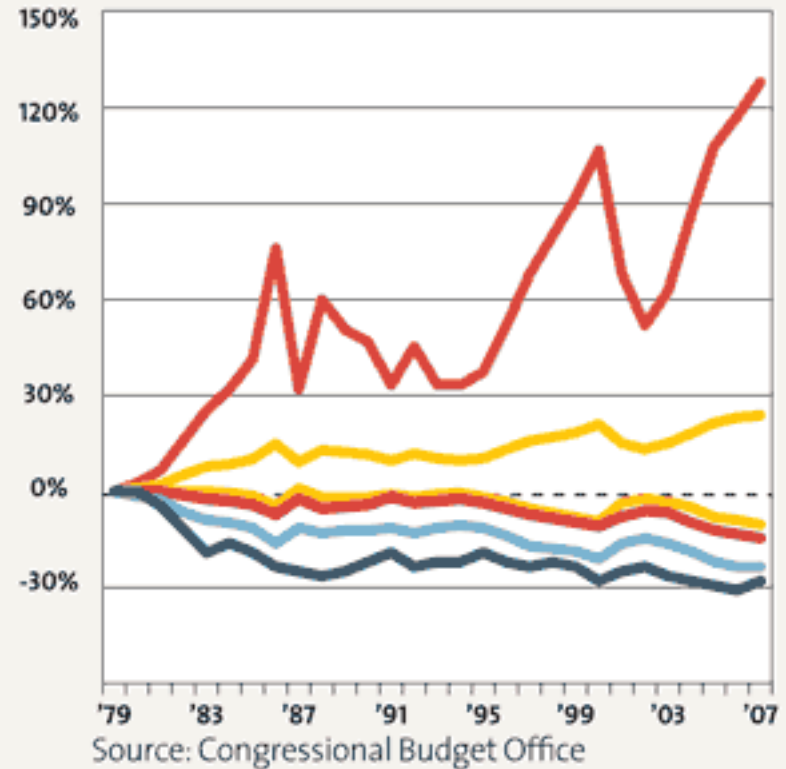
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Growing Economic Inequality

AVERAGE HOUSEHOLD INCOME
before taxes



CHANGE IN SHARE OF INCOME
vs. 1979, after taxes



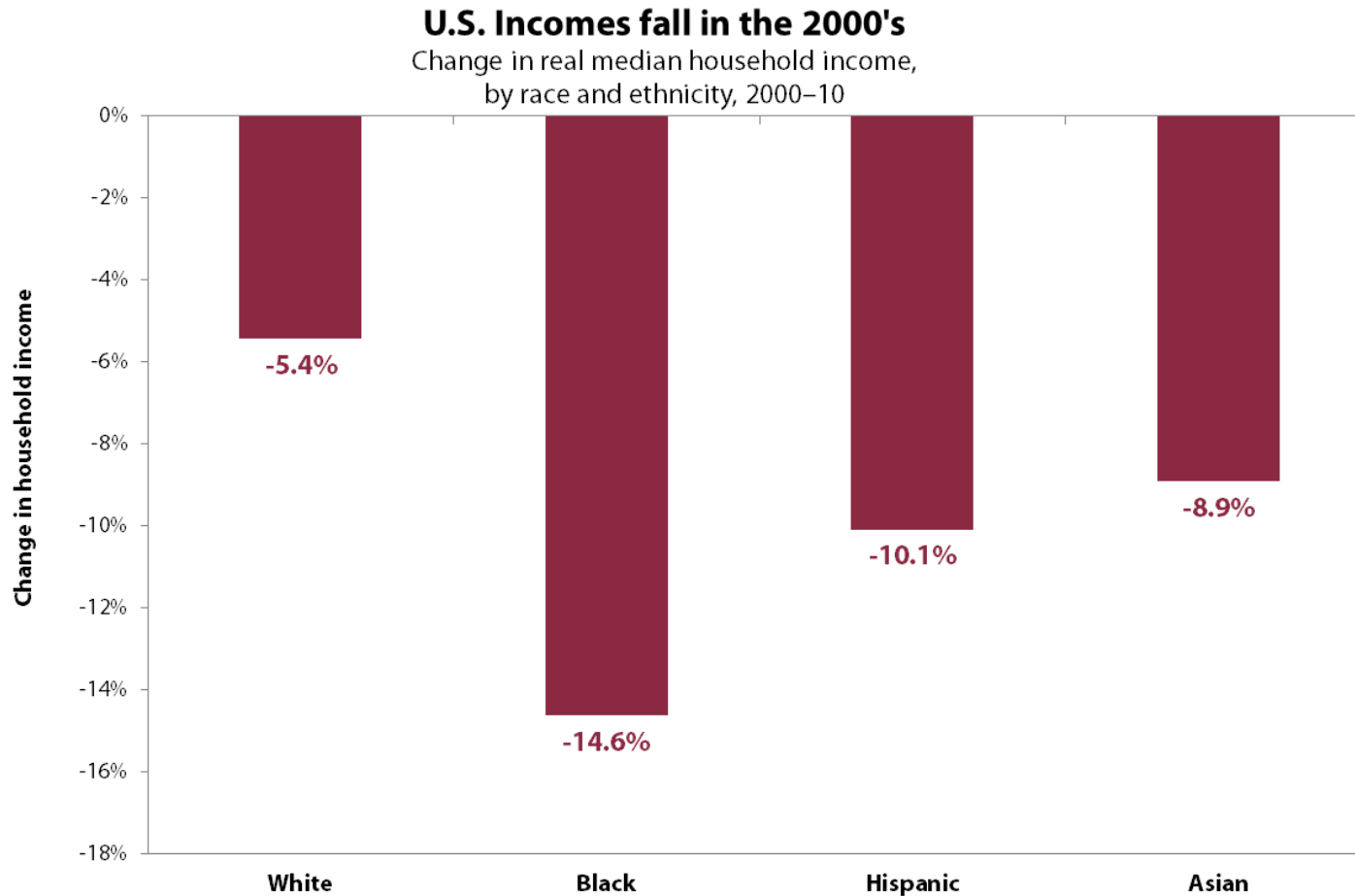
Growing Economic Inequality



Growing Economic Inequality



Growing Economic Inequality



Source: EPI analysis of U.S. Census Bureau, *Income, Poverty and Health Insurance Coverage in the United States: 2010 – Historical Income Tables*, H 5: Race and Hispanic Origin of Householder–Household by Median and Mean Income.” Excel spreadsheet accessed November 23, 2011.

