

The Growing Divide



The Nation at a Crossroads

★ Growing Insecurity

Layoffs & job instability
Stagnant wages
Insecure pensions
Roller-coaster stock market

★ Greater Burdens

Longer work hours
Loss of family time
Rising costs of housing,
health care, education,
utilities, and food

★ Stress, Isolation & Scapegoating

Growing prison population
Anger at immigrants
Environmental crisis
Endless war

The Trends since 1980

★ The Good News

Inflation is moderate

Interest rates on loans are low

★ The Bad News

Most growth in income has gone to the top 1%; the gap between highest and lowest paid workers has widened.

Real wages have dropped since the 1970s.

Wealth gap has widened and the racial wealth gap is growing.

High unemployment persists.

Poor families not lifted out of poverty.

**For a few, the U.S. economy has done well.
But the rising tide lifted only a few boats and
most of us are struggling to stay afloat.**

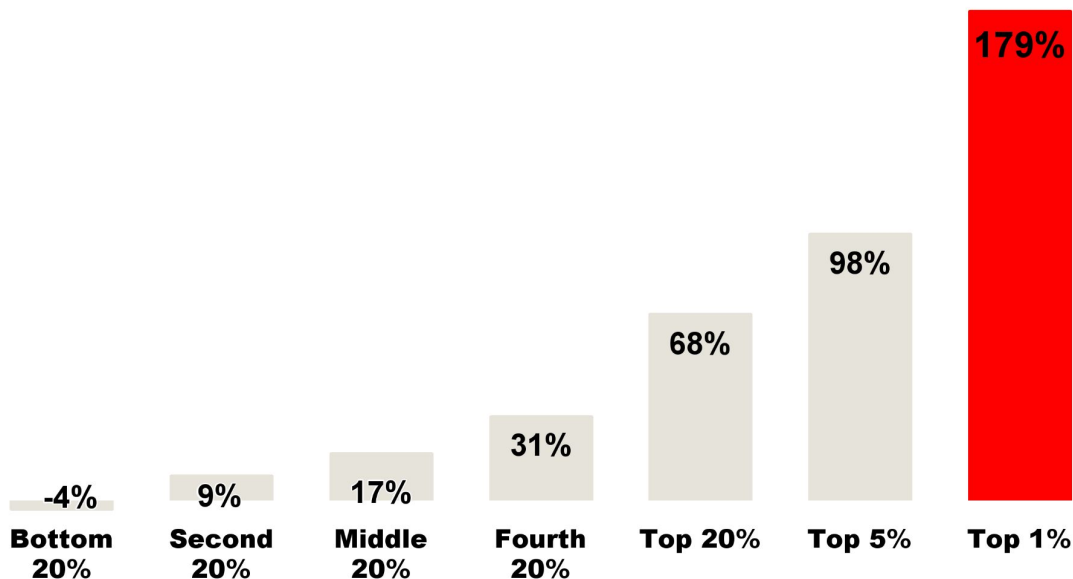
Workers in the U.S. are Losing Ground

- ★ **Household income stagnating**
- ★ **Persistent high unemployment**
- ★ **Paying more for health benefits**
- ★ **Disappearing pensions**
- ★ **Rising cost of basic necessities**
- ★ **Deteriorating working conditions**

Still waiting for trickle-down . . .



Real Family Income Growth by Quintile, 1979-2020



Income Thresholds:

Top 1%:

> \$446,906

Top 5%:

> \$305,824

Top 20%:

> \$164,007

Fourth 20%:

\$103,304 - 164,007

Middle 20%:

\$67,500 - 103,304

Second 20%:

\$38,050 - 67,500

Bottom 20%:

\$0 - 38,050



Sources:

Census Bureau Historical Income Tables F-1 and F-3:

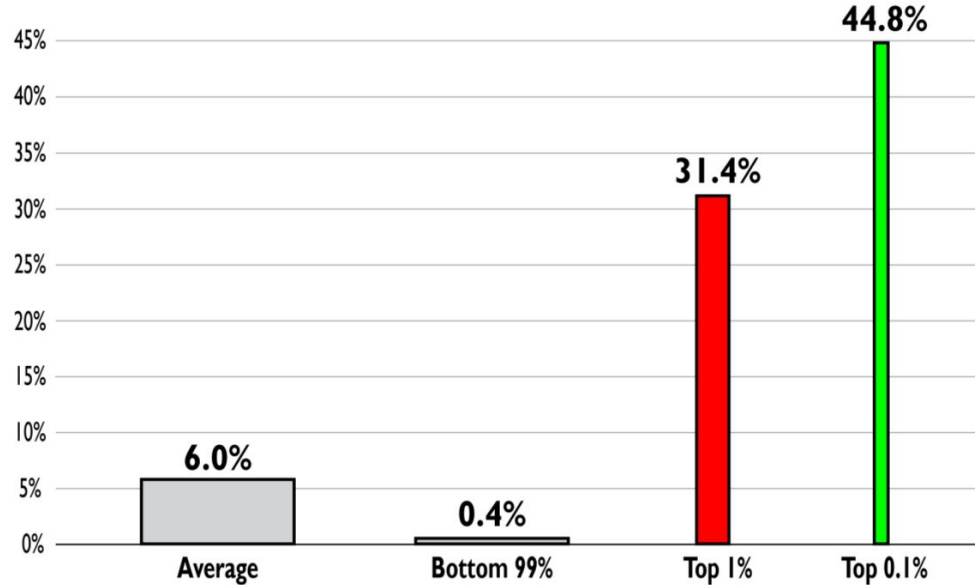
www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-families.html

For 1% Income Growth: EPI, "Wage inequality continued to increase in 2020" www.epi.org

For 1% threshold: <https://wid.world/country/usa/>

Real Family Income Growth from 2009 - 2012

During national crises – like the Great Recession – the rich get richer.

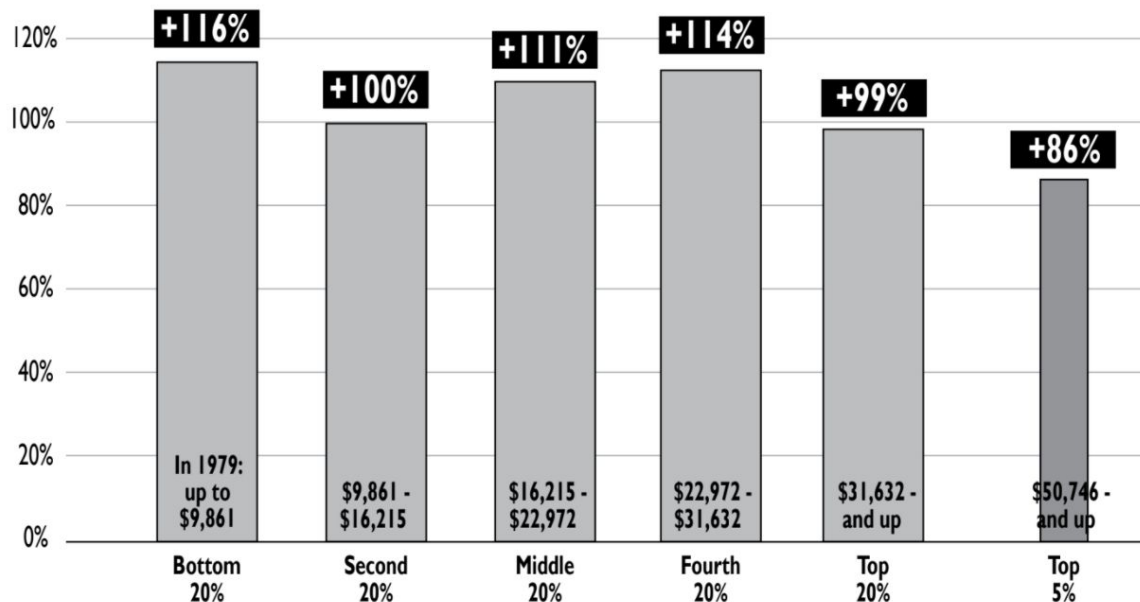


Source:

Piketty and Saez (2003), series updated to 2012 in August 2013 using IRS preliminary tax statistics for 2012.

