

Opinion: Is rising inequality poisoning our democracy?

By Zócalo

Back in the 1980s, President Ronald Reagan famously took a jab at the policies of Lyndon Johnson with the remark, “In the ’60s we waged a war on poverty, and poverty won.” Since then, poverty has apparently continued its victorious march. According to the Census, 43.3 million people were living in poverty in 2013 – down from the year before, but way up from 2007 pre-recession numbers.

With the 2016 presidential election cranking up, soon the airwaves will swell with candidates’ ideas for how to remedy the woes of America’s poor. What should we do about economic disadvantage – particularly in a country that holds the concept of equality as a democratic principle in such high regard?

As a preview for Zócalo’s fifth annual book prize event “Can Democracy Exist Without Equality?”, we asked scholars: What effects could increasing inequality have on democracy in America?

Stephen Pimpare: Mark Twain was right

A hedge fund manager just paid \$92 million for an apartment he has no intention of living in; it’s just a “fun” investment, he says. Meanwhile, 28 percent of U.S. workers earn wages so low that even if they work full time, year-round, they will still live in poverty (it’s 36 percent for African Americans). In 2014, just the bonuses paid by Wall Street banks equaled twice the total earnings of all full-time minimum wage workers.

Welcome to the New Gilded Age.

There is nothing “natural” about our unprecedented level of inequality. Economic forces didn’t mysteriously cause this; political ones did – a backlash against New Deal and Great Society programs that redistributed money and power from a narrow elite to the broader public. The pushback has been seen in a decades-long assault on unions, cuts in tax rates for high income Americans, the repeal of regulations that restrain corporate power, stagnation in the minimum wage, and cutbacks on the very social welfare programs that mitigate the worst effects of the “unfettered” market.

Meanwhile, because we define “welfare” so narrowly, we are blind to the “submerged” state that further redistributes money through the tax code to upper-income families.

That money buys them political power, which gets them more money, which secures yet more power. This is not hypothetical: A growing body of research demonstrates that U.S. policy-making institutions have become “utterly unresponsive” to the needs and wants not just of poor and low-income Americans, but increasingly of middle-class ones as well.

Political philosophers since Plato have condemned excessive inequality, and not typically on moral grounds. Rather, they worried about how one maintains political stability and legitimacy in the face of such distance between classes – after all, people who struggle while they see others prosper can only be made so miserable before they feel they have nothing to lose by fighting back.

Stephen Pimpare is author of “The New Victorians: Poverty, Politics, and Propaganda in Two Gilded Ages” and “A People’s History of Poverty in America”.

Nicole Austin-Hillery: Inequality is a moral issue

The United States as a nation boasts about the virtues of equality and the ability of all Americans to “pull themselves up by their bootstraps.” But in the reality of the 21st

century, this concept is little more than a catchphrase. The United States is a nation divided by wealth and income, where it is difficult, if not impossible, for individuals with decreasing economic power to connect with the inner workings of this country.

We see examples of the power that money buys everywhere. Most notably, the Supreme Court's Citizens' United ruling reminded us that when it comes to free speech within the electoral system, one's voice gets much louder when it's amplified by dollar signs.

Larger, equally complicated issues like race (particularly if one is African American or Latino) and gender are inextricably linked to the subject of wealth and power in the United States, and a multitude of research has been devoted to the various intersections of race, gender and wealth disparity. This does not bode well for the future of America, where the racially diverse population of the country is projected to become the majority over the next several decades.

Nobel Prize-winning economist Joseph Stiglitz recently discussed the growing chasm between the haves and the have-nots in his book, "The Great Divide", and concluded that the consequences for this nation will be devastating as the divide widens.

Stiglitz warns that we must treat inequality as an urgent political and moral issue. As numerous candidates begin vying for votes ahead of the 2016 presidential election, one can only hope that this issue will be more than a talking point. Those who benefit from political power owe it to the nation, and to the furtherance of our democracy, to recognize and address the larger issue of inequality.

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Michael Tanner: Warren Buffet and the Koch brothers don't share a brain

The idea that growing inequality threatens our democracy is a three-legged stool, each leg of which is fatally flawed.

1) "Inequality has never been worse."

Most claims that income inequality is at a record high in the United States are based on a measure of "market income," which does not take into account taxes or transfer payments. Yet, America already has a significantly redistributive political process. We tax the rich heavily and provide benefits to the non-rich.

According to Gary Burtless of the Brookings Institution, hardly a right-winger, fully accounting for taxes and benefits actually shows that income inequality between the top one percent and everyone else actually decreased in the United States from 2000 to 2010.

2) "The rich vote in lockstep."

The idea that the rich threaten the democratic process presumes that the wealthy share a common political philosophy or interest. But the idea that Tom Steyer, Warren Buffet, David Koch, and Sheldon Adelson agree on much of anything is preposterous. The rich don't even agree on basic questions of taxes and redistribution. Moreover, the rich don't contribute to campaigns just for personal gain. Like the rest of us, they are expressing views on everything from gay marriage to war and peace.

3) "Money in politics favors the rich."

