

# CSAI – Escalating Inequality

Session #4 – Deeper Reasons for Escalating Inequality

UUCF – August 17, 2015

Session Leader: Terry Steichen

# What is a CSAI?

- “Congregational Study/Action Issue”
- Bi-annual selection by UU General Assembly
- Usually leads to “Statement of Conscience”
- Four year duration (3 plus SOC)
- Recent CSAIs:
  - Escalating Inequality (2014; est 2017 SOC)
  - Reproductive Justice (2012; 2015 SOC)
  - Immigration as a Moral Issue (2010; 2013 SOC)
  - Ethical Eating (2008; 2011 SOC)
  - Creating Peace (2006; 2010 SOC)



Not everything that is faced can be changed, but  
nothing can be changed until it is faced.

(James Baldwin)

# Seminar Session Overview

- ~~Scope of Escalating Inequality (EI)~~
- ~~Economic and non-Economic Consequences of EI~~
- ~~(Inadequate) Conventional Explanations of EI~~
- Deeper Reasons for EI
- Powerful Role of Myths in Perpetuating EI
- Past Reform Attempts and Results
- Lessons Learned (what doesn't work)
- Identifying Parameters of Possible Solution(s)
- Identifying and Zeroing in on Solution(s)
- Advocating for Chosen Solution(s)
  - External (good governance) groups
  - Grassroots - UUCF->UU->Faith

# Seminar 3 Session Overview

- CSAI Discussion
- Escalating Inequality Project Discussion
- Review of Inequality trends
- The Phony rationale for Inequality
- Wrap-up Questions

# Conventional Rationalizations for Inequality 'Winners'

- ~~X~~ (1) entrepreneurial spirit and skills
- ~~X~~ (2) globalization/ economic effects
- ~~X~~ (3) education/training/skills/smarts
- ~~X~~ (4) skillful use of modern technology

**So these don't cut it – what's left?**

# Hint 1: Citizen/Politicians Views Disconnect

<b>Issue</b>	<b>Public's View</b>	<b>Politician's View</b>
Tax the wealthy	yes	no
Financial transaction tax	yes	no
Keep the estate tax	yes	no
protect Medicare benefits	yes	no
Medicare for all	yes	no
Preserve Social Security benefits	yes	no
Public campaign financing	yes	no
Curb political donations	yes	no
End Iraq/Afghan wars	yes	no
Close most overseas military bases	yes	no
Reduce size of military	yes	no
Less militarization of police	yes	no
End bank bailouts	yes	no
Curb CEO pay/bonuses	yes	no
Curb huge banks	yes	no
Create real jobs not tax cuts	yes	no
Block off-shoring of jobs	yes	no
End corporate personhood	yes	no
Close revolving door	yes	no
End oil subsidies	yes	no
End agribusiness subsidies	yes	no
Strengthen public education	yes	no

# The Big Disconnect – a few details

Raise taxes on the wealthy -

supported by 66% of the public, but not happening

.

Raise taxes on corporations -

supported by 70% of the public, but the outlook is to reduce them.

Leave Medicare as it is -

supported by 70% of the public, but not if but how to cut.

Cutting SS benefits -

supported by only 12% of the public, but likely.

Cutting education -

supported by only 21% of the public, but on the chopping board

Cutting foreign aid -

supported by 79% of the public, but protected

Cutting military aid -

supported by 74% of the public, but protected

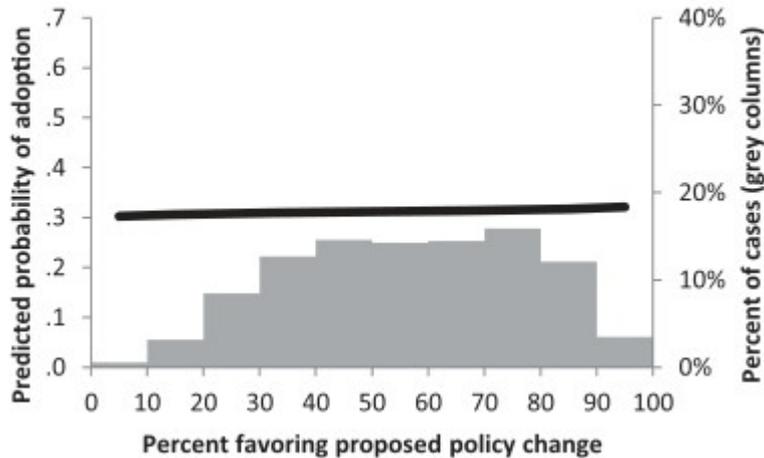
Cutting business subsidies -

supported by 57% of the public, but protected.