Real Family Income Growth by Quintile & for Top 5%, 1947 - 1979

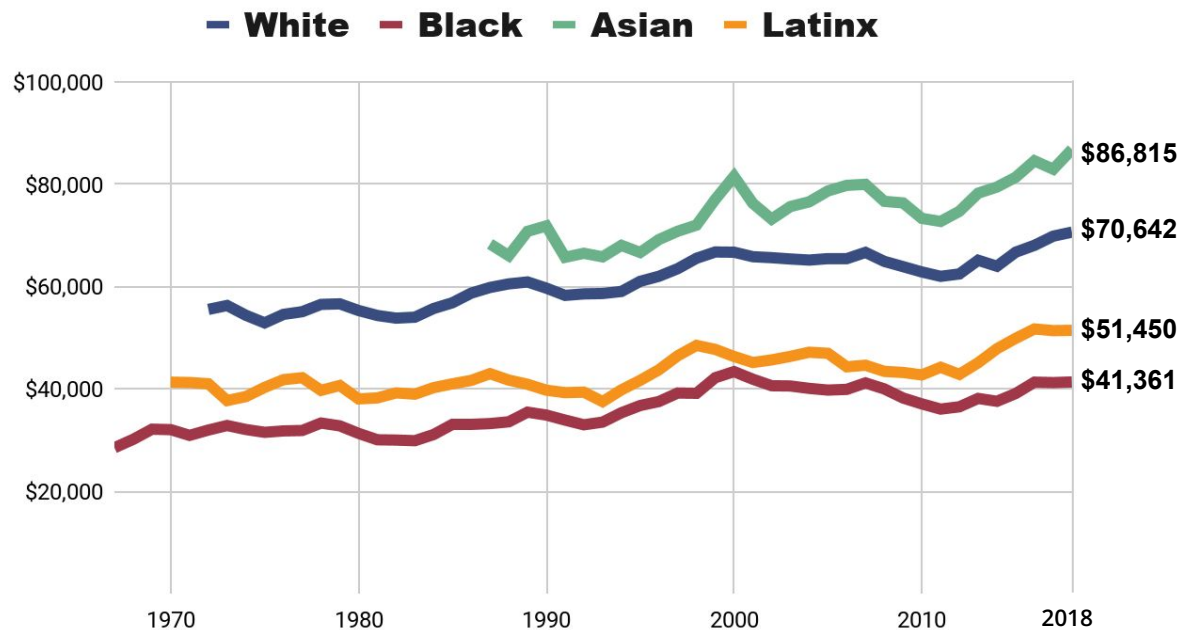
In the past, we grew together...



Source:

Analysis of Census Bureau data from The State of Working America 1994-95, Mishel, Lawrence and Bernstein, Jared, p. 37. Income ranges in 1979 dollars, from March 2000 Census Current Population Survey, Table F-1.

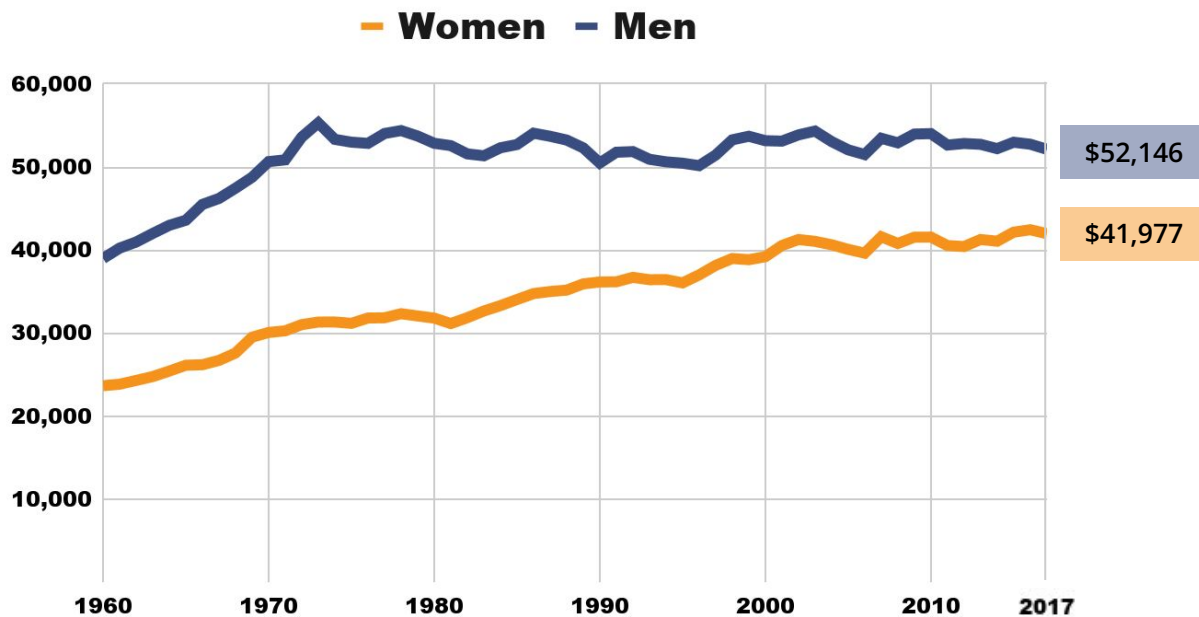
Median Household Income by Race, 1967-2018



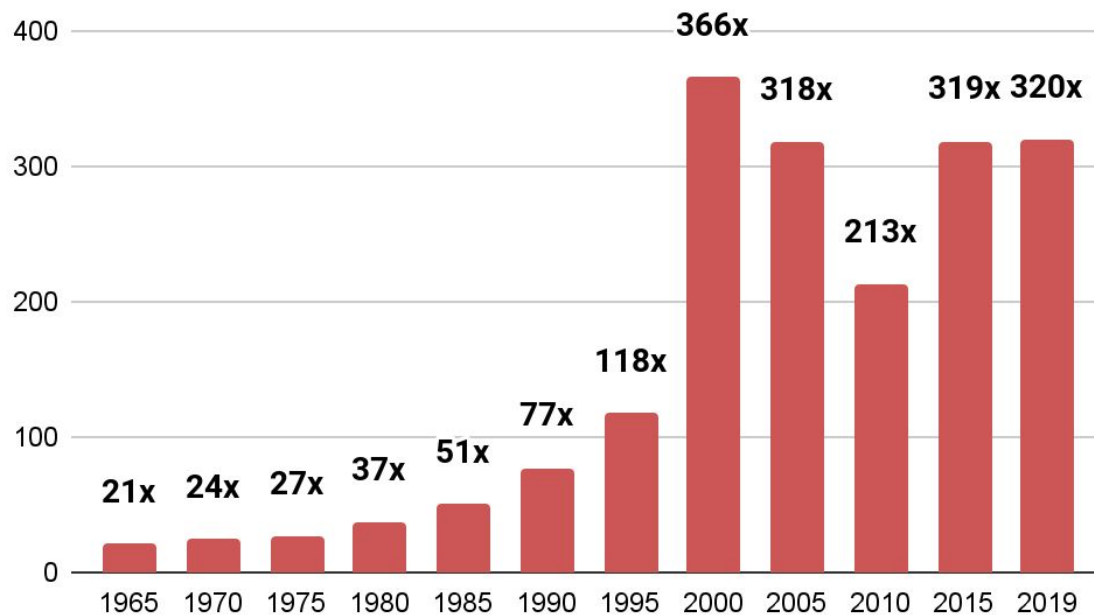
Source:

U.S. Census Bureau. Current Population Survey, 1968 to 2018 Annual Social and Economic Supplements.
www.census.gov/content/dam/Census/library/visualizations/2018/demo/p60-263/figure1.pdf

Median Earnings for Women & Men, 1960-2017



CEO Pay as a Multiple of Typical Worker Pay, 1965-2019



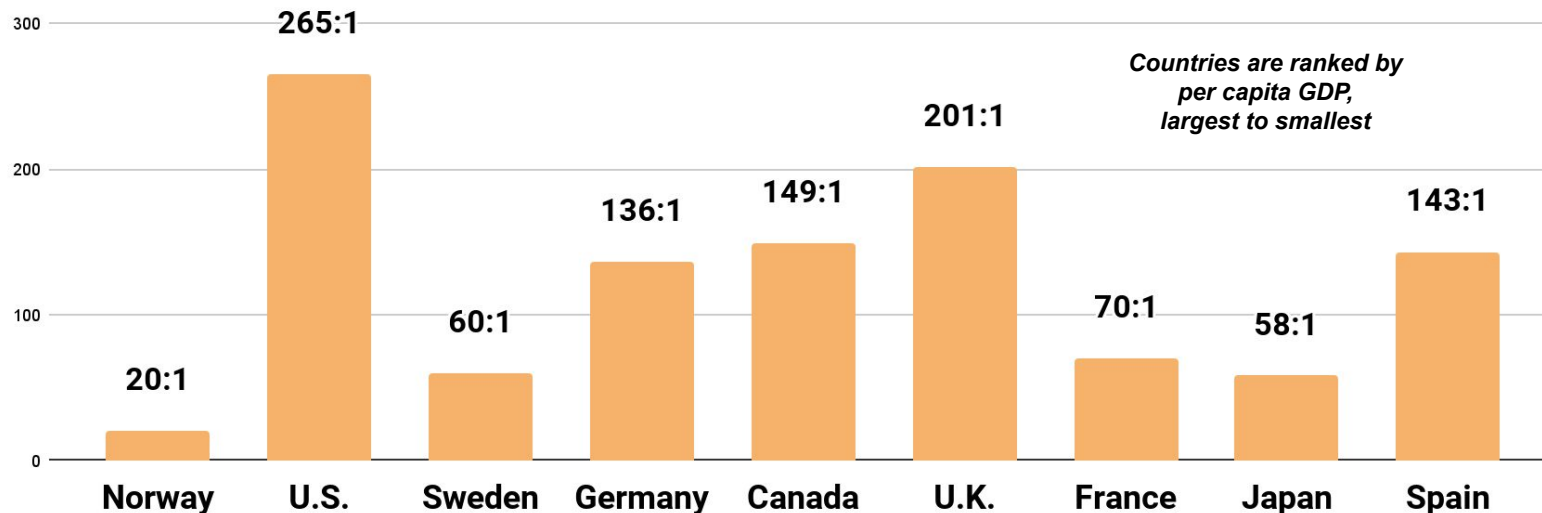
Source and Notes:

Economic Policy Institute, "CEO Compensation Surged 14% in 2019"

www.epi.org/publication/ceo-compensation-surged-14-in-2019-to-21-3-million-ceos-now-earn-320-times-as-much-as-a-typical-worker/

Note: Here "typical workers" are production/nonsupervisory workers (more than 80% of payroll employment)

Ratio of CEO Pay to Average Worker Pay, 2017

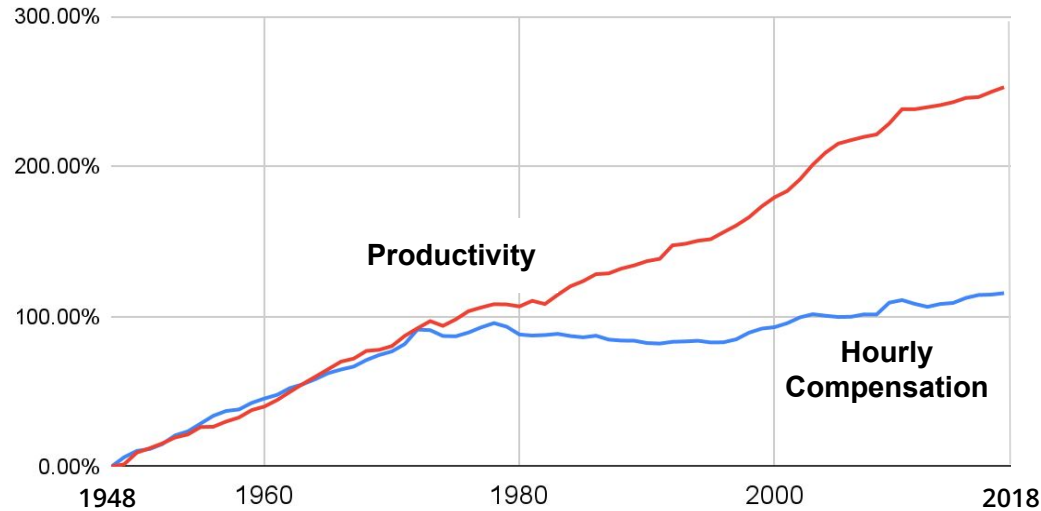


Source:

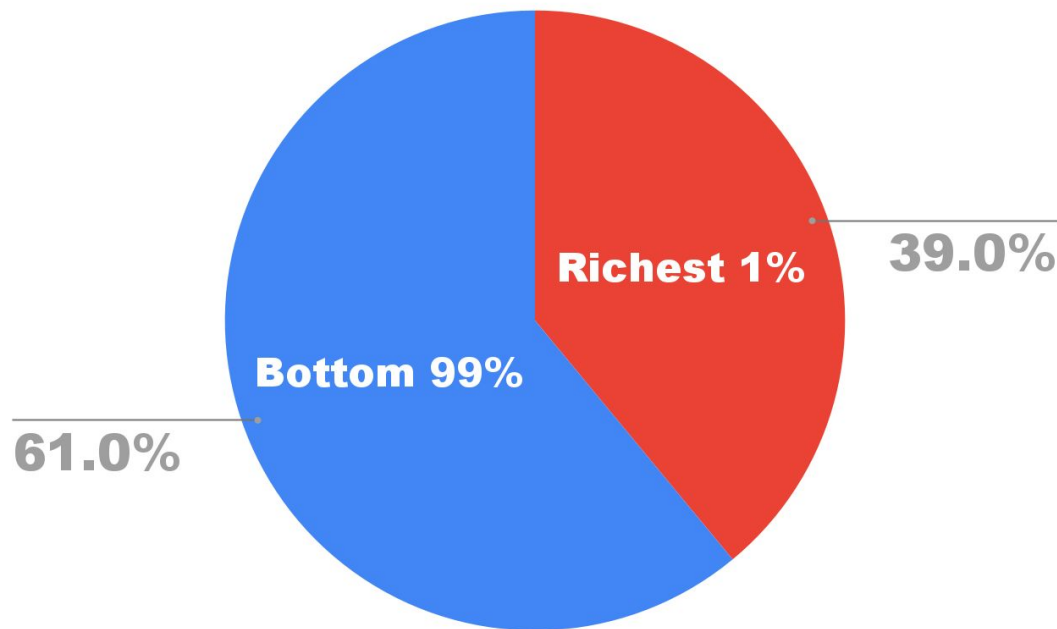
Bloomberg / Economic Times. "CEOs in US, India earn the most compared with average workers."
economictimes.indiatimes.com/news/company/corporate-trends/ceos-in-us-india-earn-the-most-compared-with-average-workers/articleshow/62282196.cms

Productivity and Pay, 1948-2018

Since the mid-1970s, income for most workers hardly grew while productivity soared!