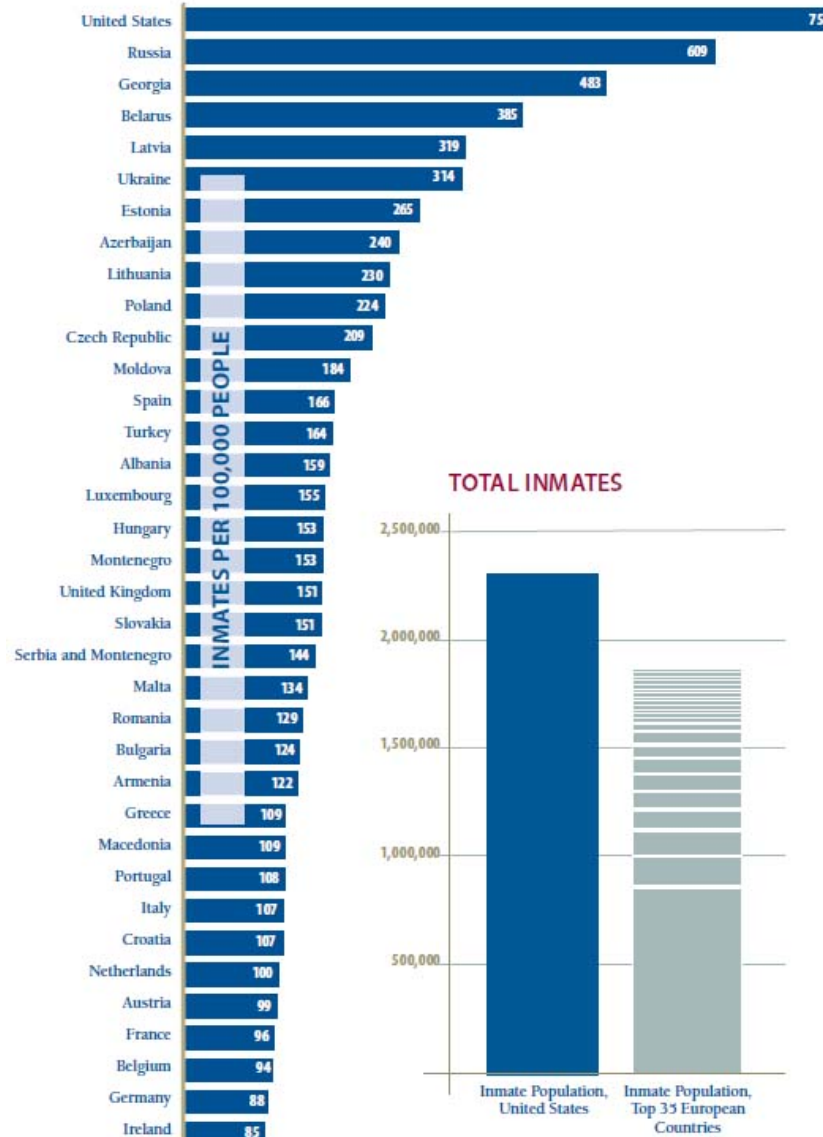
Growing Economic Inequality



The Carceral State

FIGURE 1

THE UNITED STATES HOUSES MORE INMATES THAN THE TOP 35 EUROPEAN COUNTRIES COMBINED



The Spirit Level

Why
More Equal
Societies
Almost
Always Do
Better

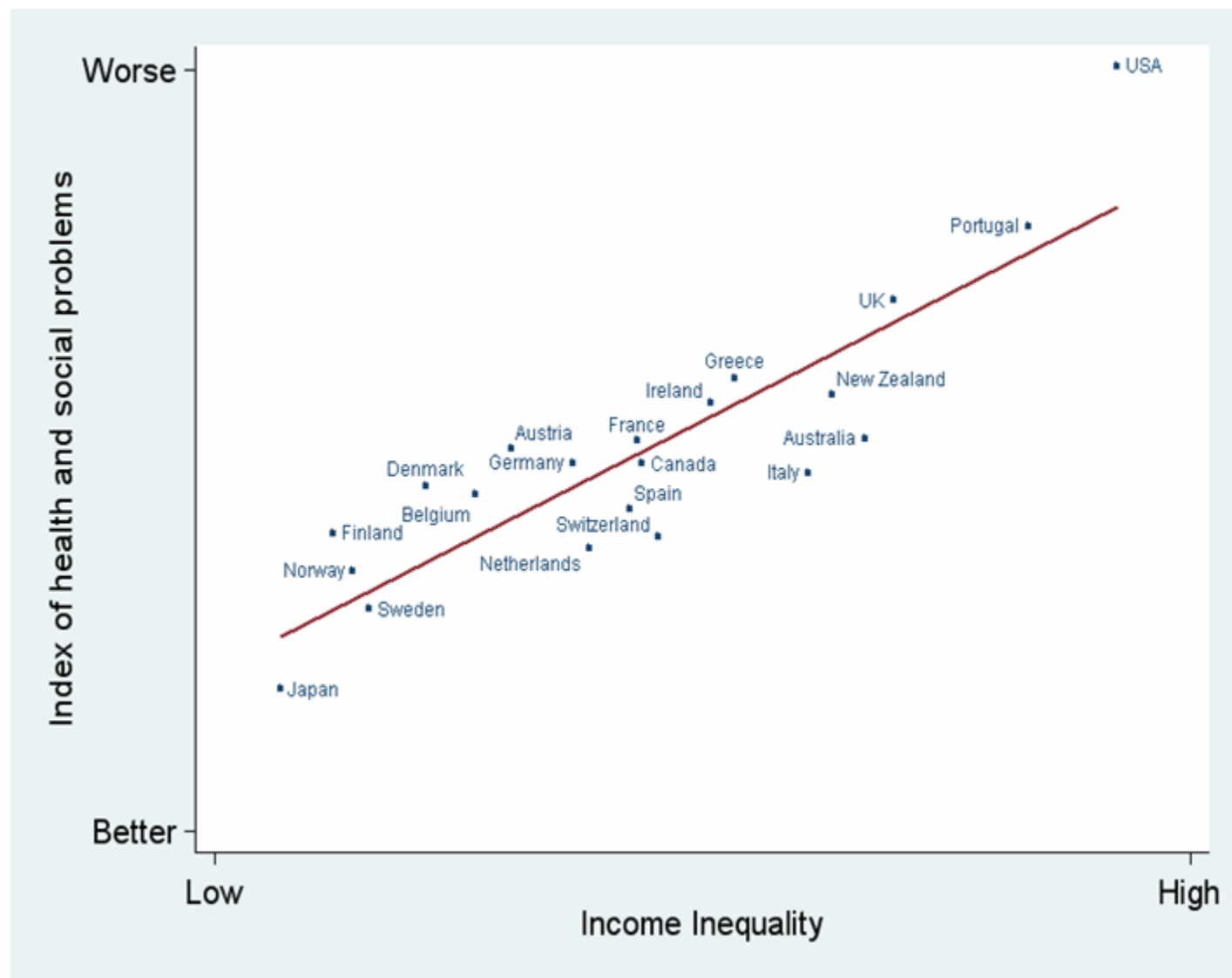
Richard
Wilkinson
and Kate
Pickett



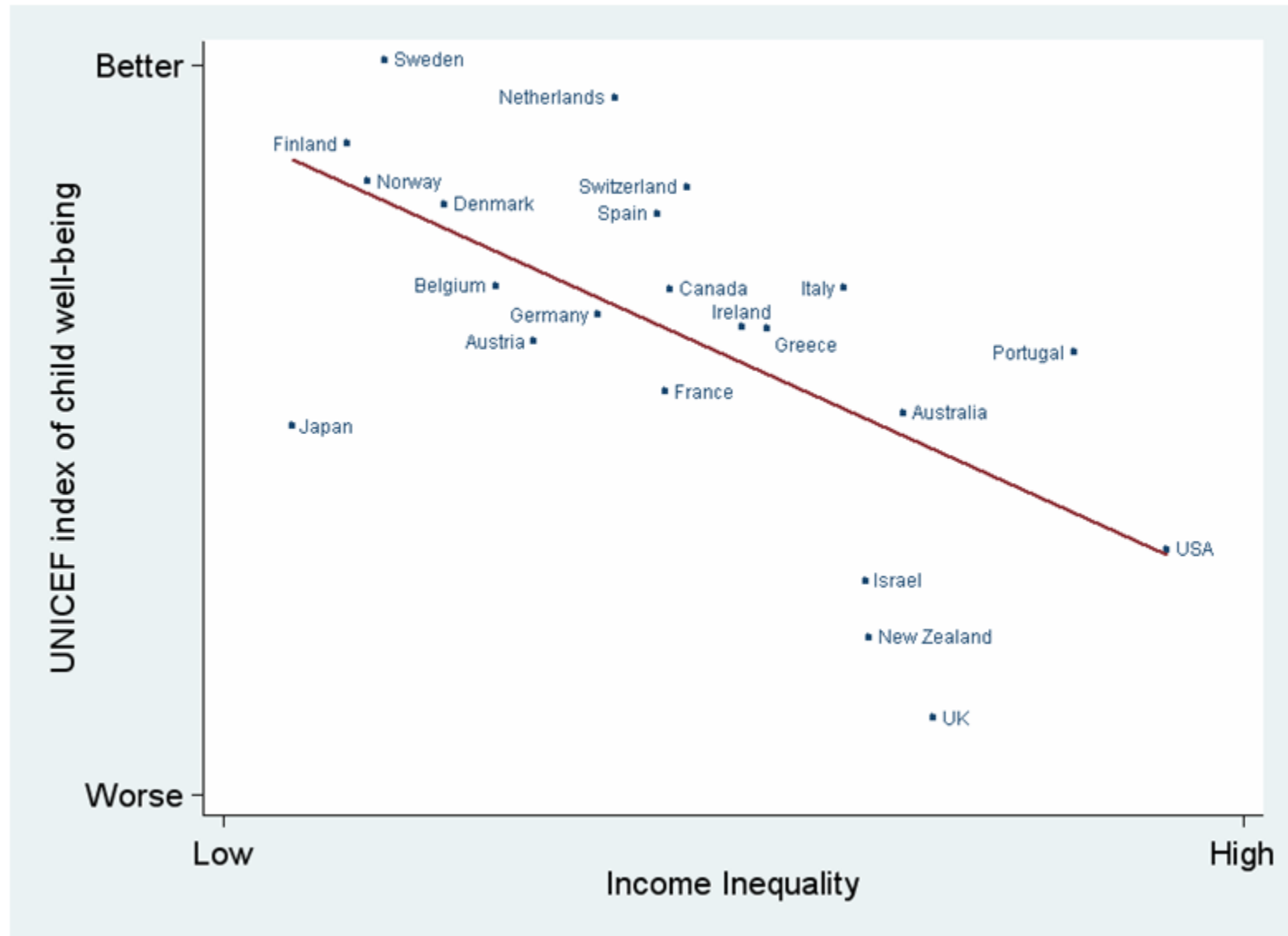
Health and Social Problems are Worse in More Unequal Countries

Index of:

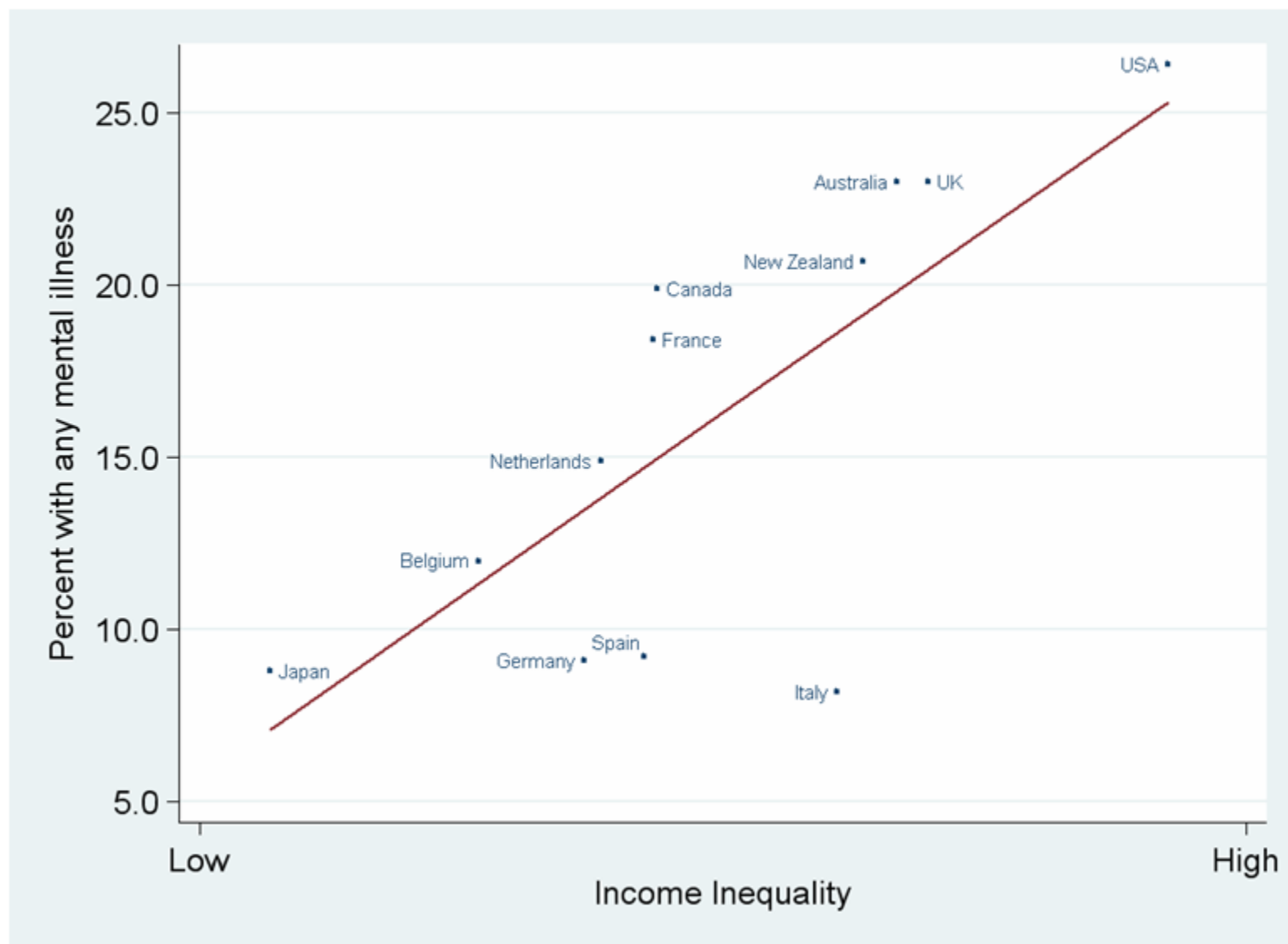
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



Child Well-being is Better in More Equal Rich Countries



The Prevalence of Mental Illness is Higher in More Unequal Rich Countries



Drug Use is More Common in More Unequal Countries



Index of use of: opiates, cocaine, cannabis, ecstasy, amphetamines

Life Expectancy is Longer in More Equal Rich Countries



Infant Mortality Rates are Higher in More Unequal Countries

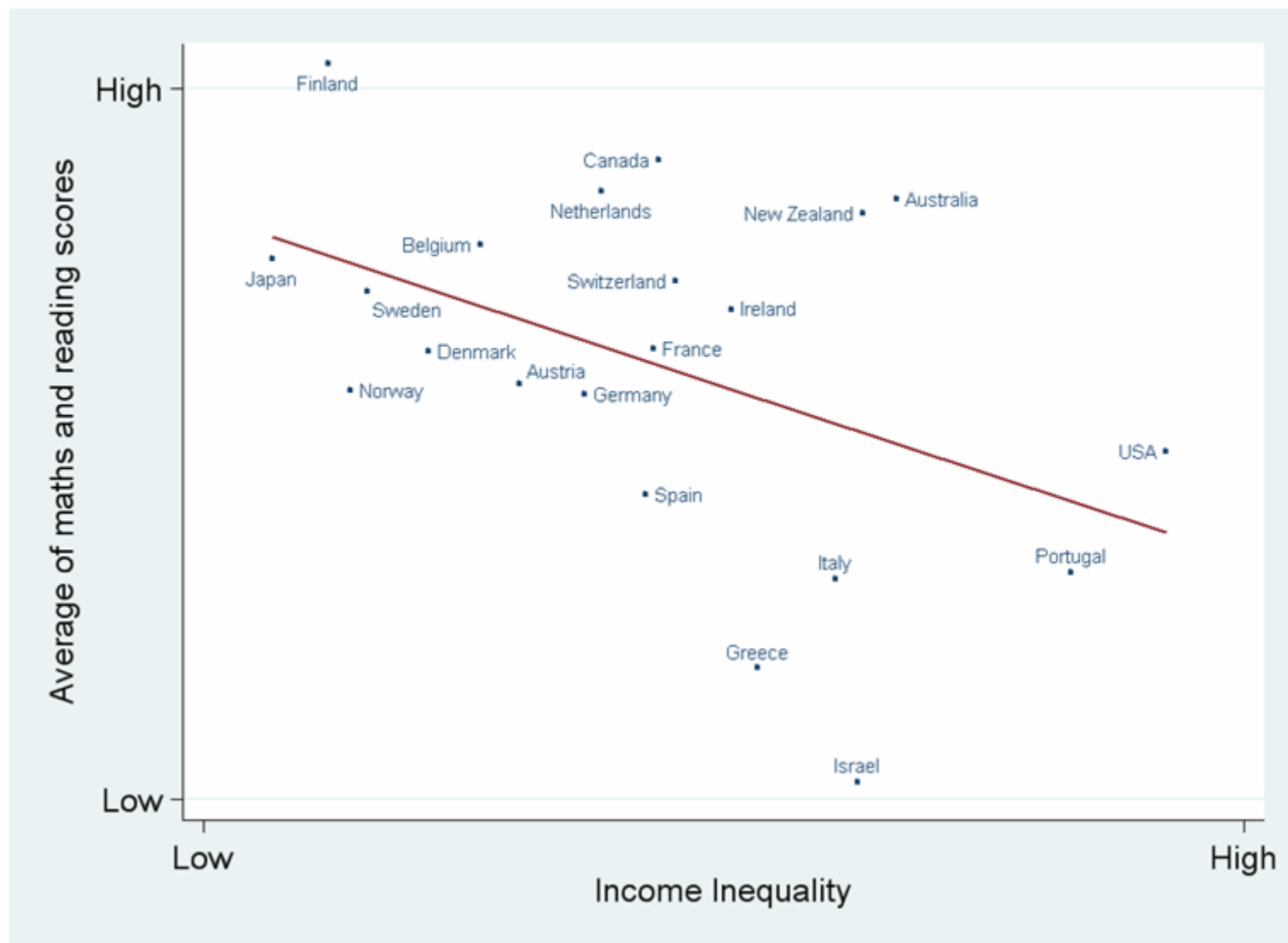


More Adults are Obese in More Unequal Rich Countries



Source: Wilkinson & Pickett, *The Spirit Level* (2009)

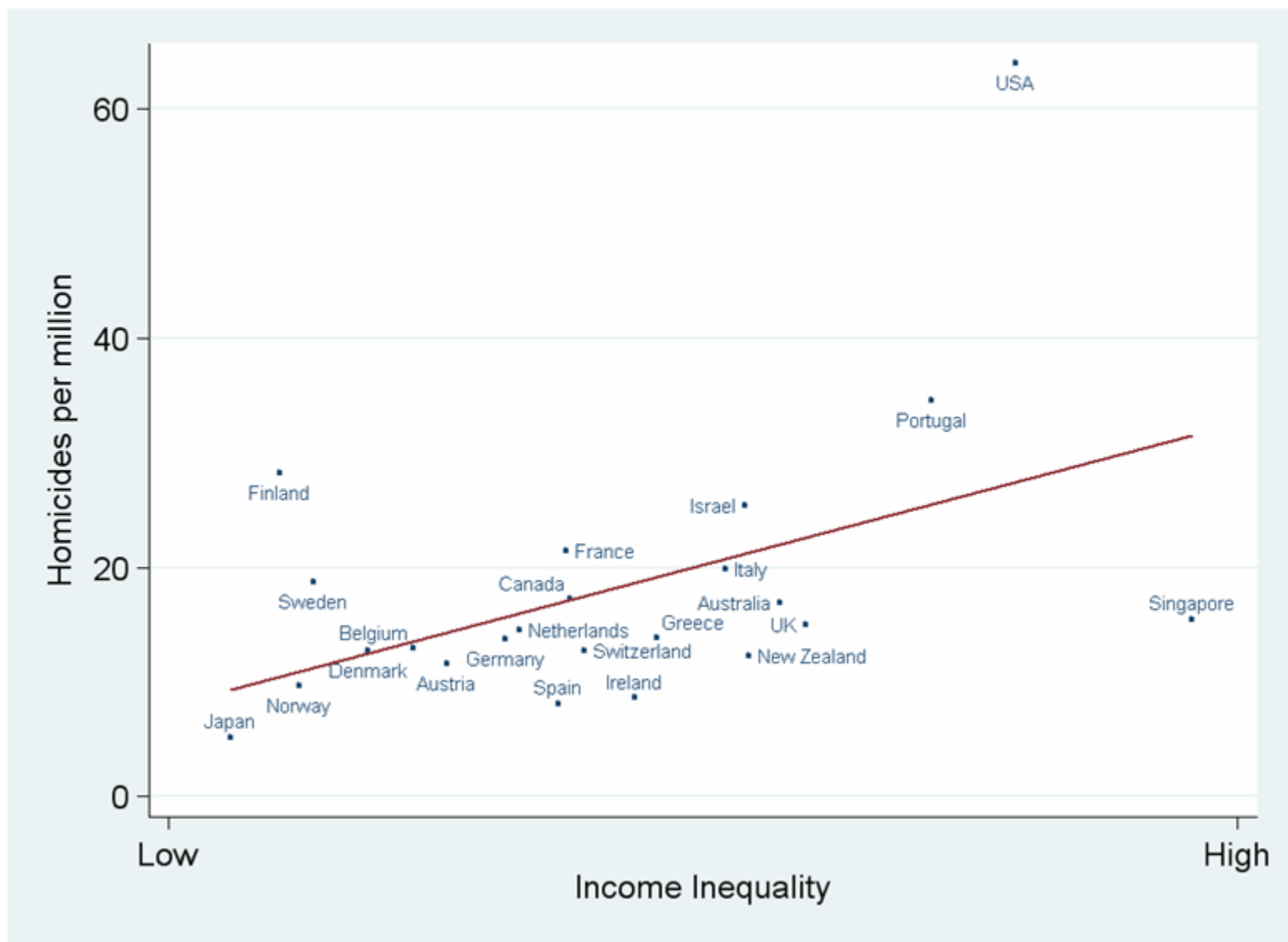
Educational Scores are Higher in More Equal Rich Countries



