

Activity 11: What's Been Done in the Past?

- Trainer's Goals:*
- Elicit a few significant examples in U.S. history when workers, low-income people and others acted collectively to address the consequences and causes of economic inequality.
 - Foster a sense of empowerment in participants by showing that past social movements brought about changes in economic rules and policies that ultimately resulted in a more equitable distribution of wealth and income.

This activity demonstrates that we have a rich history of struggle in the face of growing inequality and all the negative consequences it brings to our society, communities, and families. The activity is a departure from the previous sections of the workshop that described conditions and offered an analysis. It aims to move participants out of moods of despair, hopelessness, and frustration by demonstrating that there are actions — some very successful — that folks took in response to extreme economic inequality. In fact, there are numerous examples that can inspire, educate, and challenge us to act. It is also important to point out that all the popular movements we cite were complex, with features that we can emulate and others that should be rejected.

- Instruction:*
- That ends the despair portion of our program. Let's see what we can learn from history. In pairs, name any examples of some of the organized responses of Americans when economic inequality became extreme — when those benefitting from the concentration of wealth and power “have gone too far” and masses of people rose up in struggle for a more equitable economy. We will hear a sample.

[See the Talking Points on the next page for some examples of economic justice movements as well as some of the criticisms of these movements.]

Question: What do the following have in common?

- the weekend
- the 8-hour work-day
- the 40-hour work-week
- the minimum wage
- laws prohibiting child labor
- laws extending the right to vote for women and minorities
- Social Security
- Medicare

Response: They are all the direct result of people organizing to establish rules and policies that address economic inequality and maintain fairness; and they are things we sometimes take for granted.

2. How would you describe some of the shortcomings of these movements? What do you suggest be done to avoid these errors.

Talking Points

- ◆ The struggle to abolish slavery was a long one and, at the time of the Civil War, resulted in tremendously significant rules changes — the 13th amendment to the Constitution ended legal slavery; the 14th Amendment established the right of African Americans in the South to vote, hold office, and own property; and freed slaves were granted 40 acres and a mule enabling them to “get on the asset train.” The period of reaction and terror that followed Reconstruction, however, put in place Jim Crow laws that disenfranchised African Americans and were not overthrown until the Black Freedom Movement in the 1950s and '60s.
- ◆ The Populists were unique in the ways in which they united rural farmers and urban workers. In the 1880s, the Populists began a campaign for the first income taxes. However, some Populists succumbed to racial and anti-Semitic views that contributed to their demise. But we do have a lot to learn about their commitment to creating real economic democracy.
- ◆ In the 1930s, the Share Our Wealth movement campaigned for a cap on excessive wealth & income, a 30-hour work week, and a universal retirement pension. New Deal legislation, and other laws and policies passed as a result of mass movements for economic justice, benefited working people across the board. Unfortunately, employers often found ways to circumvent the rules, discriminating against women and people of color, and driving wedges between natural allies.
- ◆ Although some unions and labor organizing efforts maintained overt racist and sexist practices, the more progressive unions fought for the inclusion of people of color and women in their ranks and fought for rule changes that would benefit all.

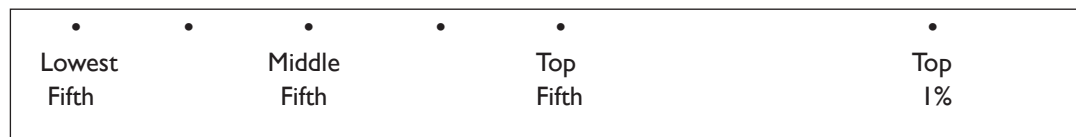


Activity 12: Changing the Rules

- Trainers' Goals:*
- Identify a wide range of policy ideas to close the income and wealth gap.
 - Explore the consequences for the various quintiles that the different policy ideas have on the income and wealth gap.

This activity is similar to the Income Quintiles activity (page 27). Six volunteers, representing income quintiles and the top one percent, will move closer to or further apart from each other as participants suggest policy remedies to close the income and wealth gap. After each suggested policy change, the trainer should check in with the group to make sure everyone understands the rule or policy suggestion. Treat this activity as a laboratory in which to test out ideas. Do not get too stuck on knowing exactly what the impact of each suggestion will be. Let the dialogue flow.