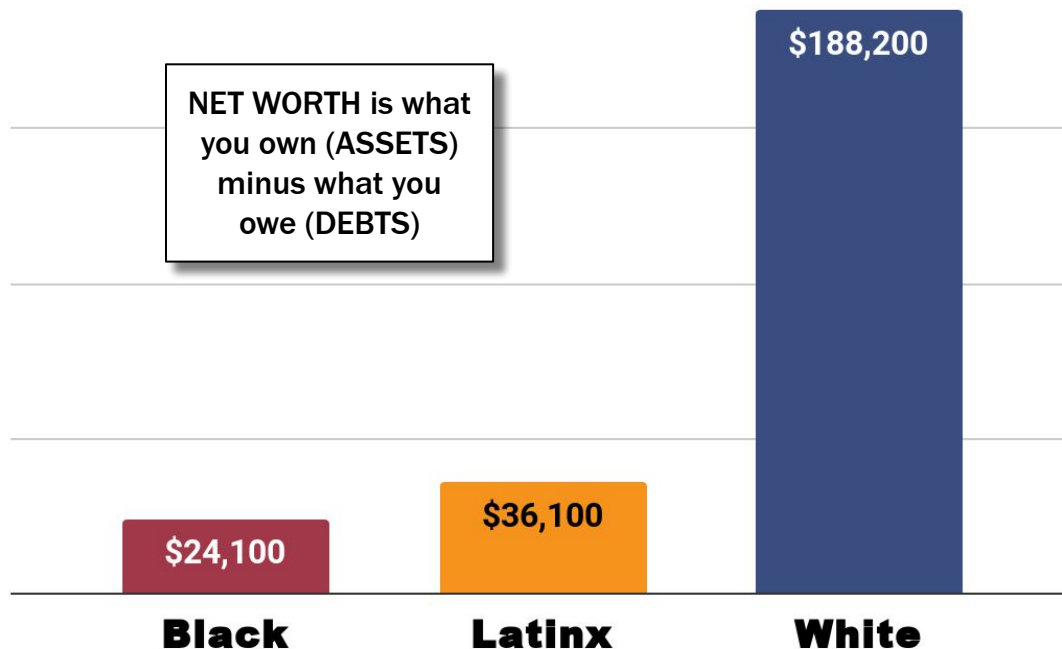
Share of Household Wealth in the U.S. in 2021



Source:

Based on research conducted by Thomas Blanchet, Emmanuel Saez, and Gabriel Zucman.
<https://realtimeinequality.org>

Household Median Net Worth by Race, 2019



Source:

Federal Reserve. Survey of Consumer Finances:
www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm

Median Wealth Single Women & Single Men

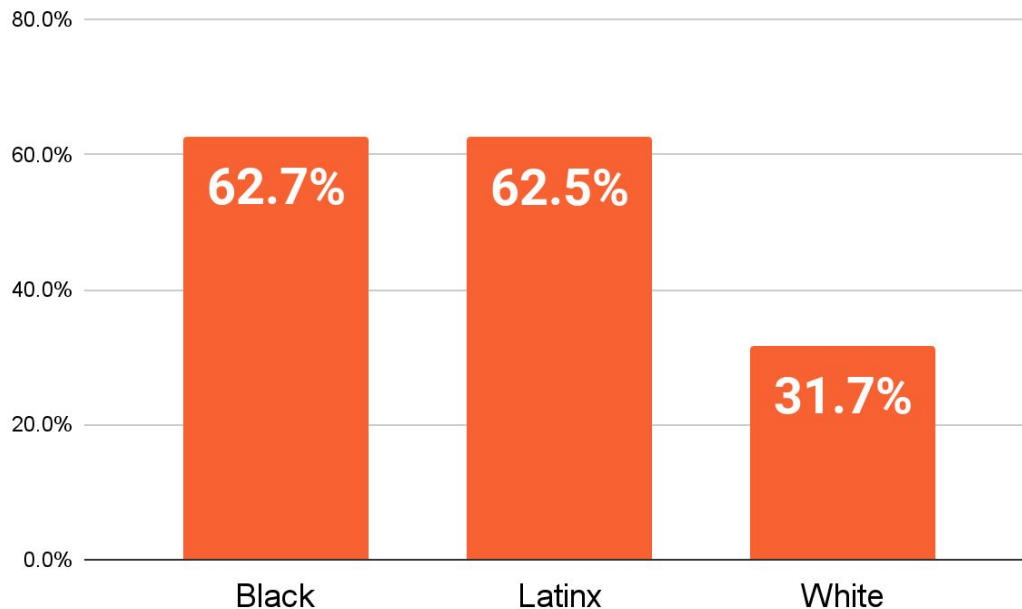


Source:

Closing the Women's Wealth Gap. Data for 2013:

womenswealthgap.org/wp-content/uploads/2017/06/Closing-the-Womens-Wealth-Gap-Report-Jan2017.pdf

Households Whose Savings Would Run Out in 3 Months

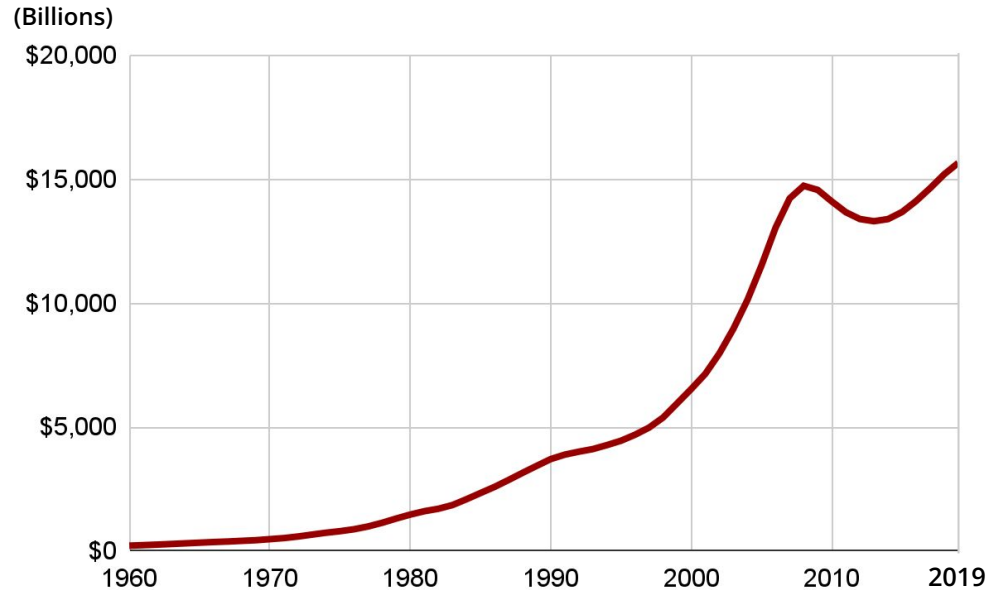


Source and Notes:

Note: Liquid asset poor households by race in 2018 (insufficient savings to get by at the poverty level for 3 months).