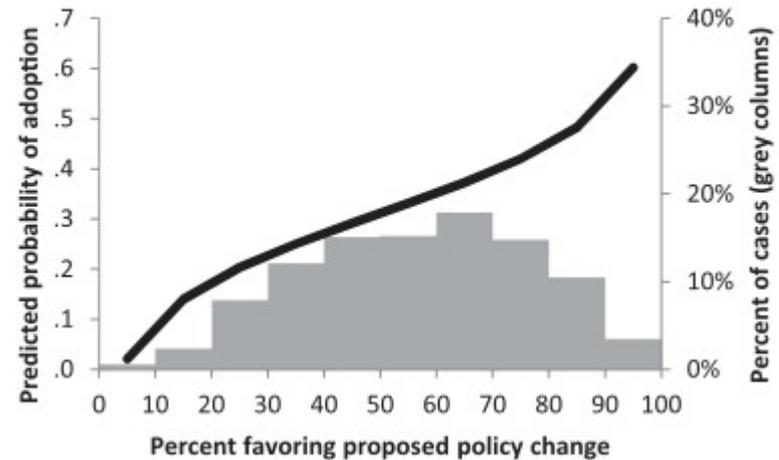
Etc., etc., etc.

# To Whom Does Congress Pay Attention?

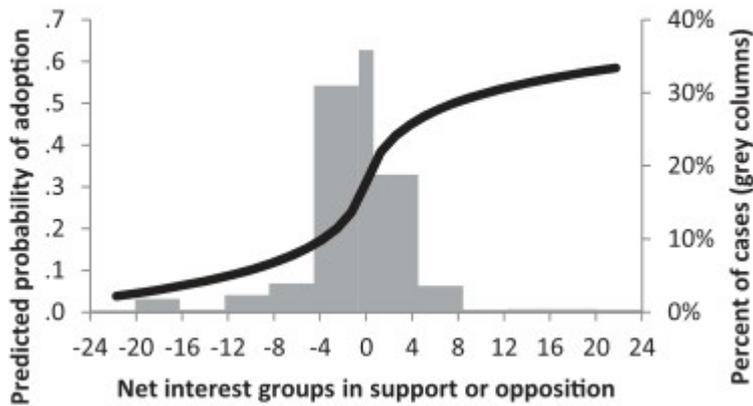
## Average Citizens' Preferences



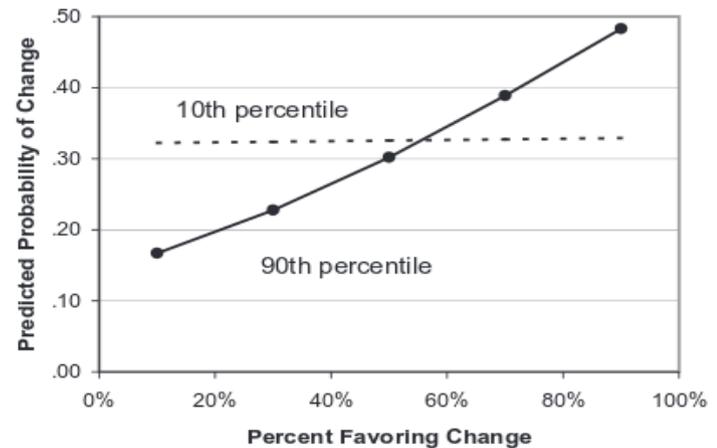
## Economic Elites' Preferences



## Interest Group Alignments



## Questions where Preferences of the 10th and 90th Income Percentiles Diverge



From Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens  
 By Martin Gilens and Benjamin I. Page (American Political Science Assn. 2014)