Teenage Birth Rates are Higher in More Unequal Rich Countries

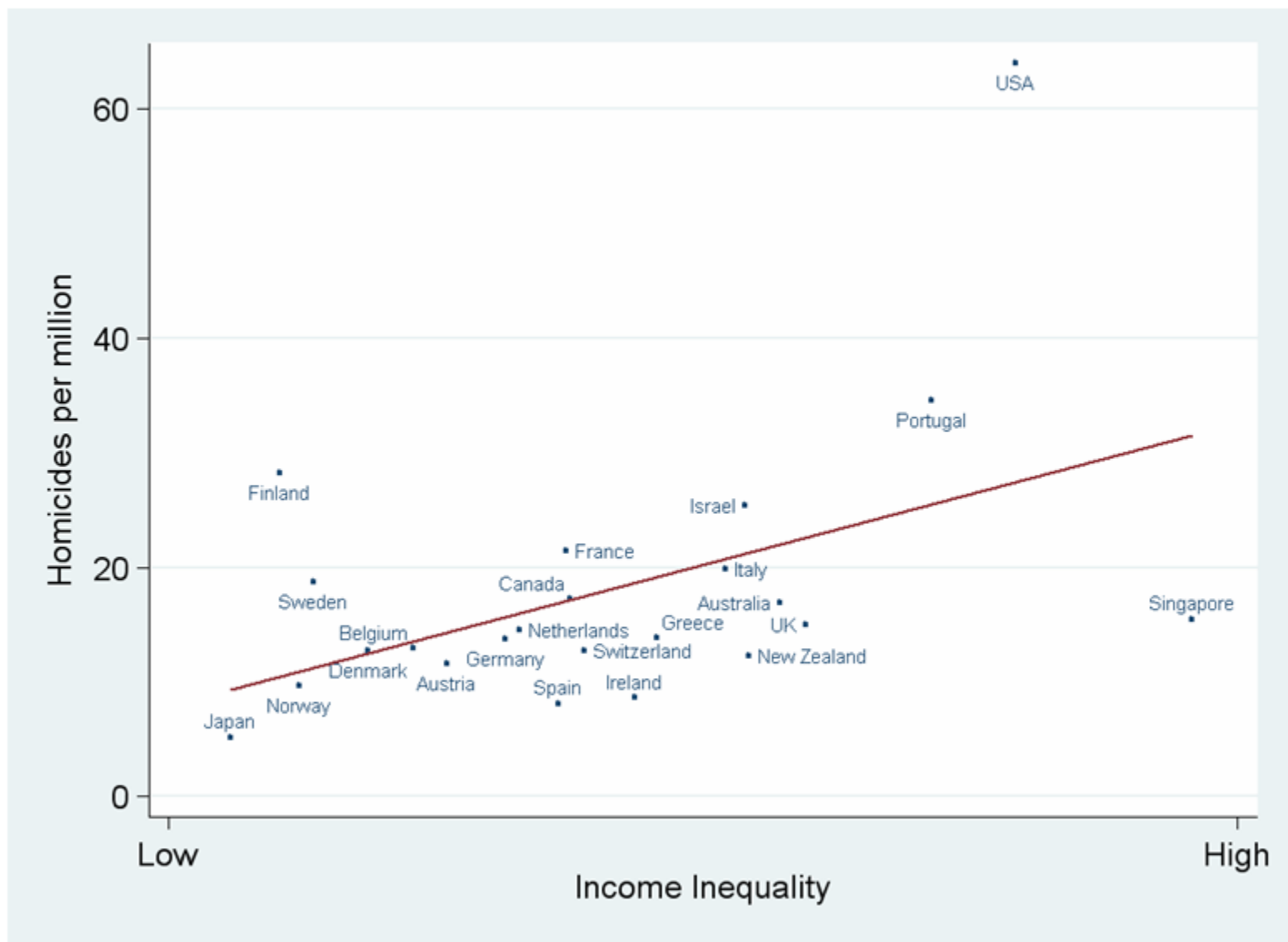


Homicide Rates are Higher in More Unequal Rich Countries



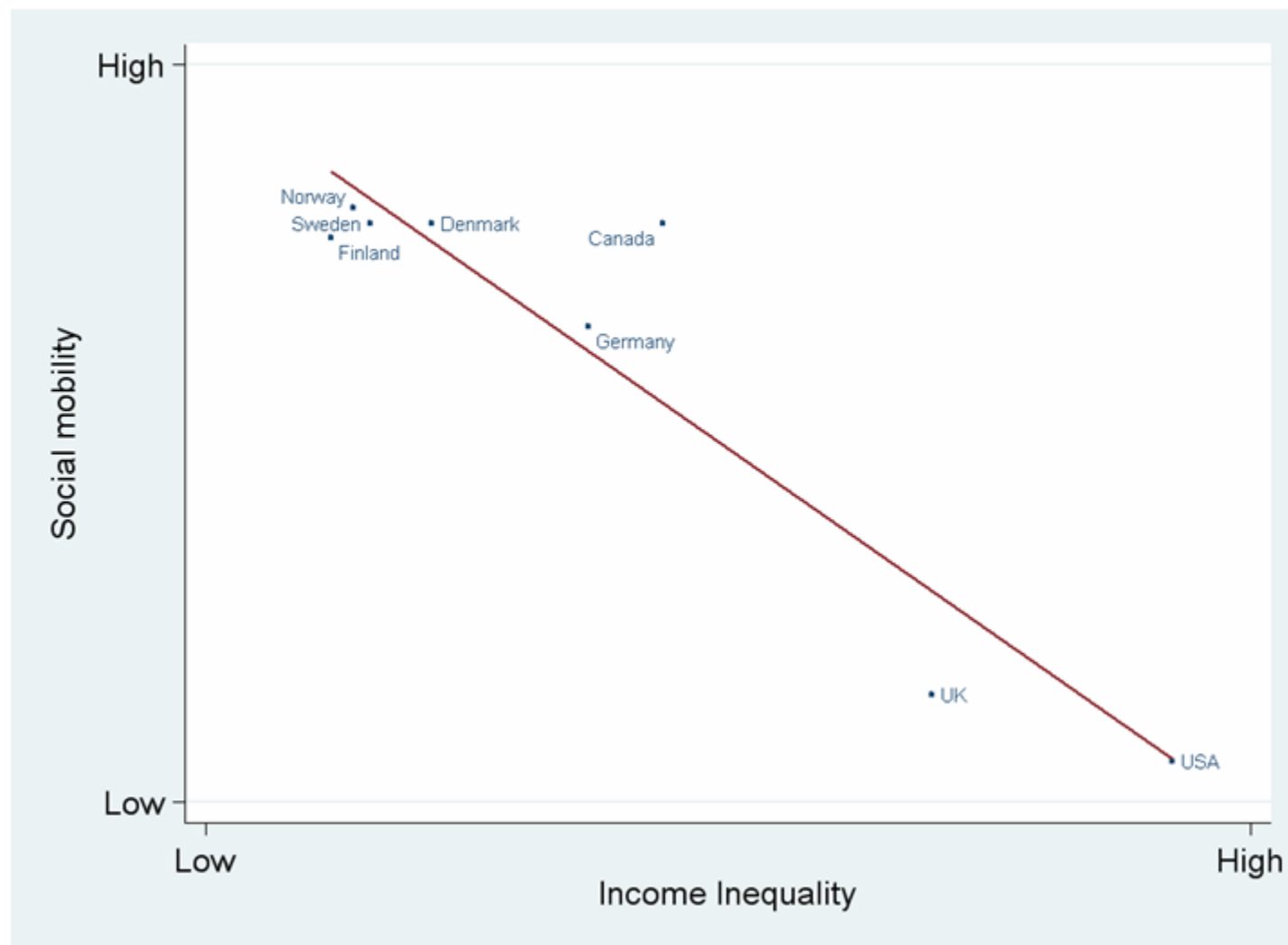
Source: Wilkinson & Pickett, *The Spirit Level* (2009)

Homicide Rates are Higher in More Unequal Rich Countries



Source: Wilkinson & Pickett, *The Spirit Level* (2009)

Social Mobility is Higher in More Equal Rich Countries



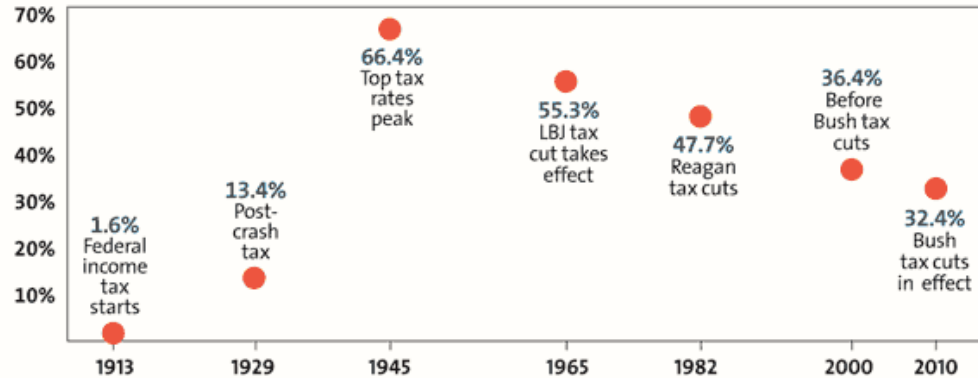
Explanations

- ñ Education (human capital), skills-biased tech. change
- ñ Globalization & structural transformation of the economy
- ñ Changing social norms

But rising inequality & economic crisis hasn't just
“happened”...

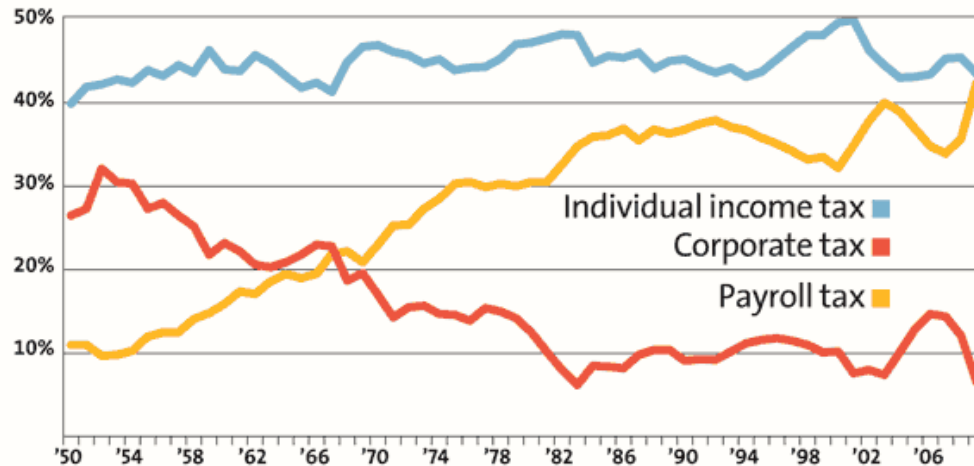
1) Tax Policy

A MILLIONAIRE'S TAX RATE, NOW AND THEN



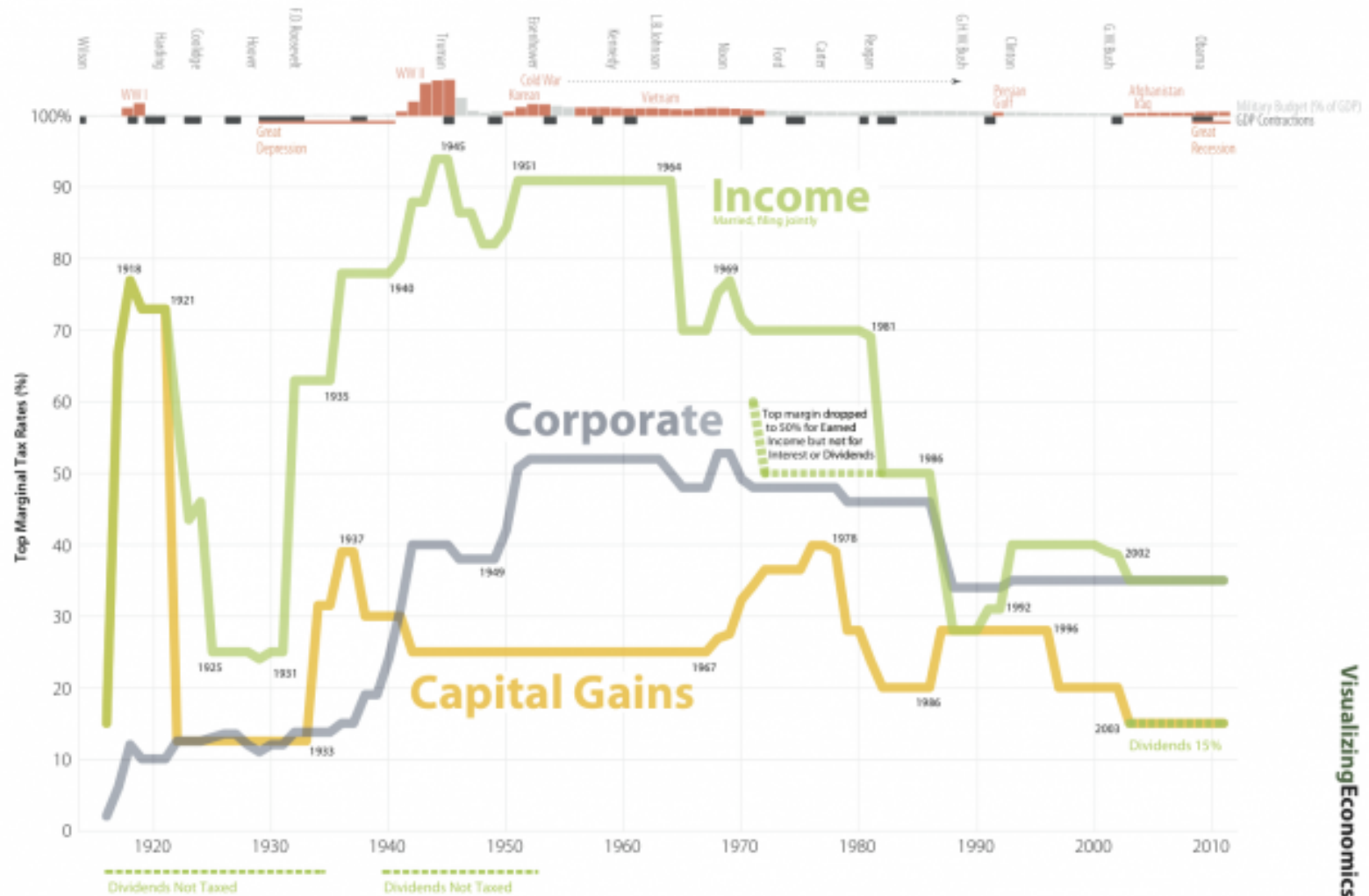
Effective tax rate for head of household earning equivalent of \$1 million of non-investment income in 2010 dollars. Source: The Tax Foundation