Analysis of Survey of Income & Program Participation in "Key Findings from 2019 Prosperity Now Scorecard":
prosperitynow.org/sites/default/files/resources/2019_Scorecard_Key_Findings.pdf

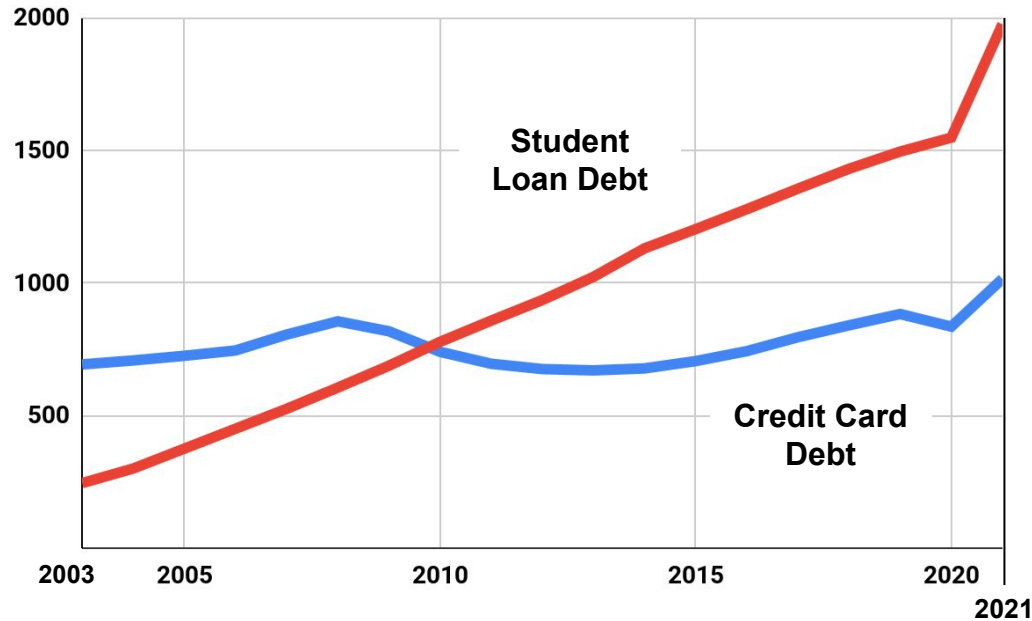
Total Mortgage Debt, 1960-2019



Source:

Federal Reserve Bank of St. Louis. Mortgage Debt Outstanding, All holders.
fred.stlouisfed.org/series/MDOAH#o

Student Debt on the Rise, 2003-2021



Source:

Federal Reserve Bank Of New York. Quarterly Report on Household Debt and Credit (August 2022). Page 3 - Total Debt Balance and its Composition. www.newyorkfed.org/microeconomics/databank.html

The Power Shift Since the 1970s

On the Rise

**Big Campaign
Contributors**

Corporate Lobbyists

Corporations

Banks & Big Investors

CEOs

Wall Street

In Decline

**Popular Political
Movements**

Voters

Labor Unions

Wage Earners

Employees

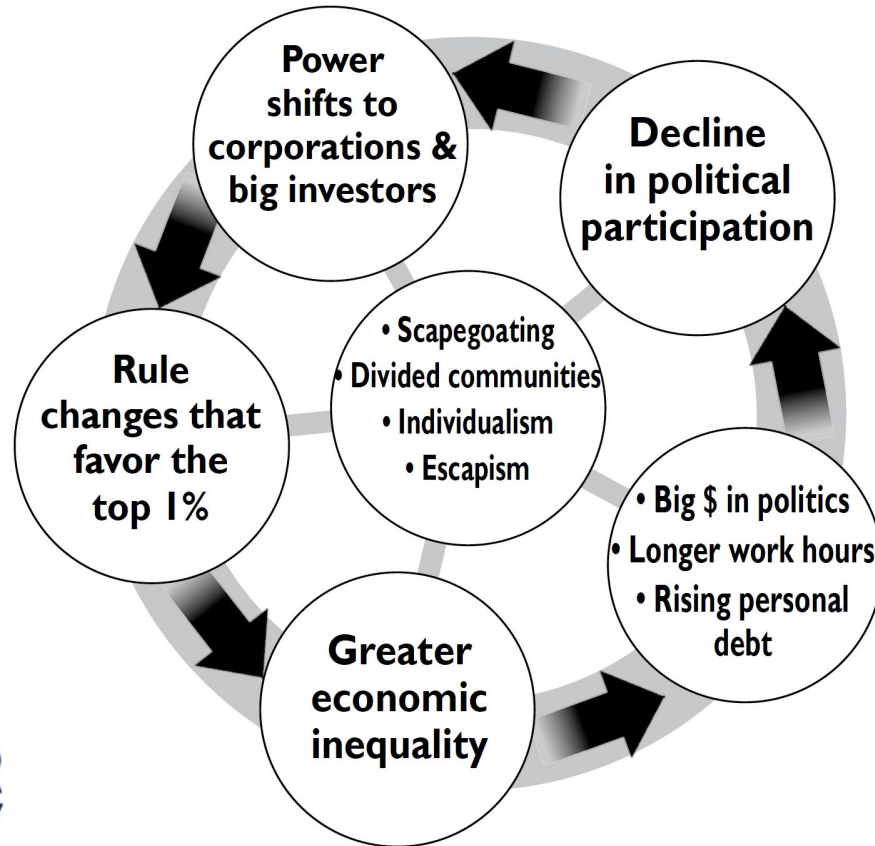
Main Street

Rule Changes Since the 1970s

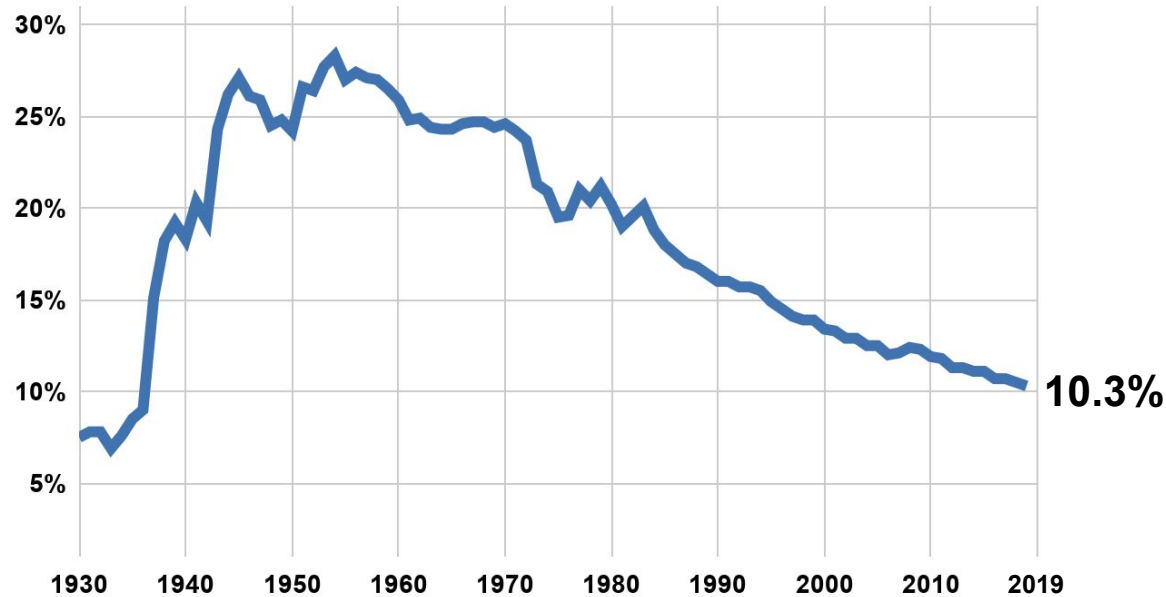
Policy changes reflect and reinforce the power shift.