## Starkly Different Attitudes Between Elites and Public

	Elites favor expanding or cutting	Public favor expanding or cutting
Environmental Protection	-8%	+29%
Health care	-19%	+44%
Social Security	-33%	+46%

Note: a positive value indicates expand, and negative is cut

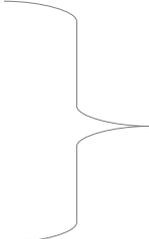
## Hint 2: Consistent Patterns

lower marginal tax rates on wealthy, corporations  
lower tax burden on wealthy, corporations  
greater/continuing subsidies for business  
tax breaks for the wealthy and business  
less stringent regulatory requirements and oversight  
more privatization of government functions  
more protection of big corporations from competition  
more priority on law and order  
continued influence of lobbyists



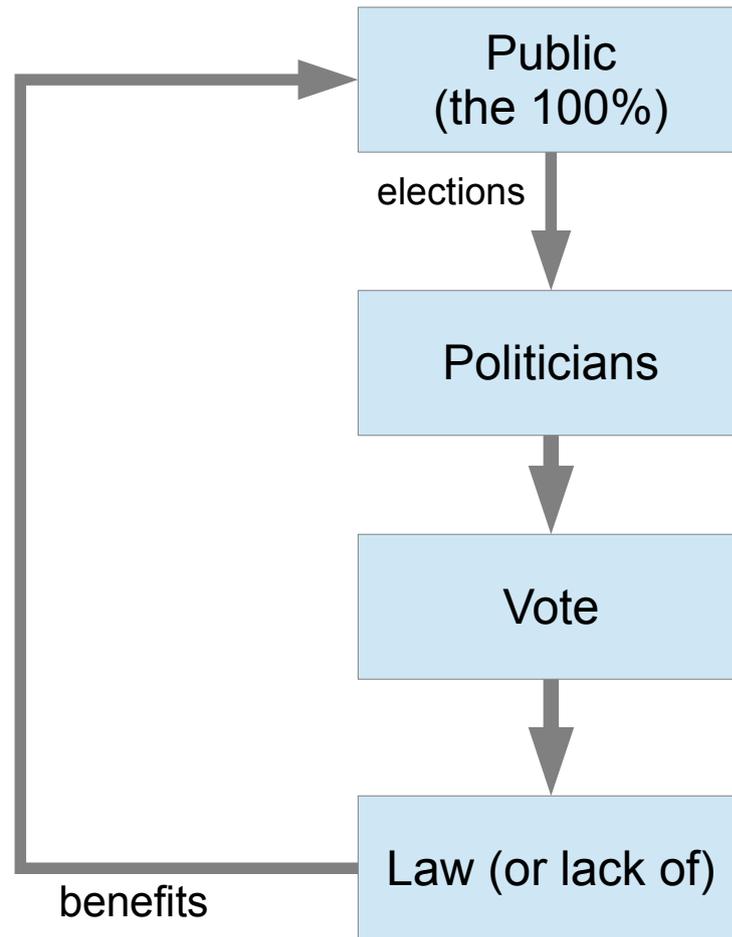
Benefit the 1%  
(but hurt the 99%)

reduce social benefits (entitlement cuts)  
increased social costs (bailouts, oil spills, etc.)  
heavier tax burden (flat tax, regressive taxes)