SHARE OF FEDERAL TAX REVENUE



Source: Senate Joint Committee on Taxation

Top Marginal Tax Rates: 1916-2011



2) Deregulation

Figure 6: Relative Financial Wage and Financial Deregulation



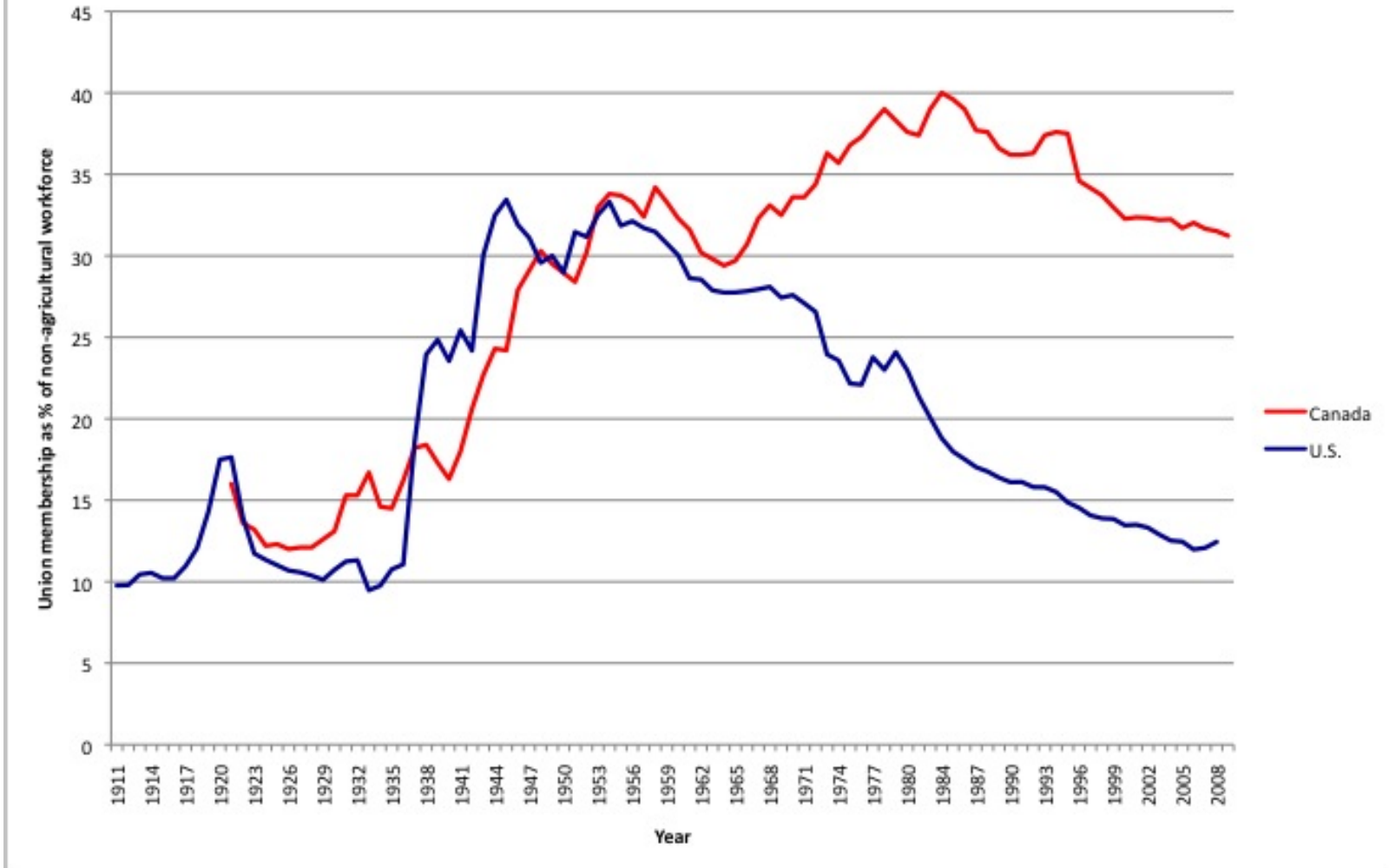
Notes: Data is derived from the Industry Accounts of the U.S. from Kuznetz (1941) and from Heston et al. (1992). The relative wage is the

3) Labor Unions/Worker Power

8

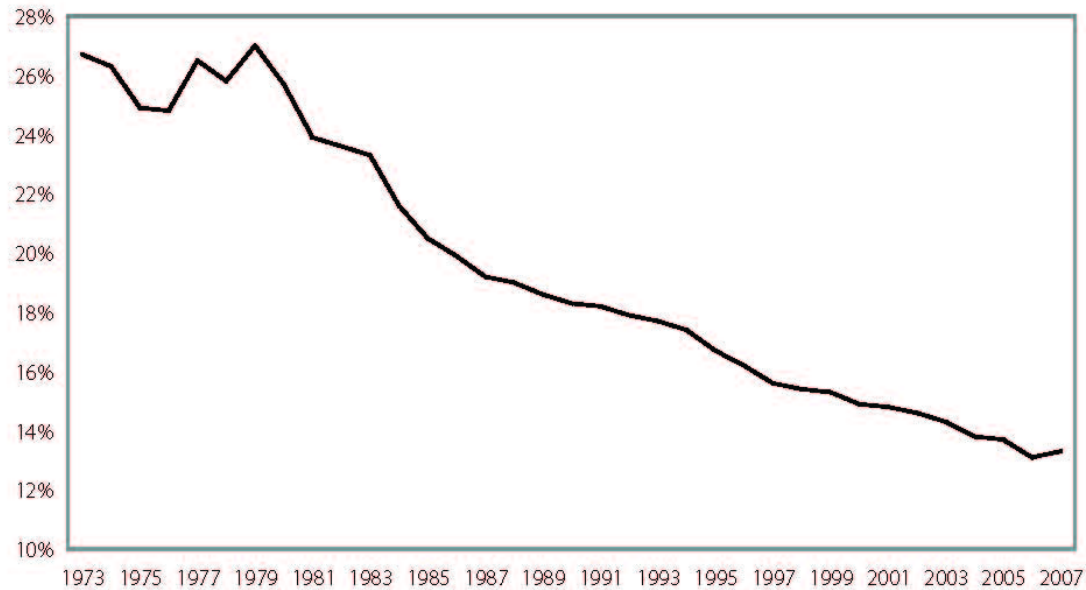
Declining Union Density

Figure 2: Union Density Rates, U.S. and Canada, 1911-2008



Declining Union Density

Union coverage rate in the United States, 1973-2007



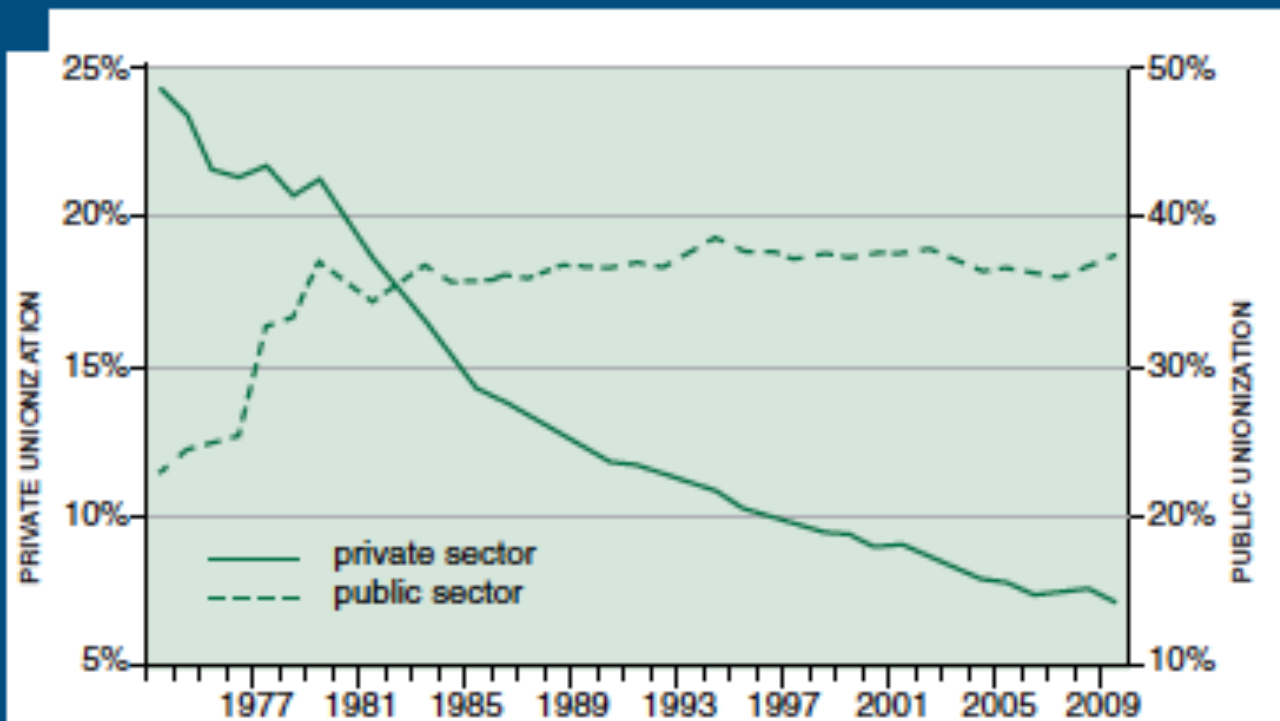
Source: Hirsch and Macpherson (2003) and authors' analysis of BLS data.

Figure 3Z from: Mishel, Lawrence, Jared Bernstein, and Heidi Shierholz, *The State of Working America* 2008/2009. An Economic Policy Institute Book. Ithaca, N.Y.: ILR Press, an Imprint of Cornell University Press, 2009.



Declining Union Density

FIGURE 1 Unionization rates by sector, 1973–2009

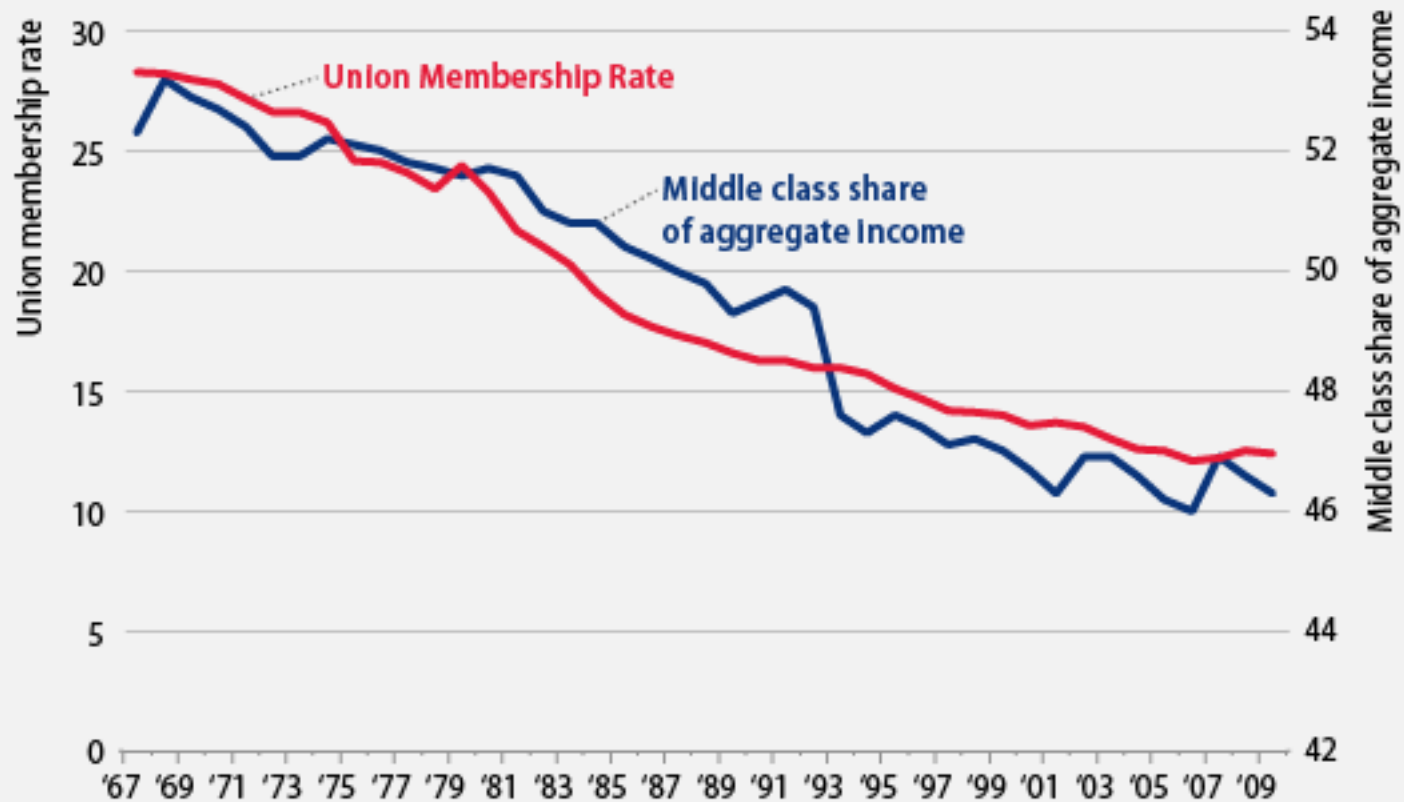


Data are provided by Barry T. Hirsch and David A. McPherson's www.unionstats.com database (2010), and are based on Current Population Survey (CPS) data. Unionization data for 1982 are unavailable; I generate 1982 estimates by averaging 1981 and 1983 rates.