Unions:	Anti-union climate weakens the power & voice of workers.
Trade:	Global treaties benefit corporations, not workers or communities.
Taxes:	Taxes shifted from big investors and corporations to workers.
Budget:	Public services cut. Corporate subsidies expand.
Minimum Wage:	Not raised to keep up with inflation & increased cost of living.
Privatization:	Government outsourcing plus no-bid contracts hurts taxpayers, workers, and public safety.
Big \$ in Politics:	PACs & other major campaign contributors have undue influence on legislators and increasingly undermine democracy.

The Wheel of Misfortune



Percentage of the Workforce in a Union, 1930-2019



Source and Notes:

Union Membership Trends in the United States by Gerald Mayer prepared for the Congressional Research Service
digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1176&context=key_workplace

Note: Data for 1982 does not exist, therefore that year is omitted.

“Free” Trade Treaties Help Corporations, Not Workers or Communities

The aim of treaties such as **NAFTA** is to reduce “barriers” to trade. The worldwide result:

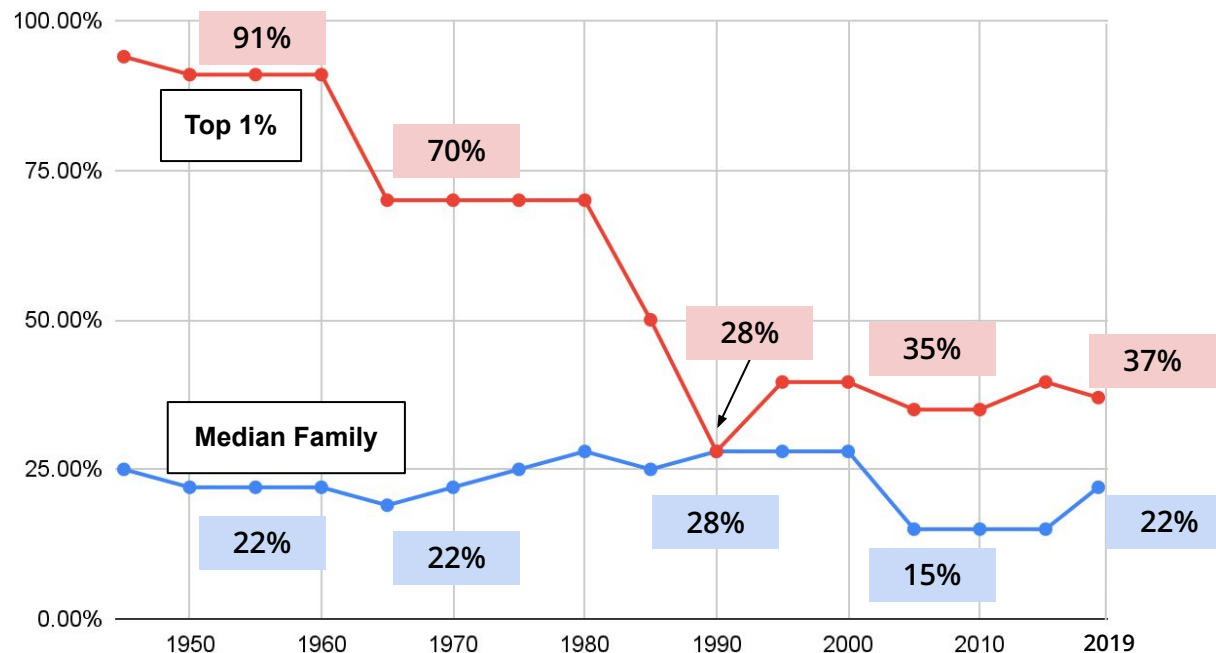
- Jobs shifted to low-wage countries
- Lower wages and living standards
- Weakened worker rights
- Environmental damage
- Weakened economies in developing nations
- Cuts in social safety nets
- Rise in poverty

New trade & investment agreements, such as the **Trans-Pacific Partnership (TPP)** ...

- Permit foreign corporations operating in the U.S. to ignore U.S. laws that protect the environment and workers’ rights;
- Threaten laws that protect community lending, health & safety, pay equity, pro-human rights government purchasing rules, public control of water & education, etc.



Federal Tax Rates for Top 1% & Median Family, 1947-2019



Sources:

For Tax Brackets: The Tax Foundation. Federal Individual Income Tax Rates History.

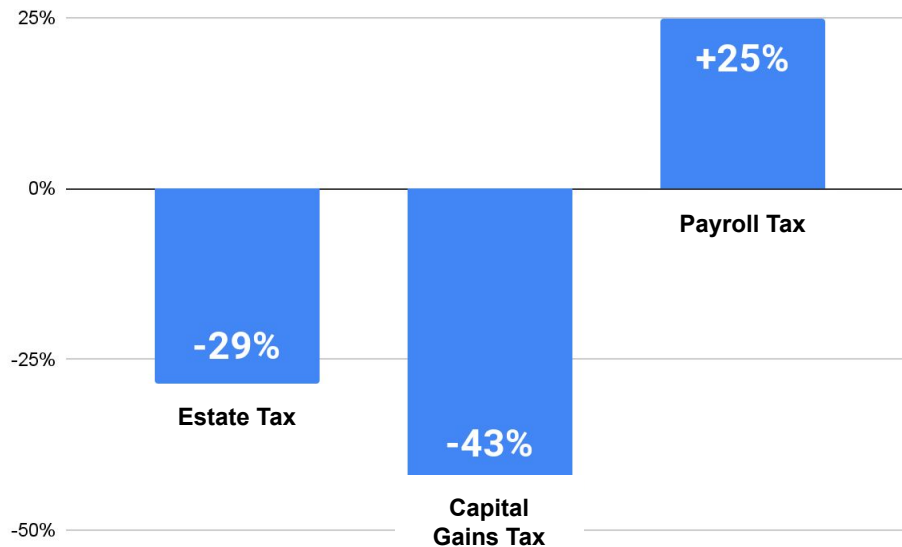
files.taxfoundation.org/legacy/docs/fed_individual_rate_history_nominal.pdf

For Median Family Income: Census Bureau. Table F-5 Median Family Income.

www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-families.html

Changes in Federal Tax Rates since 1980

Taxes have shifted from **wealth** to **work**.