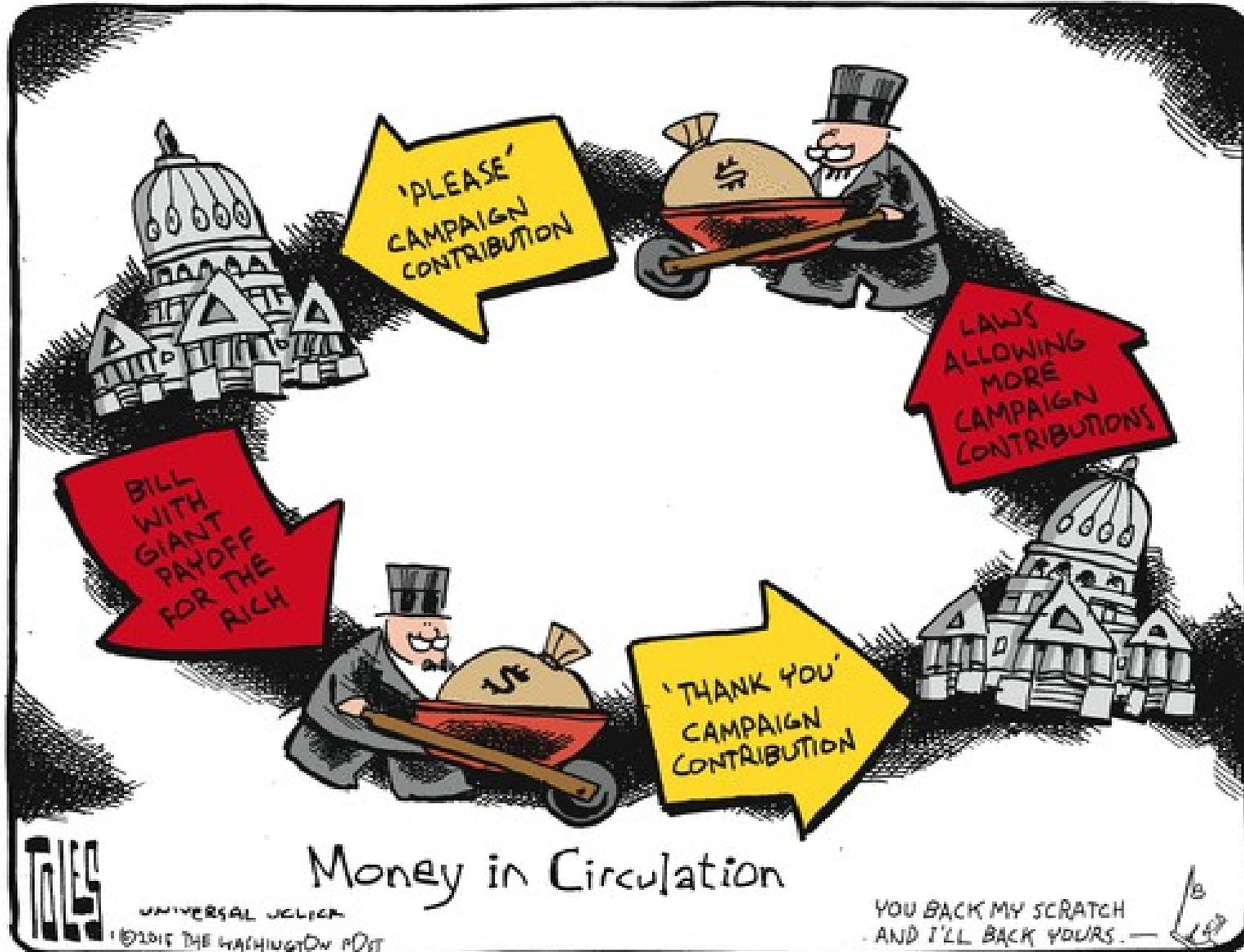


Hurt the 99%  
(but benefit the 1%)