Declining Union Density

Ties that bind

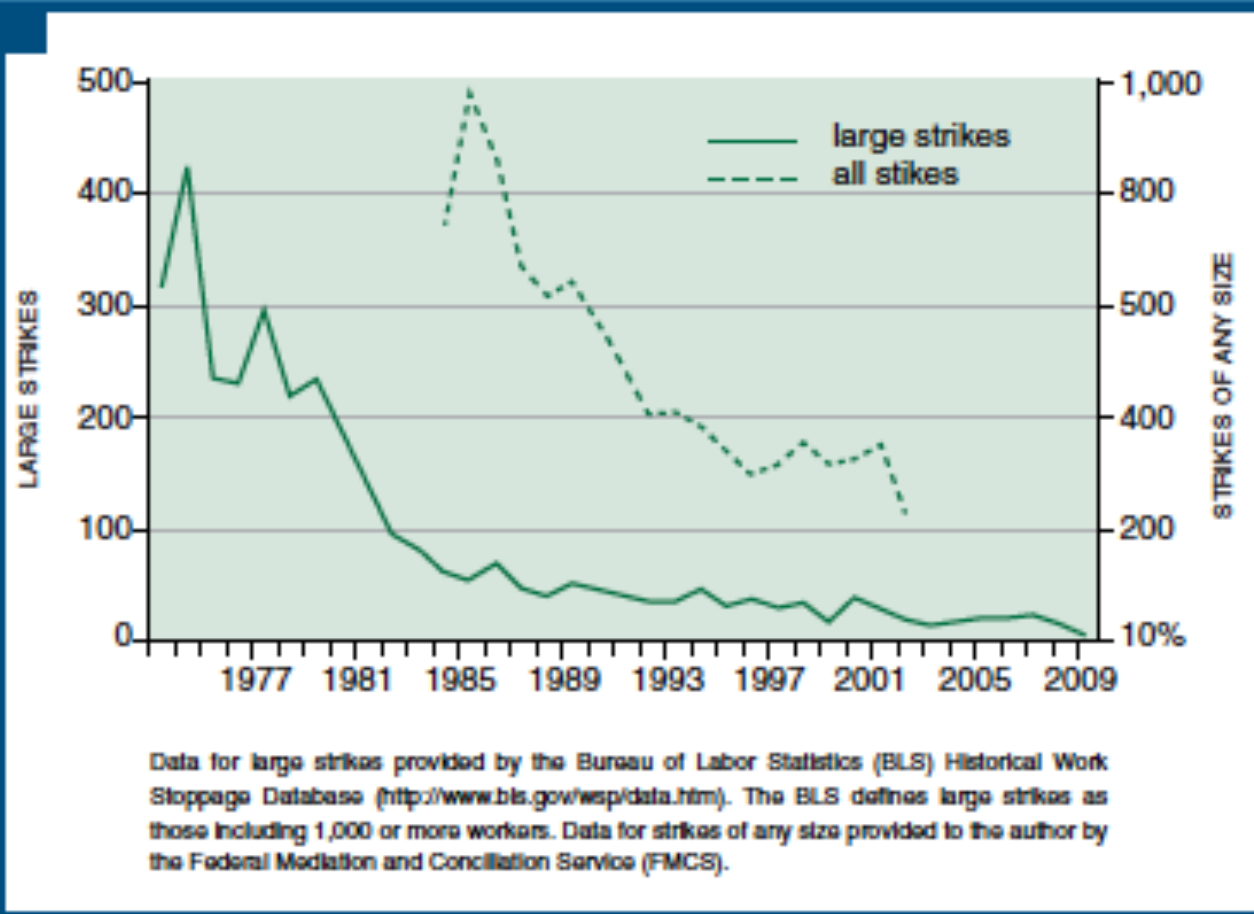
As union membership rates decrease, middle class incomes shrink



Original figure by David Madland, Karla Walters, and Nick Bunker. Sources: Union Membership Rate is from Barry T. Hirsch, David A. Macpherson, and Wayne G. Vroman, "Estimates of Union Density by State," Monthly Labor Review, Vol. 124, No.7, July 2001. Middle Class Share of Aggregate Income is from United States Census Bureau.

Declining Union Density

FIGURE 2 Work stoppages in the U.S., 1973–2009



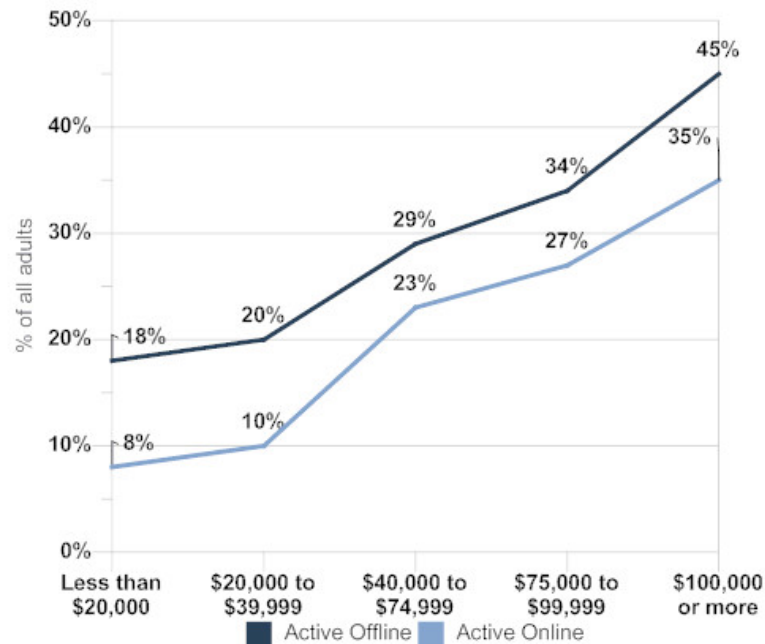
4) Minimum Wage

8

Political Inequality

Political activity is highly correlated with income, whether that activity takes place online or offline

The proportion of adults within each income category who have participated in two or more online/offline political activities within the last twelve months.



Pew Internet & American Life Project August 2008 Survey. Political activities include contacting a government official (via email or in person, by phone/letter); signing a petition (online or on paper); sending a letter to the editor (via email or US Postal Service); making a political contribution (online or offline); and communicating with a civic/political group (using digital tools or non-digital tools).

Political Inequality

Civic and political involvement in America

The proportion of adults who did each of the following in the last 12 months

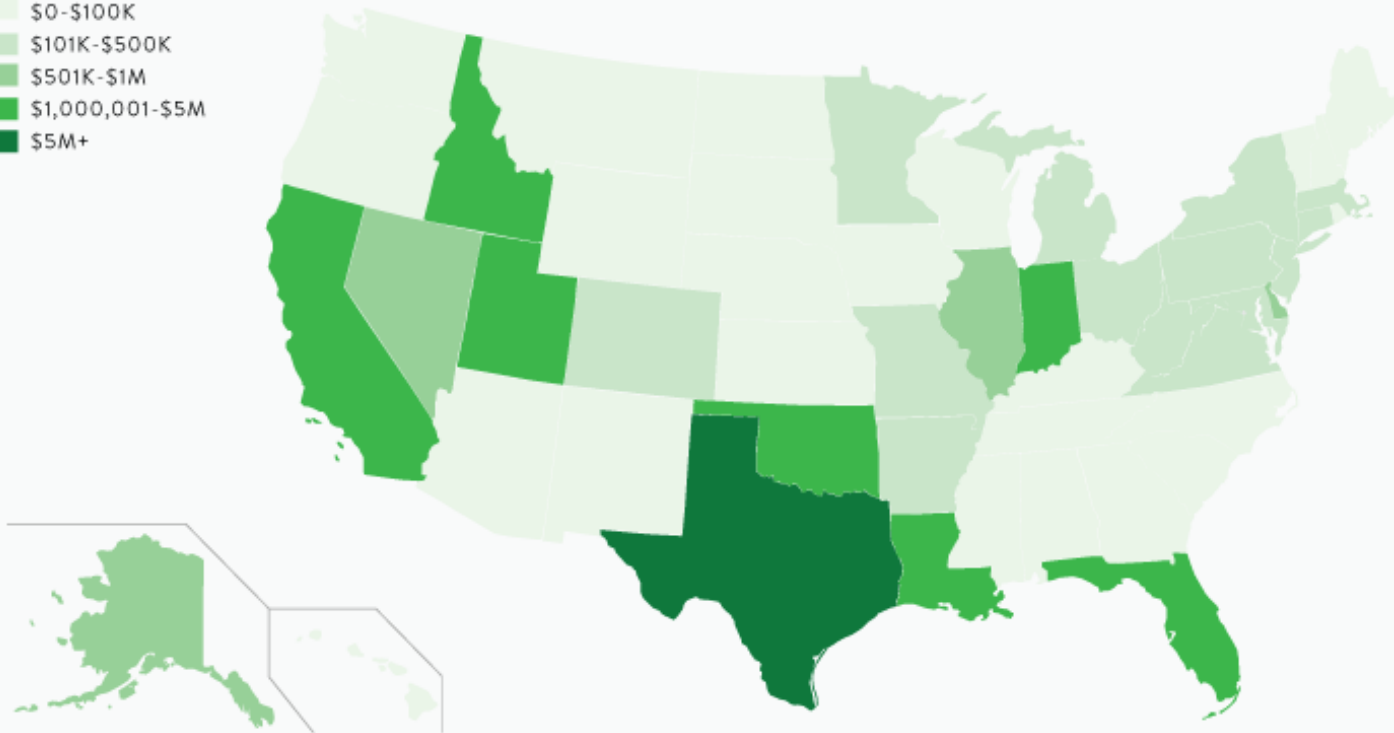
Sign a petition	32%
Contact a national, state or local government official about an issue	30
Work with fellow citizens to solve a problem in your community	28
Attend a political meeting on local, town, or school affairs	24
Contribute money to a political candidate or party or any other political organization or cause	18
Be an active member of a group that tries to influence public policy or government	15
Attend a political rally or speech	12
Send a letter to the editor to a newspaper or magazine	10
Work or volunteer for a political party or candidate	8
Make a speech about a community or local issue	7
Attend an organized protest	4
Any of these	63

Source: Pew Internet & American Life Project August 2008 Survey. Margin of error is +/-2% based on all adults (n=2,251).

Political Inequality

SUPER PAC BUSINESS CONTRIBUTIONS BY STATE, ALL TIME

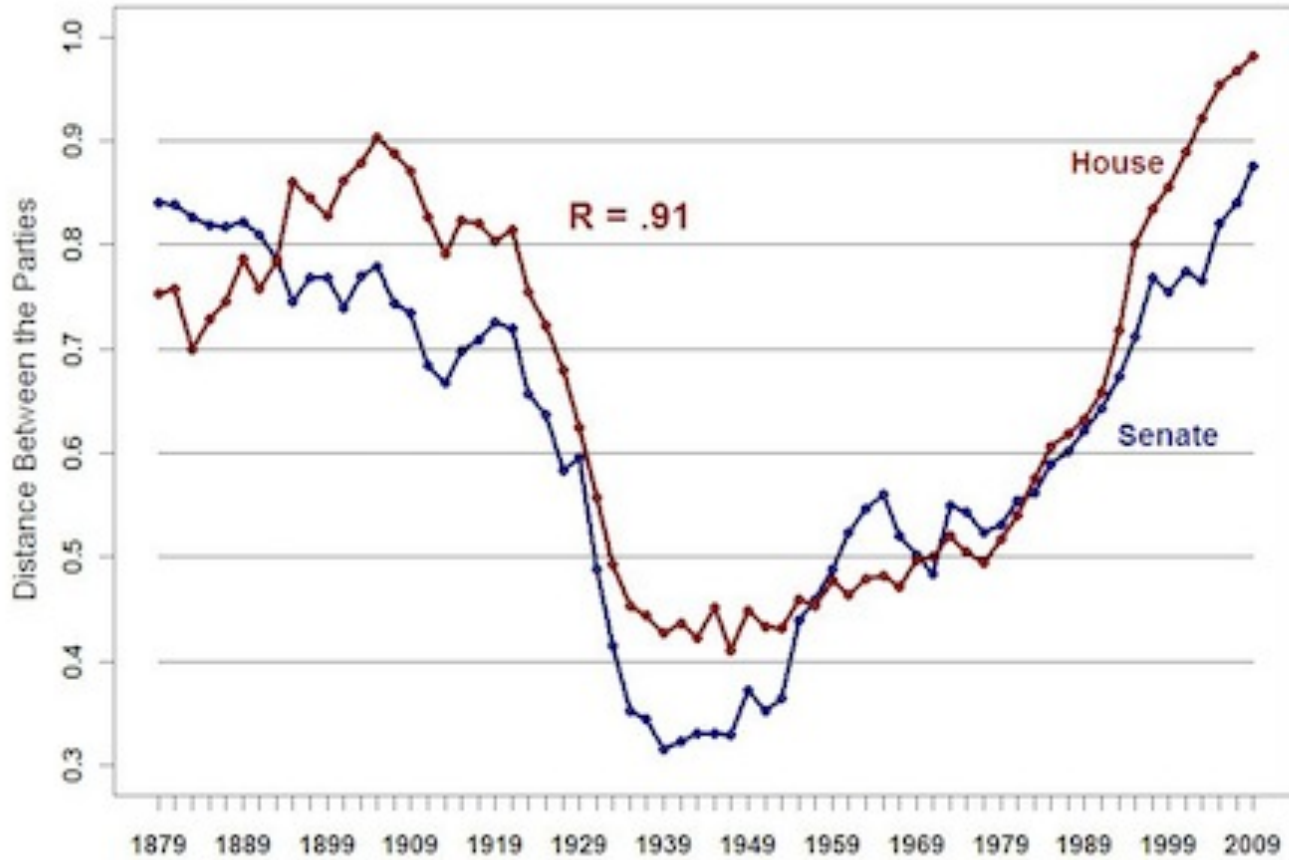
- \$0-\$100K
- \$101K-\$500K
- \$501K-\$1M
- \$1,000,001-\$5M
- \$5M+



source: Demos and U.S. PIRG Education Fund analysis of FEC and Sunlight Foundation data.