Sources:

Capital Gains Tax (1980): www.taxpolicycenter.org/statistics/historical-capital-gains-and-taxes

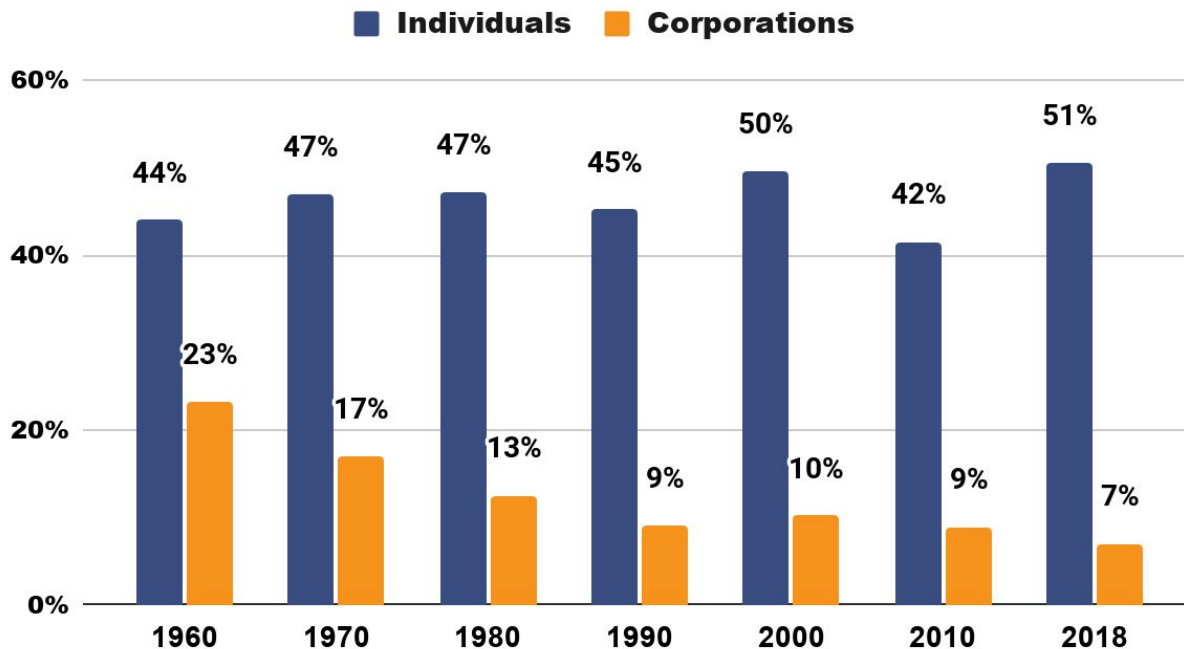
Capital Gains Tax (2019): www.fool.com/retirement/2018/12/09/long-term-capital-gains-tax-rates-in-2019.aspx

Estate Tax (1980): taxfoundation.org/federal-estate-and-gift-tax-rates-exemptions-and-exclusions-1916-2014/

Estate Tax (2019): taxfoundation.org/state-estate-tax-state-inheritance-tax-2019/

Payroll Tax (1980 & 2019): www.taxpolicycenter.org/statistics/payroll-tax-rates

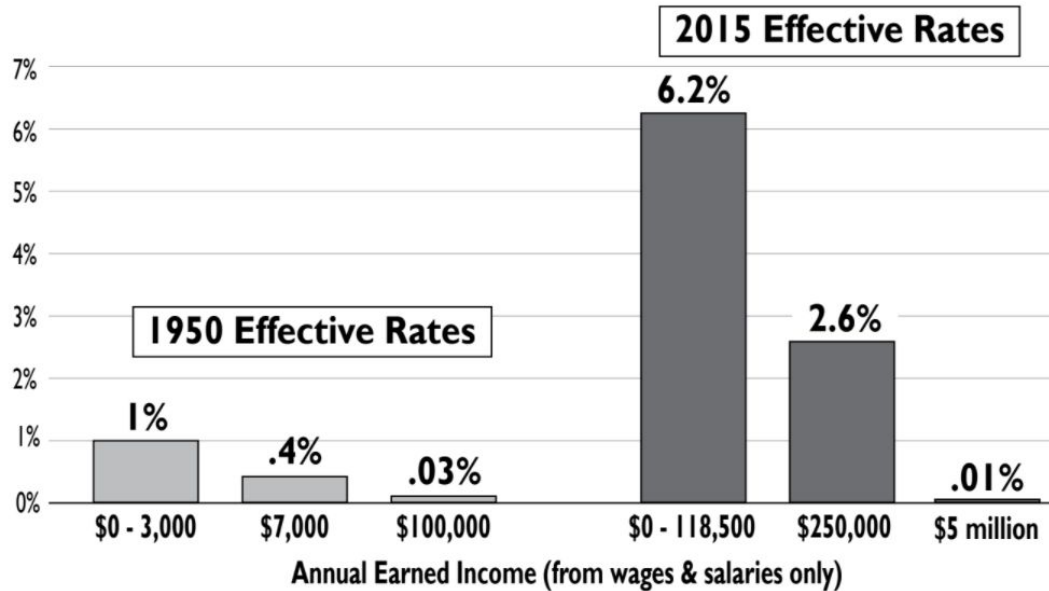
Federal Tax Collections Individuals & Corporations



Source:

Tax Foundation. Federal Tax Revenue by Source (1934-2018).
taxfoundation.org/federal-tax-revenue-source-1934-2018/#per

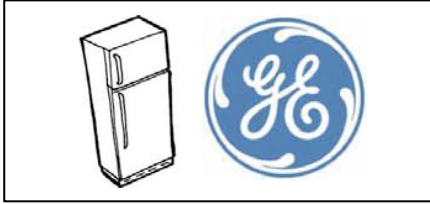
Payroll Tax Rates, 1950 & 2015



Corporate Welfare Expands While Necessary Programs are Cut



Pfizer reported total profits of \$9.6bn in 2020 while paying an income tax rate of just 6.4%, up slightly from the even lower 5.4% tax rate it paid in 2019.



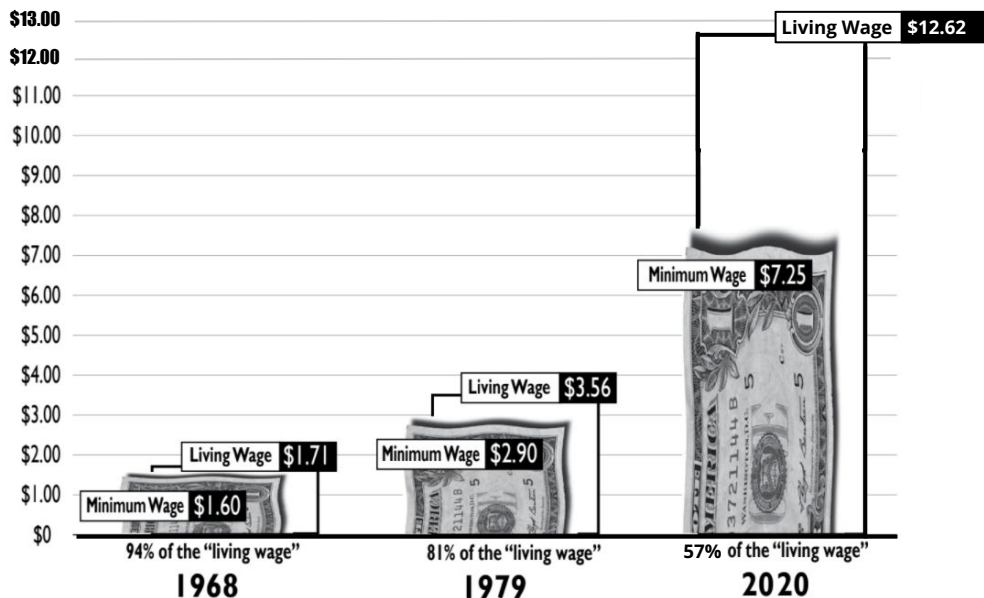
Despite profits of over \$5 billion in 2010, GE paid no income taxes!