- Instructions:*
- In small groups, brainstorm policy and/or rule changes that would close the income and wealth gap. [To save time, this task can be done by the whole group.]
 - Let's have six volunteers — five representing population quintiles, and a sixth representing the top one percent — line up in the order that corresponds to the existing income spread. Let's hear ideas to close the income gap. What impact do you expect each suggestion will have on the quintiles? [For instance, a suggestion to "raise the minimum wage" would likely lift the lowest quintile — but also raise the living standards of the bottom three fifths.] Let's have the quintile volunteers move according to the impact of the suggested policy and rule changes.



Suggested Policy Remedies for Closing the Income and Wealth Gap

- Raising the minimum wage → bumps up the bottom three quintiles
- Promoting unionization → bumps up the bottom four quintiles
- Expanding college loans → lifts the second and third quintiles
- Progressive taxation → moves the top 1% closer to group
- Eliminating special tax loopholes → moves the top 1% down
- Raising the "no tax threshold" → raises the bottom two quintiles (if threshold raised to \$20,000)
- Wealth taxation → moves the top quintile down
- Reparations (for slavery) → benefits African-Americans the largest percentage of whom are in the bottom quintile
- Amnesty for immigrants → lifts the bottom quintile, maybe the second quintile as well
- Increased spending on education, health care, etc. → lifts the bottom three quintiles, maybe the fourth quintile as well
- Maximum wage: linking the top tax rate to ratio minimum wage → lifts the bottom three quintiles and reduces top quintile
- Expand the earned income tax credit → lifts bottom two quintiles

Actions and Policies that Worsen Inequality

- Welfare reform and reducing benefits - pulls down the bottom three quintiles
- Prison labor - pulls down the bottom three quintiles
- Cutting capital gains tax - pushes the top 1% up, the top quintile too
- Cutting corporate taxes - pushes the top 1% up

- Look at the policies and rule changes that we've proposed [see Talking Points, next page] that shrink the income and wealth gap. Group them according to the following framework:
 - Policies that lift the floor.
 - Policies that address the concentration of wealth and power.
 - Policies that level the playing field.
- What type of policies do you think might give the top 1% – 3% a self-interest in seeing the living standards of other Americans rise? What actions would you suggest can be taken to increase equality that don't require using government intervention?

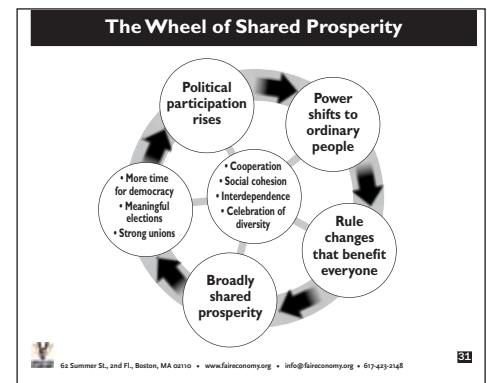
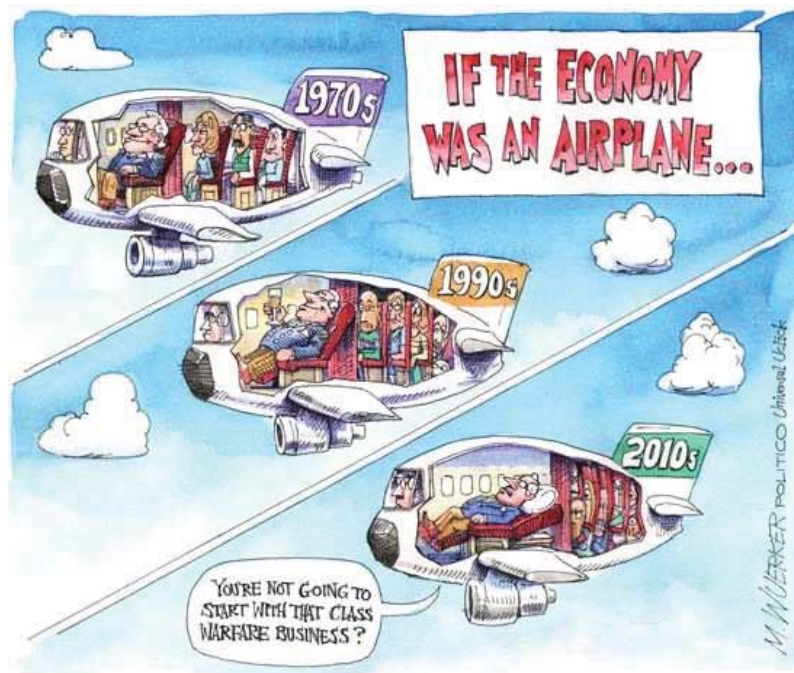