The influence of money on politics is vastly overstated. According to the Center for Responsive Politics, candidates

for Congress spent roughly \$3.76 billion in 2014. Yet that was less than the \$6 billion spent on auto insurance advertisements in 2013, with Geico alone spending almost \$1.2 billion. Aren't election choices worth as much as insurance choices? Besides, 16 of the top 25 political campaign contributors since 2002 are unions, the CRP reports. Over the same period, the arch-villain Koch brothers, in fact, ranked 50th in total political contributions. Elections are littered with losers that thought they could buy an election. Remember California gubernatorial candidate Meg Whitman?

Inequality remains a powerful rallying cry. But this stool is about to fall over.

Michael Tanner is a senior fellow with the Cato Institute, where he heads research into a variety of domestic policies with a particular emphasis on poverty and social welfare policy, health care reform, and Social Security.

Victor Tan Chen: Debunking the myth of self-made success

When Michael Young coined the term "meritocracy" half a century ago, he meant it to be an insult, not an ideal. In his view, a society where only the best and brightest can advance would soon become a nightmare. Young predicted that democracy would self-destruct as the talented took power and the inferior accepted their deserved place at the bottom.

Of course, the world we live in today is still no meritocracy. If most Americans are expected to go it alone, without the help of government or unions, elites continue to block competitors and manipulate the rules – as Wall Street did in spectacular fashion in the lead-up to the 2008 financial crisis.

Celebrated French economist Thomas Piketty argues that even when – or especially when – the market operates efficiently, inherited wealth becomes an ever more potent force within the economy, slowly strangling the opportunities for ordinary

individuals to advance.

Nevertheless, the myth of meritocracy tells us that the rich are rich because they – like Young’s talented ruling class – are smarter and better. They worked their way up. They are the “makers” growing the economy. Anyone who can’t do it on his or her “own” is just a “taker,” suckling on the government’s teat.

I found hints of this viewpoint when I interviewed the long-term unemployed for my book. Some felt enormous shame and blamed themselves for their inability to land another job. Often, the sense of failure had a negative impact on their personal relationships and their belief that they had something at all to contribute to society.

Preserving our democracy will require forceful government regulation and strong unions. Such approaches have their own flaws, but there is no other way to restore balance to an economy and society increasingly under the sway of an elite class.

Beyond that, we need to tackle head-on the culture of judgment, materialism, and ruthless advancement used to justify extreme inequality – and temper it with a measure of grace.

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Valerie R. Wilson: Disenfranchisement can create momentum

American democracy, in theory, is rooted in equality – the idea that each of us is entitled to an equal say in decisions that affect us all. In reality, however, money and power have

always been used to tilt the outcome of democracy in one direction or another.

America's history is littered with examples of powerful entities denying entire segments of the population the right to vote based on race or gender. And this continues to happen through corruption, intimidation and arbitrary restrictions (e.g. voter ID laws, cutting voting hours, purging voter rolls, or ending same-day registration) to steal, buy or suppress votes.

But the power of political activism among the disadvantaged and disenfranchised has also been an important tool in rebalancing the scales of American justice and democracy.

Increasing economic inequality is the direct result of the influence of money and power in the democratic process. Public policy choices on behalf of a wealthy and privileged minority have intentionally suppressed wage and income growth for most Americans and concentrated income gains at the top of the income distribution. This has given the already-rich even more resources with which to lobby for policies that benefit them.

A desire to break this destructive dynamic has mobilized an increasingly diverse majority to fight for their fair share of the economic gains they help to produce. The momentum behind the workers' movement to raise the minimum wage, Fight for \$15, continues to build as it expands beyond its base of fast food workers. But it remains to be seen whether this momentum can be successfully marshaled on a larger scale to prevail against the influence of wealth and power in American politics.

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Indivar Dutta-Gupta: Why the wealthy always win

Inequalities in income, wealth, and opportunity have risen to virtually unprecedented levels. In "Affluence and Influence", political scientist Martin Gilens demonstrates that in policy disagreements between the most well-off and everyone else, the wealthy consistently win. And while it's not too late to change things, if this problem gets worse, it could seriously impair our democracy.

One glaring cause and consequence of rising inequality is that Congress has not raised the minimum wage since 2007. FDR described the minimum wage as necessary in any "self-supporting and self-respecting democracy." So why does it lag so far behind growth in worker output per hour, despite widespread support for increases throughout nearly all the income and wealth distribution? To understand the lack of recent minimum wage increases, look to the highest one percent of the wealth distribution, where one starts to see significant opposition.

Expanding economic inequality may also enlarge gaps in policy preferences between the affluent and the rest of us. We increasingly see proposals to shrink the wildly popular and successful Social Security program, despite the fact that most Americans prefer to expand these programs.

The good news is that we know how to protect our democracy. Leveling the playing field for political contributions, strengthening voting rights, and limiting the influence of corporate lobbyists are a good start. So are full employment, modernized labor standards and worker empowerment, and public investments in education and care. And, imperfect as they are, elections, like the one we are having next November, still offer less affluent Americans a chance to be heard.

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and policies.