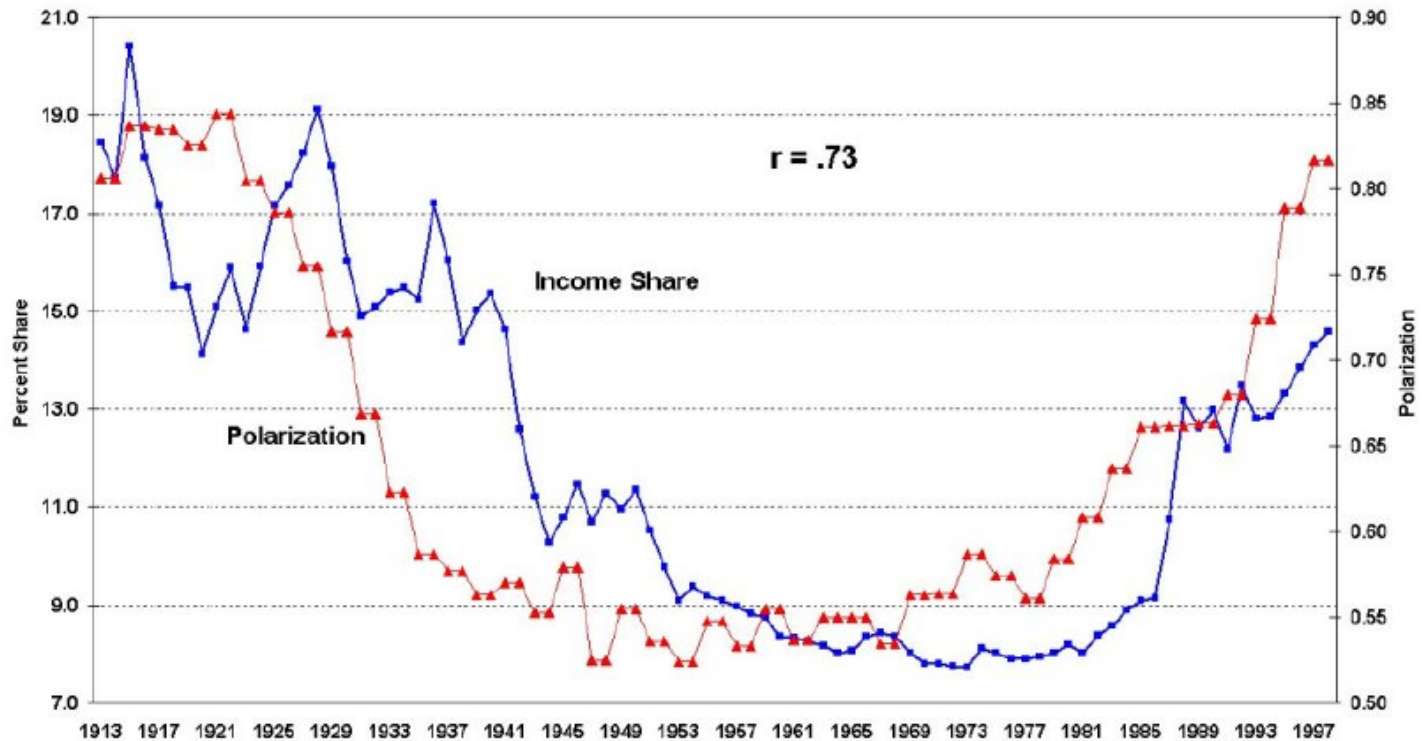
Political Polarization

Party Polarization 1879-2009
Distance Between the Parties First Dimension



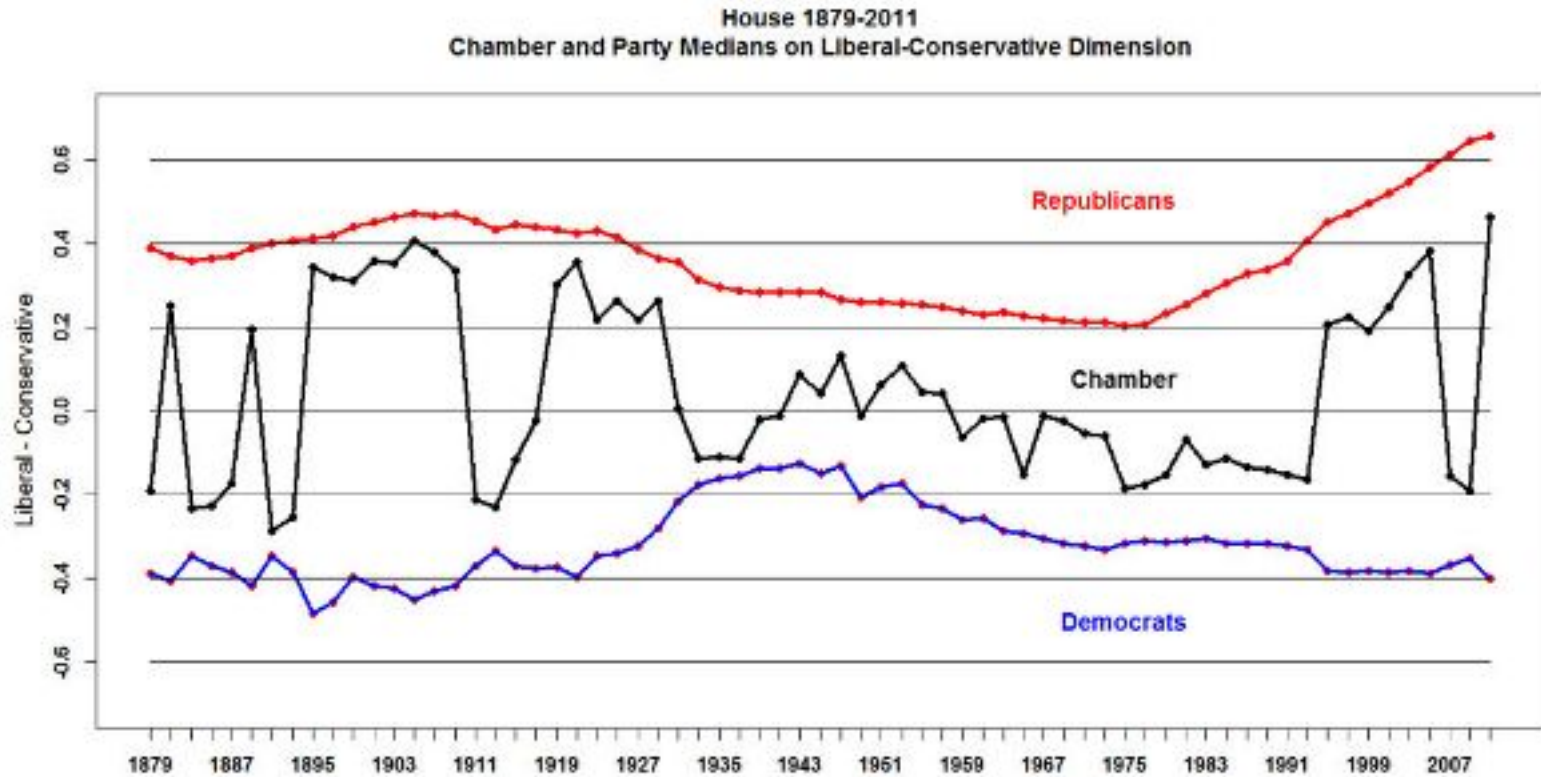
Political Polarization and Inequality

Top 1% Income Share and House Polarization
1913 - 1998



Source: Poole and Rosenthal

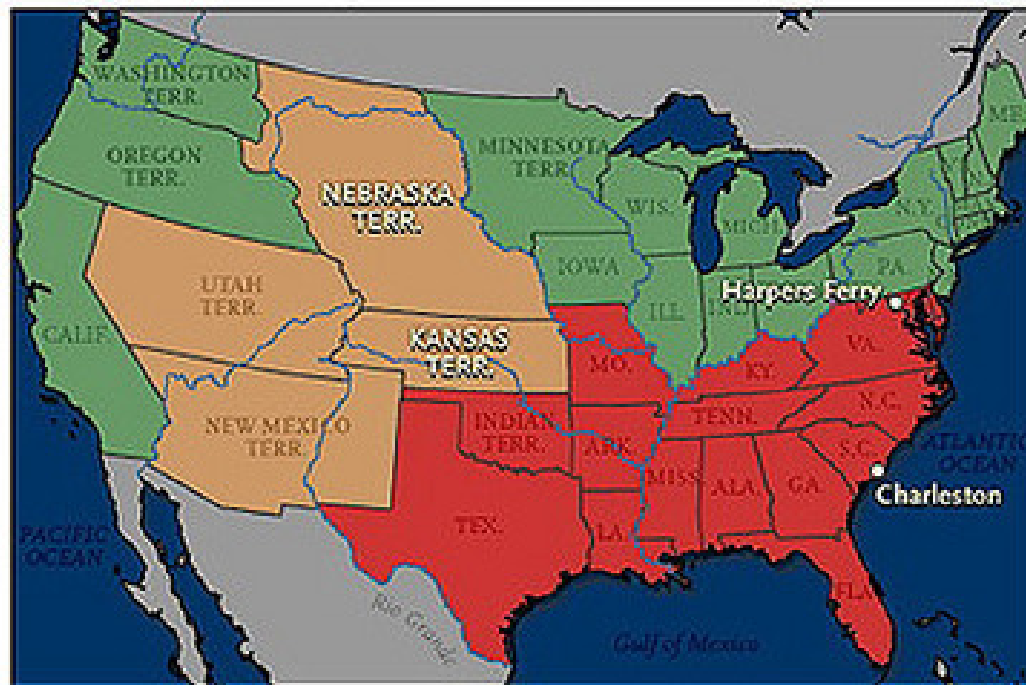
Political Polarization



Source: <http://www.fastcodesign.com/1664612/infographic-of-the-day-does-twitter-make-our-politics-worse>

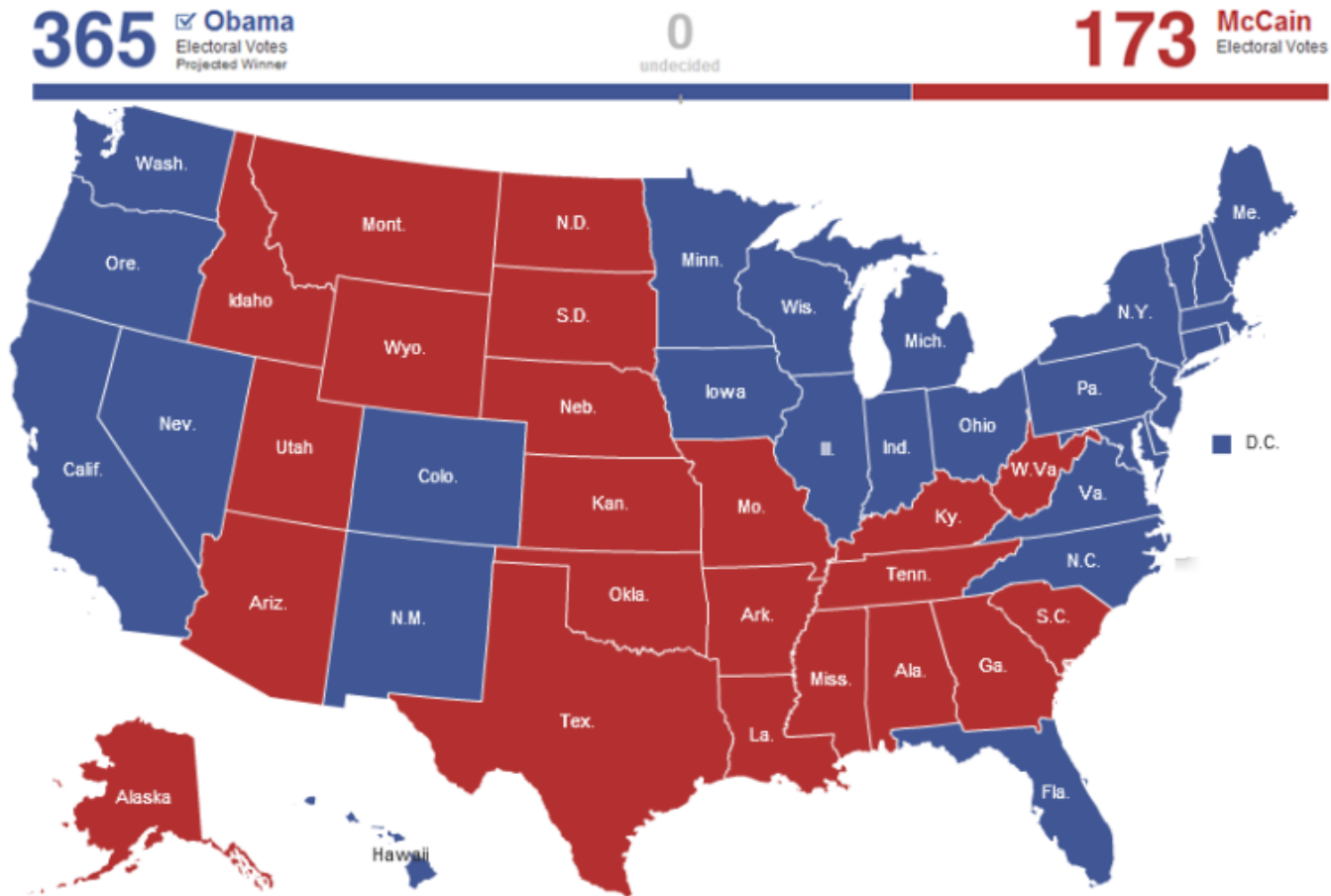
Political Polarization

Pre-Civil War Free vs. Slave States



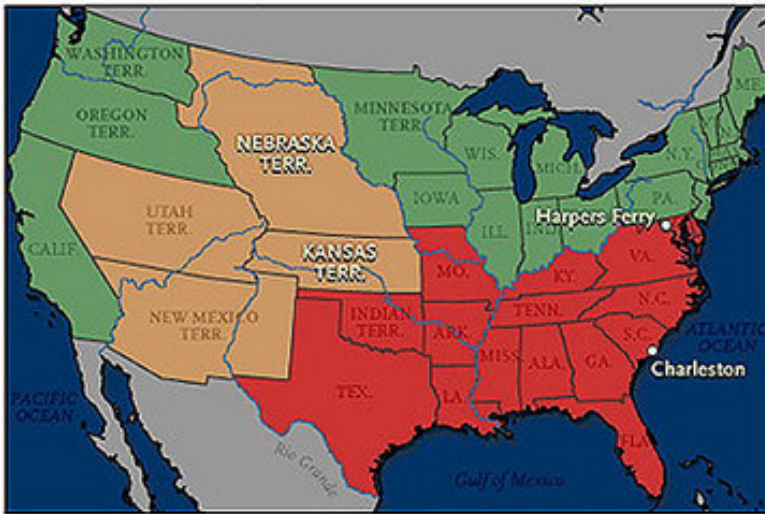
- - FREE STATES AND TERRITORIES
- - SLAVE STATES
- - TERRITORIES OPEN TO SLAVERY