Chart #31: Wheel of Shared Prosperity



Talking Points

- ◆ **Lifting the floor:** These are strategies that seek to bring people at the bottom up to at least a level where they have the ability to make use of their talents and pursue their dreams.
 - *Increase the Minimum Wage to at least a Living Wage.* A living wage would keep families above the poverty threshold. The level that would bring a family of three above the poverty line is \$8.20 per hour. Many cities, including New York, Chicago, L.A., Minneapolis-St. Paul, Baltimore, and Boston, have approved living wage ordinances, and many local and statewide campaigns are underway. It's simply an embarrassment that we have a system where people who work 40 hours a week cannot live above the poverty line.
 - *Support Family Self-Sufficiency projects (FESS).* FESS is a measure of the real cost of living, working, raising a family and paying taxes. In contrast to the outmoded federal poverty guidelines, the FESS Standard presents an accurate picture of the real costs of living for families in today's marketplace. There are 8 states participating in the State Organizing Project for Family Economic Self-Sufficiency, a national and state-level collaboration organized by Wider Opportunities for Women (WOW) and its national partner organizations.
 - *Help moderate and low-income families build assets.* The key to long term economic security for most families is assets, even more than income. Since 1976, we have seen a great concentration of assets in the hands of the top 1%. The government should be doing everything it can to help families purchase homes and build their savings, as was done with the Federal Home Mortgage Assistance Program following World War II.
 - *Shorter work week.* We have seen the advent of many labor-saving devices over the past few decades, yet we all seem to be working longer and longer. With a shorter work week people could spend more time with their families and communities. The Shorter Work Time Project, based in Somerville, MA has chapters around the country working on this issue.
 - *Institute National Health Care for All.* Plain and simple: health care should not be rationed out based on the ability to pay.
- ◆ **Addressing the concentration of wealth and power:** These are strategies that seek to level the playing field by bringing people from the top down. Some examples:
 - *Wealth tax.* Many European countries have a wealth tax. See *Top Heavy*, by Edward Wolff, for details.
 - *Progressive tax rates.* This would raise the top tax rate and lower taxes on low- moderate-income workers. Remember, the top tax rate applies only to the top one to two percent of the country.
 - *A maximum wage that is tied to the minimum wage* establishes some relationship between the two and insures that we as a nation grow together.
 - *Cut corporate subsidies, particularly when the recipients do not add jobs but pad their executives' compensation.*
 - *Increase taxes on inheritances.*
 - *Tax investments at the same level as earned income.*
- ◆ Cutting handouts to corporations and the rich will raise available revenue which could be used to:
 1. Reduce the national debt.
 2. Reduce taxes on everyone else putting buying and saving power into the pockets of ordinary people and fueling the economy.
 3. Invest in jobs and a more productive and sustainable economy.
 4. Invest in people through education, job training, and help for those in need.

Some Current Proposals Will Worsen Inequality

- ◆ You would think the “trickle down” policies of deregulation and tax cuts for the wealthy would be discredited by the bursting of the housing bubble and the onset of The Great Recession, but they persist. Advocates for the corporate power elite in Congress continue to press for rules that would further concentrate wealth and income at the top while lowering living standards for the middle class and low-income households:
 - maintaining income tax cuts for the top two percent
 - trimming capital gains taxes by half
 - permanently repealing the Estate Tax
 - privatizing Social Security
 - trimming the deficit by cutting spending on what remains of the social safety net
 - proposing a Flat Tax and a National Sales Tax.