Boeing received a total of \$8.7 billion in subsidies from the Washington State legislature in 2013.

The Minimum Wage and the “Living Wage,” 1968-2020

The federal minimum wage has not kept pace with the rising cost of living.

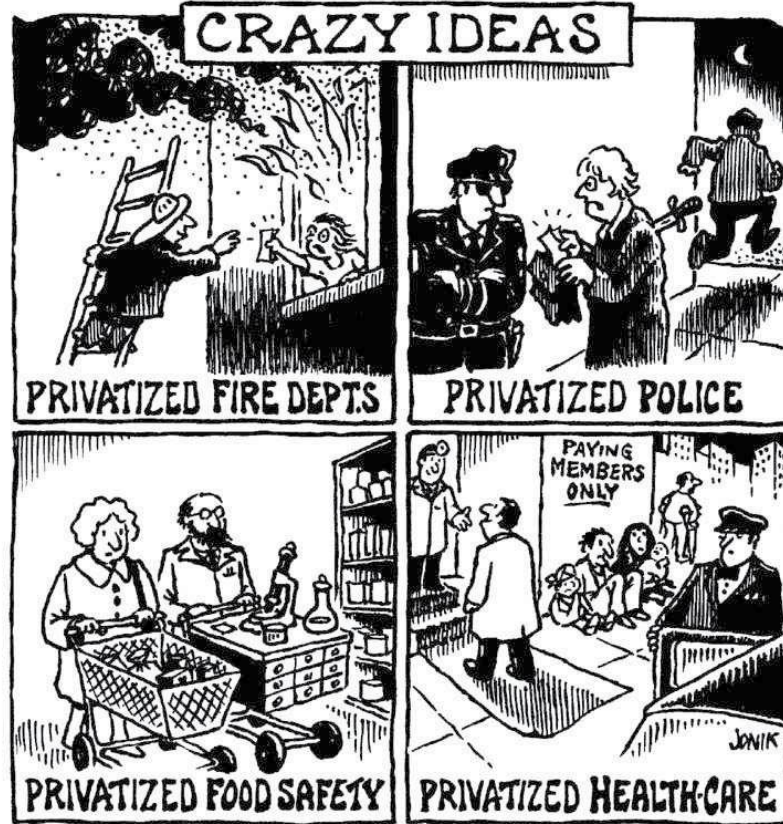


Source and Notes:

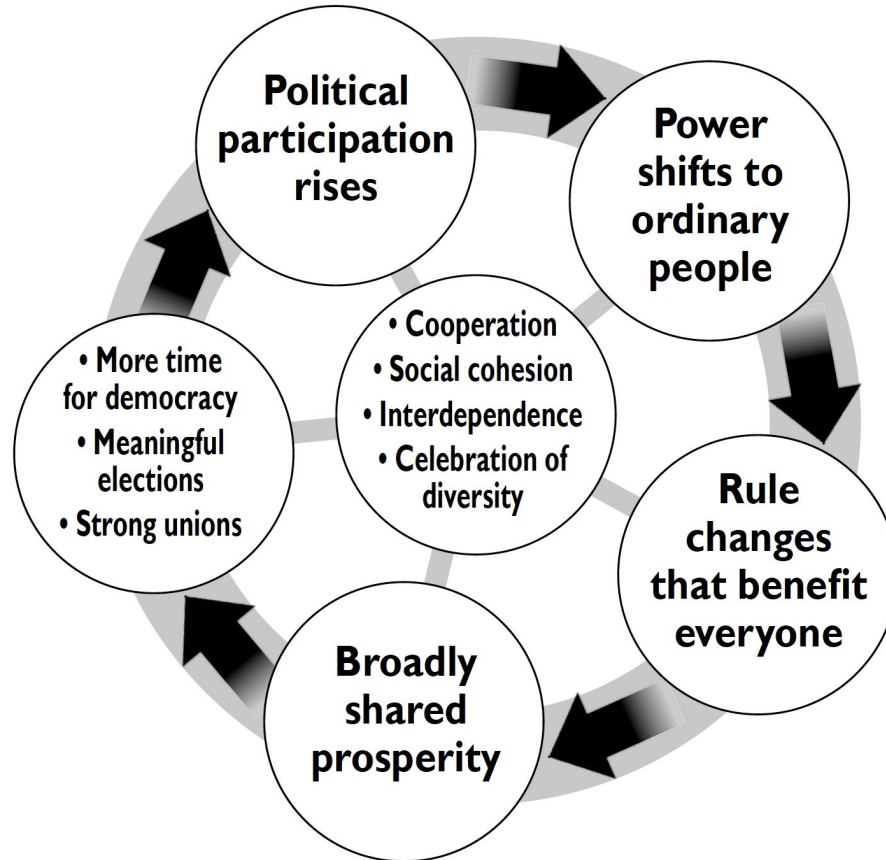
Note: Living wage is calculated by dividing that year's poverty threshold for a family of four by 2080 hours (52 weeks x 40 hours).

U.S. Census Bureau, Historical Poverty Thresholds.

Privatizing Public Services Helps Investors, Hurts Consumers and Workers



The Wheel of Shared Prosperity



Principles of a Fair Economy

- ★ Equity in all dimensions (race, class, ethnicity, gender, etc.)
- ★ Solidarity and Cooperation
- ★ Political & Economic Democracy
- ★ Sustainability
- ★ Pluralism and Diversity
- ★ Accountability
- ★ Respect & Dignity for People and Planet



Program for a Fair Economy

- ★ Educate & Change the Conversation



- ★ Campaign to Build Power & Change the Rules



- ★ Connect the Dots & Build a Movement



We Need New Rules to Reduce Wealth & Income Inequality

Lift the Floor for Lower Income People

- ★ Establish Living Wage standards
- ★ Raise the Federal minimum wage
- ★ Invest in job creation & training
- ★ Increase the supply of affordable housing

Level the Playing Field for Everyone

- ★ Fair taxes that treat income from investments and work the same
- ★ Postal banking services
- ★ Medicare for All
- ★ Trade policies that benefit wage-earners, consumers, & the environment
- ★ Quality education as a Constitutional right

Address the Concentration of Wealth and Power

- ★ Progressive taxation of wealth and income
- ★ Reduced subsidies for excessive CEO pay
- ★ Campaign finance reform to get big money out of politics
- ★ Accountability for corporations receiving public subsidies

What You Can Do Today

Educate Yourself and Others

- Host a UFE Popular Economics Education workshop.
- Learn to lead UFE workshops.
- Educate yourself — look at the resources on our website.

Influence the Media

- Write articles or letters to the editor.
- Organize a writers' group.
- Stage a flash mob creative action.

Join Campaigns to Change the Rules

- Support progressive tax proposals, such as the Robin Hood Tax.
- Support local Living Wage campaigns and raising the federal minimum wage.
- End deferral of taxes on income of U.S.-controlled corporations abroad.

Build Power

- Use your religious congregation as an organizing base.
- Join or support a labor union.
- Get involved in coalitions or civic groups.

Support United for a Fair Economy

- Make a donation and become a UFE member.
- Encourage friends and colleagues to join.
- Organize a fundraising house party.
- Help us reach out to a specific constituency.