Political Polarization: 2008 Election



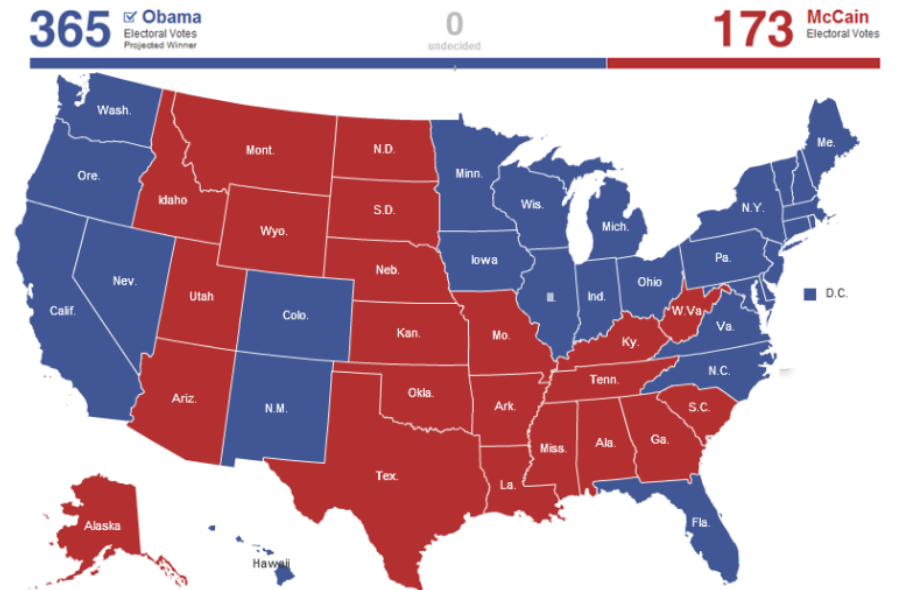
Political Polarization: 1860-2008

Pre-Civil War Free vs. Slave States

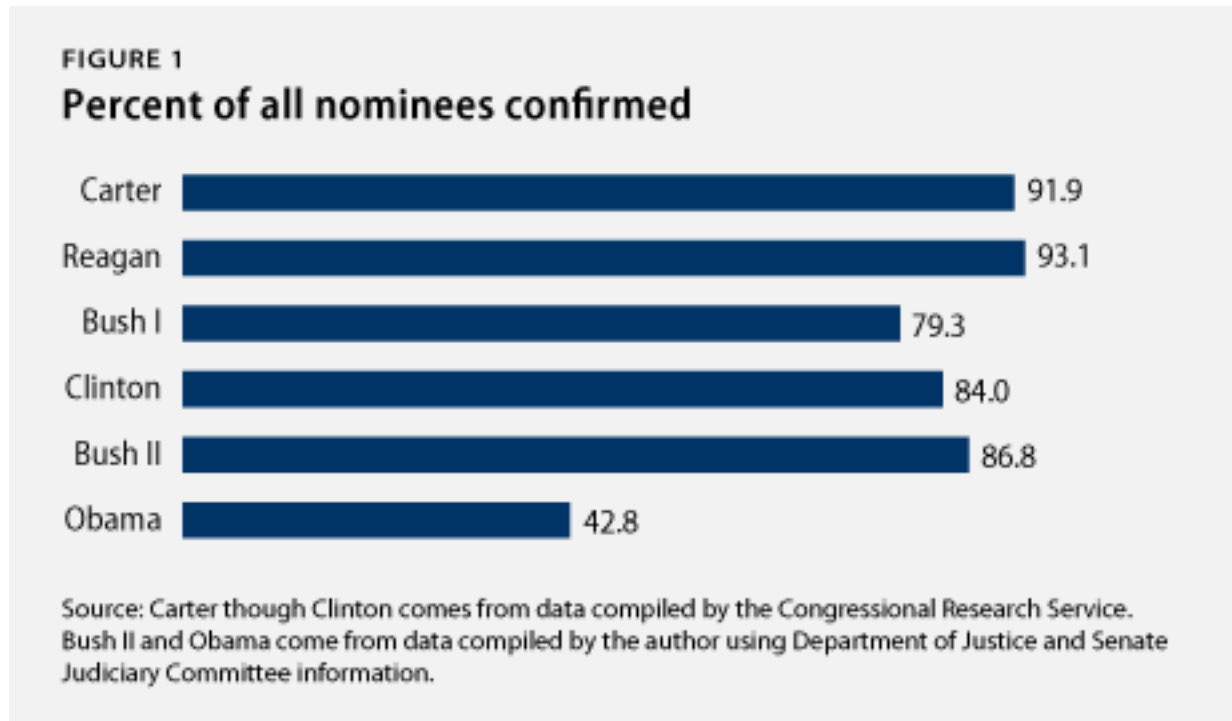


- - FREE STATES AND TERRITORIES
- - SLAVE STATES
- - TERRITORIES OPEN TO SLAVERY

© meekin@seattleu.com



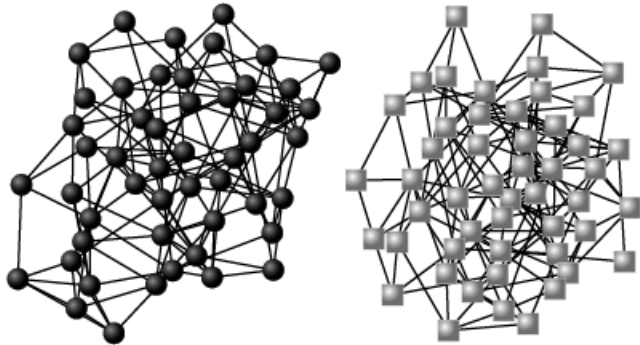
Political Polarization



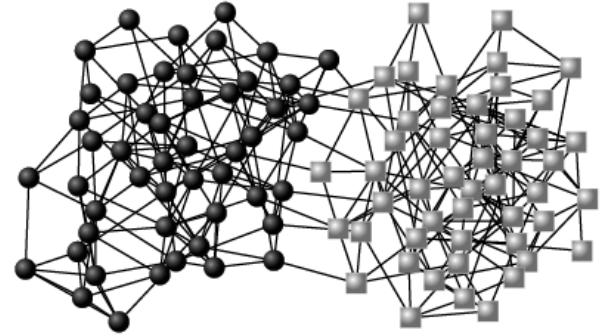
Source: <http://www.americanprogress.org/issues/civil-liberties/report/2010/07/30/8040/falling-off-a-cliff/>

Polarization: Types of Modules

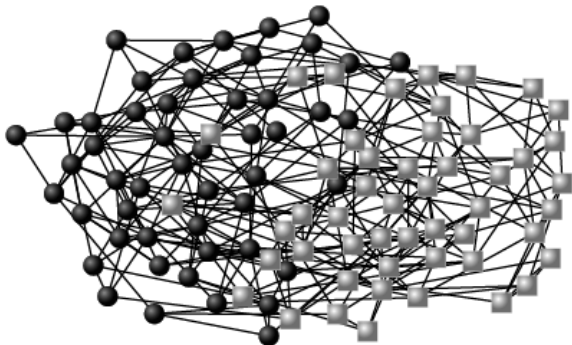
A module (“community ”) is a group of people with many ties to each other and few ties to other groups. The more modular a network is, the more polarized it is.



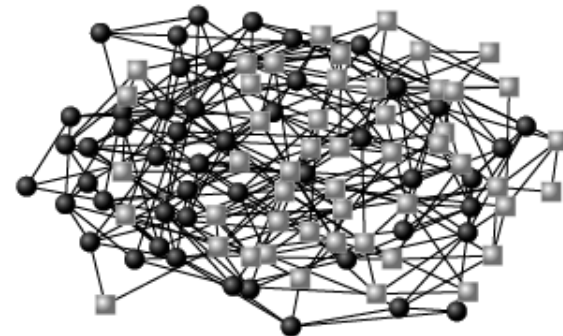
Complete Polarization



High Polarization



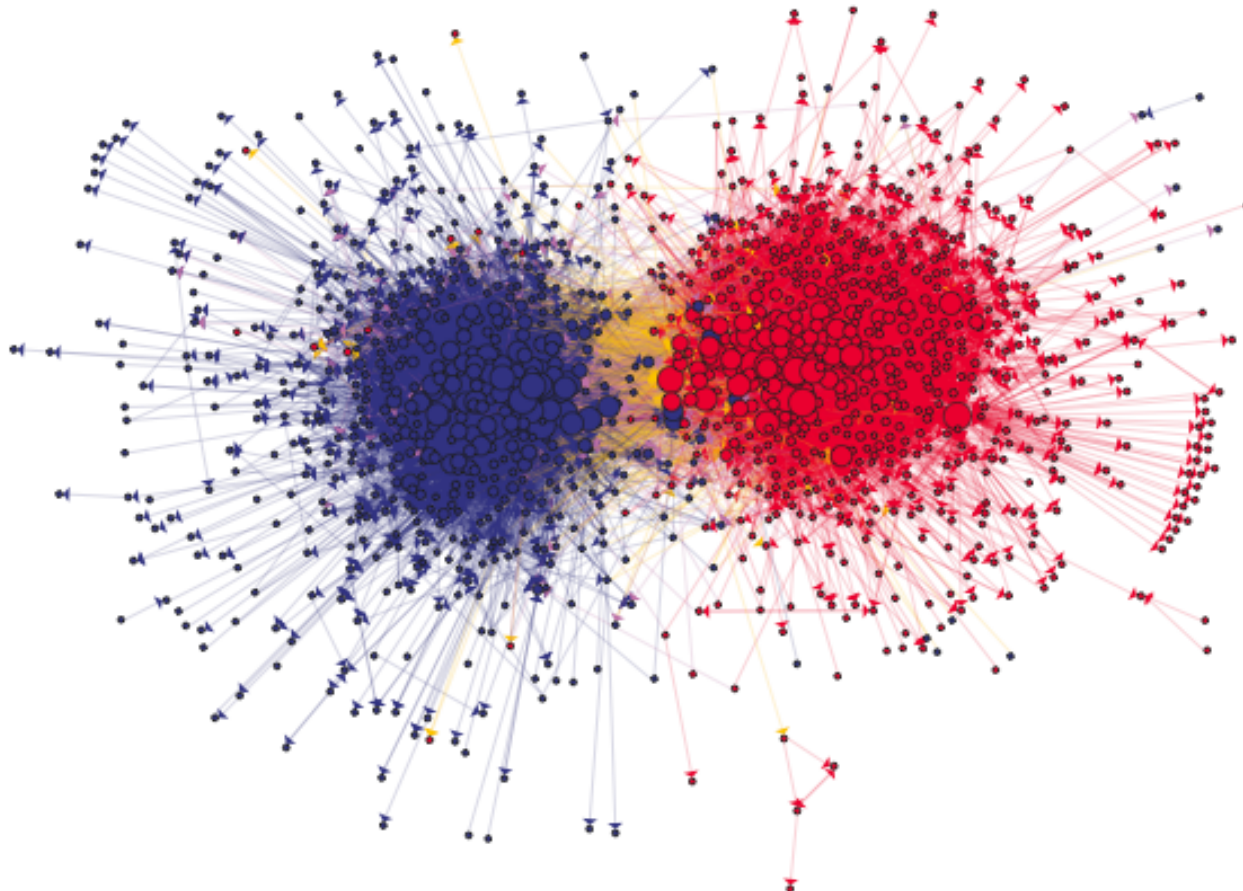
Medium Polarization



Low Polarization

Political Polarization: Social Media

You might think increased discussion would bring us politically closer but this map of political blogs in America shows otherwise.

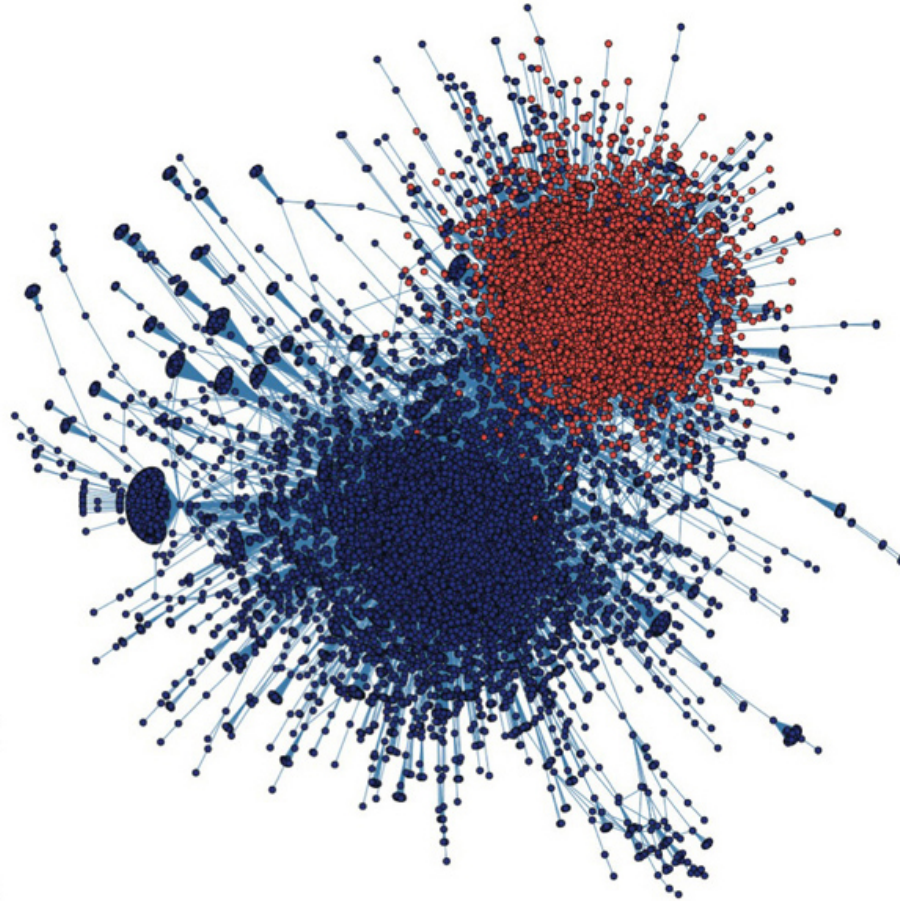


Online social networks appear to be strongly homophilous and polarized.

Source: Christakis & Fowler, 2010.

www.connectedthebook.com

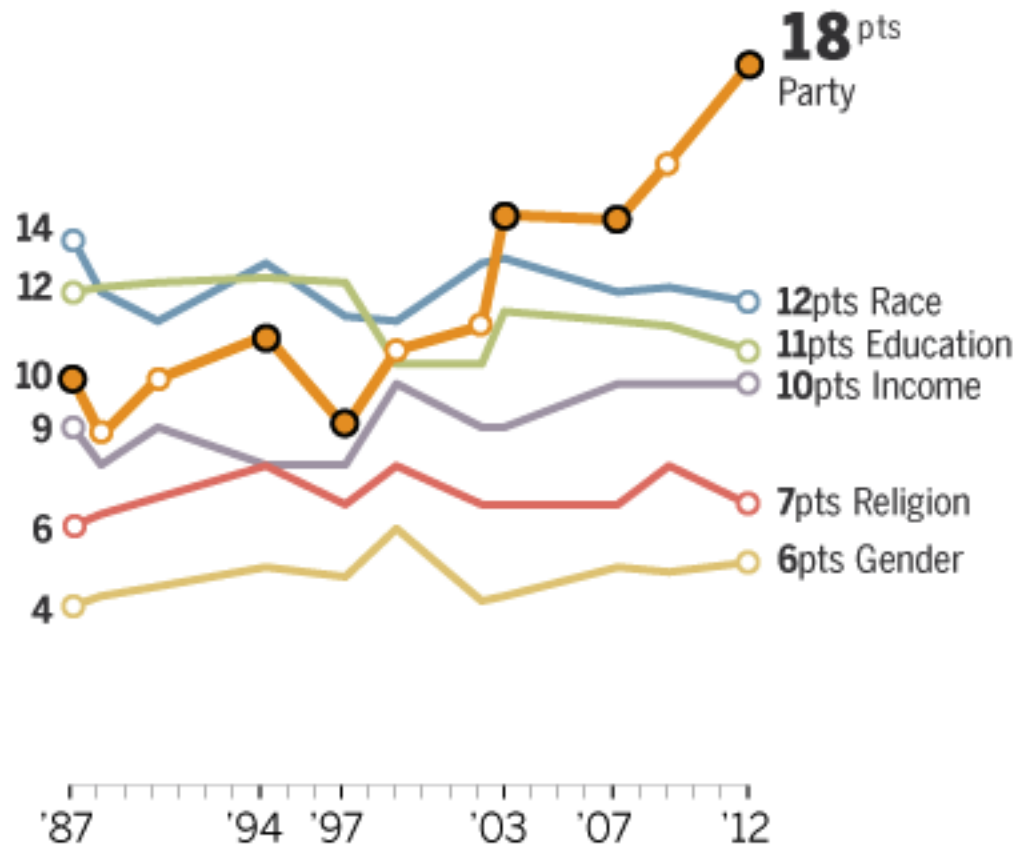
Political Polarization: Social Media



Source: <http://www.fastcodesign.com/1664612/infographic-of-the-day-does-twitter-make-our-politics-worse>

Political Polarization

Other social and political divisions—such as gender, race, ethnicity, religion and class—are no wider than they have ever been.



Political Polarization

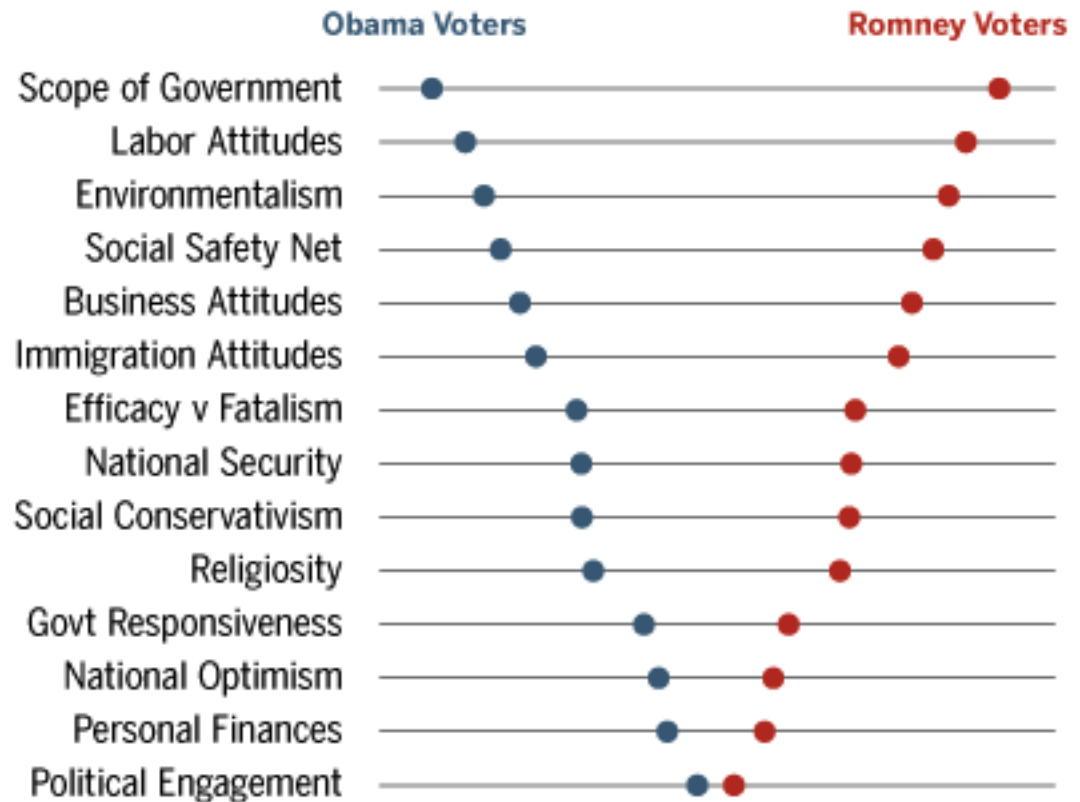
On the social safety net, for example, Republicans and Democrats are divided by an average of 41 points in their survey responses. The gaps are nearly as wide in opinions about the environment and labor unions.



Political Polarization

Obama and Romney supporters are far apart on many issues, including the scope and performance of government, labor and the environment.

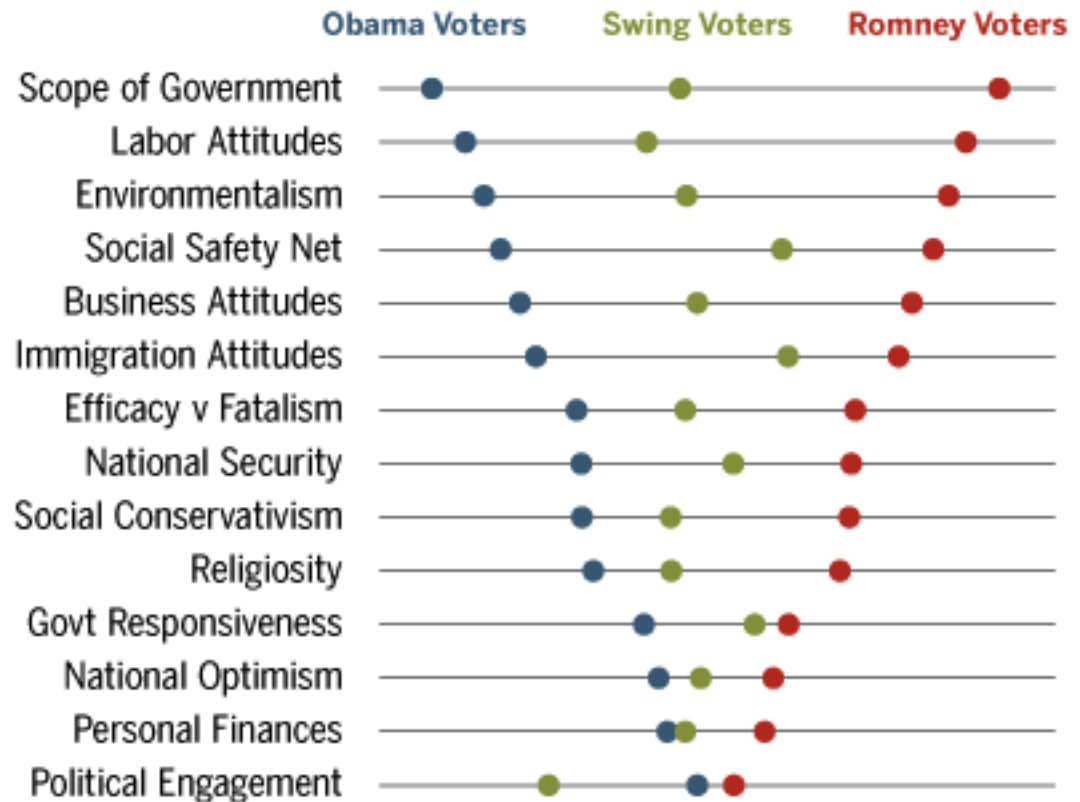
Each line shows the relative position of Obama and Romney supporters on each of 14 values indices based on related survey questions.



Political Polarization

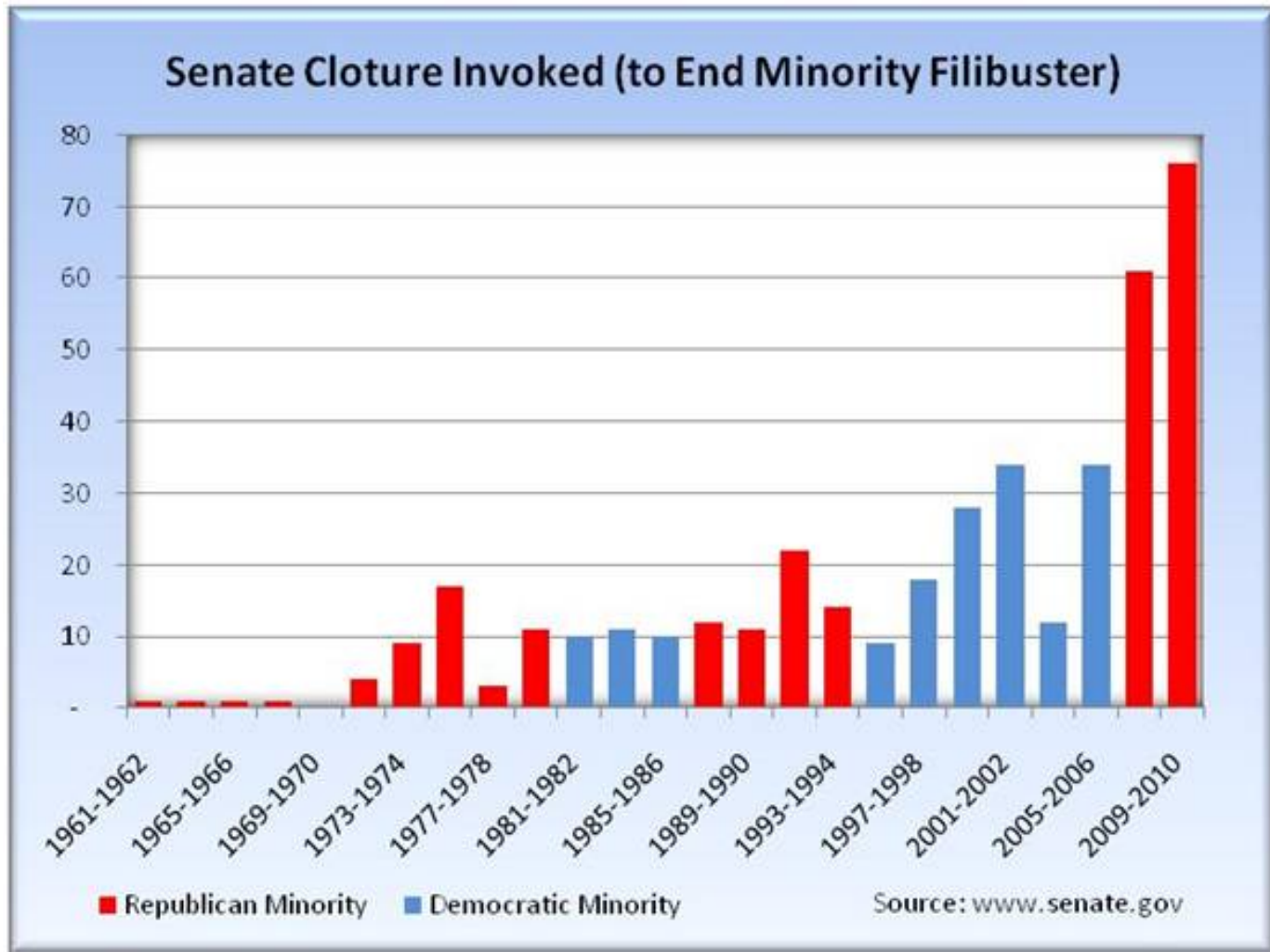
On most issues, opinions of swing voters fall squarely between those of Obama and Romney supporters. On others they tilt closer to Obama voters or Romney voters.

Each line shows the position of swing voters, relative to the positions of Obama and Romney supporters on each of 14 values indices based on related survey questions.



Source: <http://www.people-press.org/2012/06/04/partisan-polarization-surges-in-bush-obama-years/>

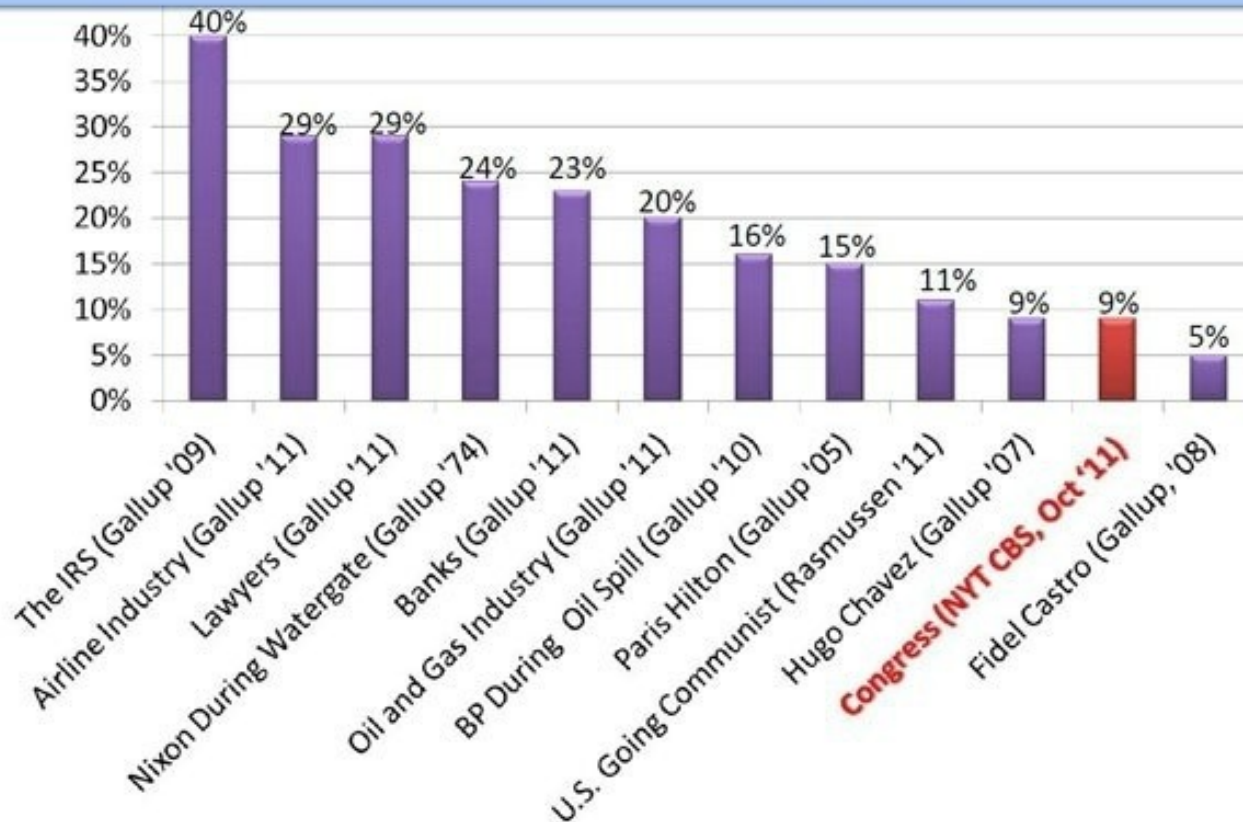
The Senate Filibuster



Unpopular Congress

The Popularity of Congress Today

Other Approval Ratings, Compared Against Congressional Approval at 9%



<http://www.washingtonpost.com/blogs/ezra-klein/files/2012/07/congresspopularitybennett.jpeg>

November 2008: 'Yes We Can!'



November 2008: 'Yes We Can!'



Domestic Legislative Accomplishments & Failures

- ñ **ARRA (Recovery Act/Economic Stimulus)**
- ñ **Health care reform**
- ñ **Financial regulatory reform**
- ñ **“Don’ t Ask, Don’ t Tell”**
- ñ **Iraq & Afghanistan**
- ñ **Employment Discrimination**
- ñ **Student Loan Reform**

- ñ Immigration reform
 - ã DREAM Act
- ñ Labor law reform
- ñ Climate change and & energy
- ñ Taxes

February 2009: Tea Party Protests



November 2010: 'But`Ha shellacking~





Political Priorities

Voters' Priorities: 2008-2012

<i>% of voters saying each is "very important" to their vote ...</i>	2008	2012	Change
	%	%	
Economy	87	87	0
Jobs*	80	83	+3
Health care	73	74	+1
Education	73	69	-4
Budget deficit**	69	68	-1
Taxes*	71	66	-5
Medicare	--	65	--
Terrorism	72	60	-12
Foreign policy	--	60	--
Energy	77	55	-22
Abortion	39	46	+7
Immigration	52	41	-11

PEW RESEARCH CENTER Sept. 12-16, 2012.
Based on registered voters. All 2008 figures from August except* October 2008 and ** May 2008.

Source: <http://www.people-press.org/2012/09/24/for-voters-its-still-the-economy/>



Prom 2012...



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