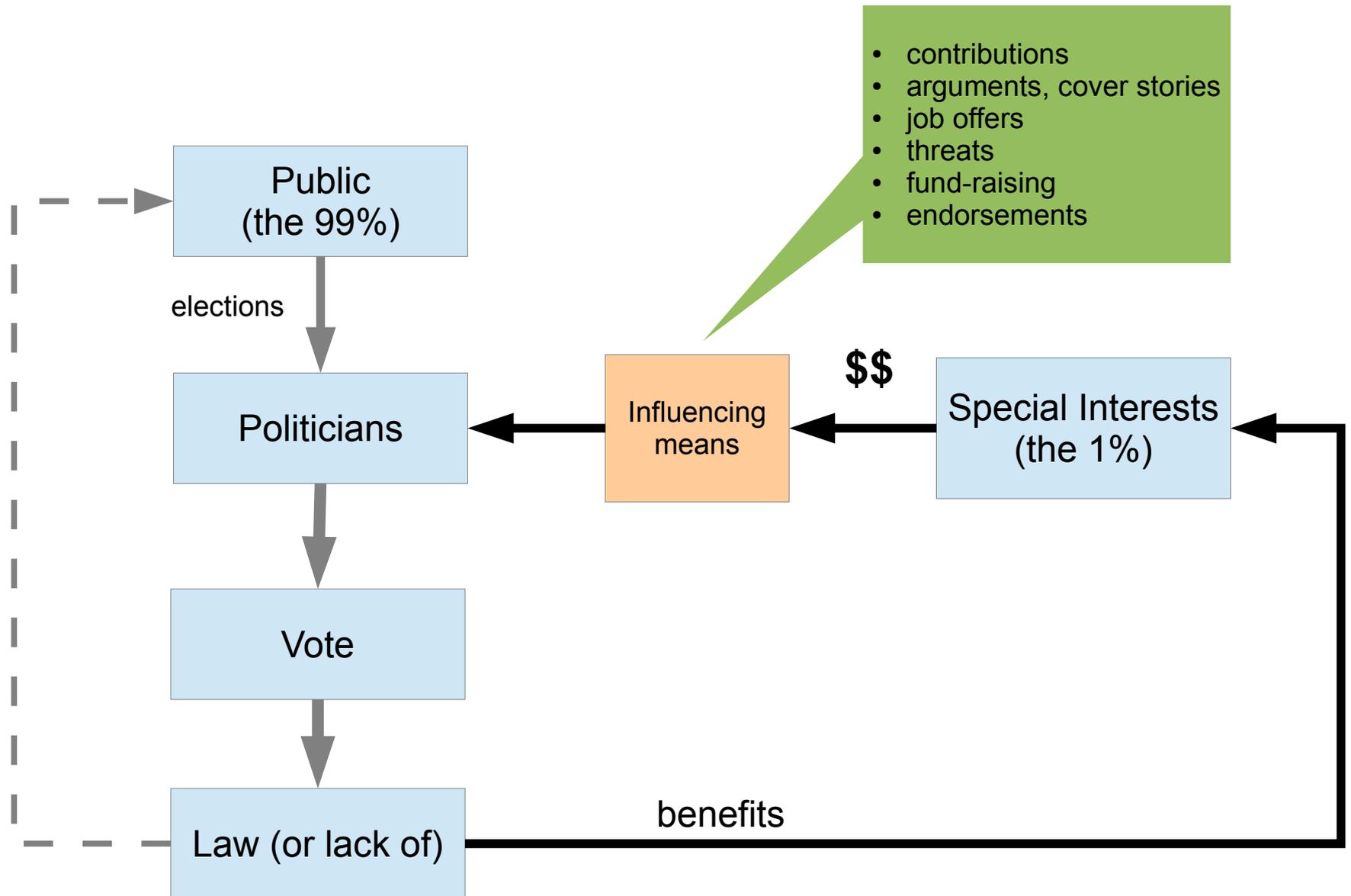
# Representative Democracy: Civics 101



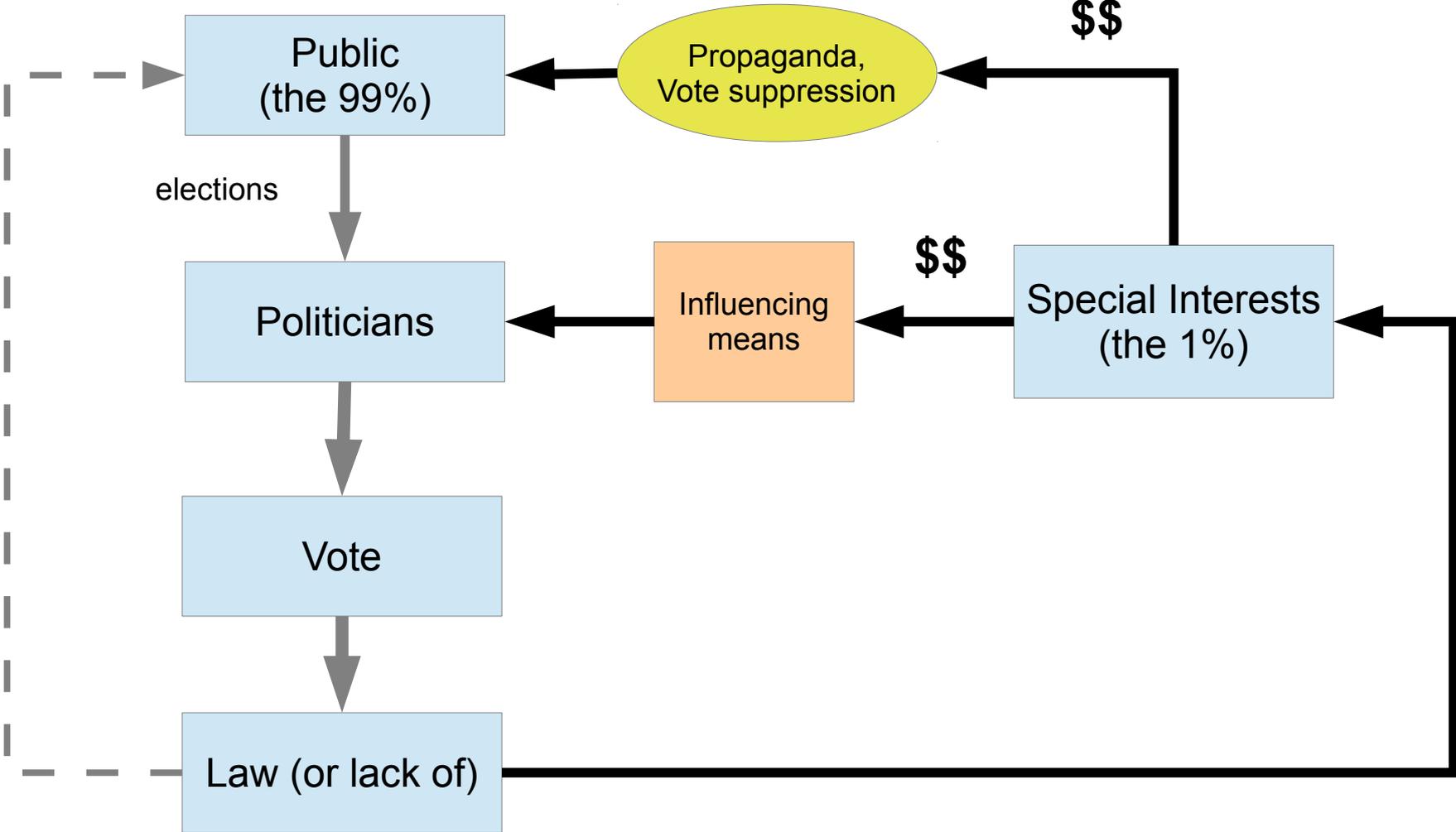
# The "Real World" Works Somewhat Differently



# Representative Democracy: Civics Politics 101



# Representative Democracy: Civics Politics 101 102



## Hint 3: Myths That Neutralize Voter Objections

- “inequality is natural, unavoidable and necessary”
- “The wealthy already bear a disproportionate share of taxing burden”
- “The wealthy are essential – they create jobs for the rest of us”
- “The wealthy got that way through hard work and intelligence”
- “Consumption by the wealthy is what is keeping our economy alive”
- “Tax relief is essential or corporations will leave the U.S.”
- “We have a spending problem, not a revenue shortfall”
- “Government is too large and must be cut back”
- “Our tax structure is too complicated and must be simplified”
- “A flat tax would broaden the base and be more fair”
- “Social Security was a bad idea from the start”
- “Social Security is bankrupt.”
- “Medicare is wasteful and its costs are ballooning unacceptably”
- “Privatizing Social Security would save it.”
- “Privatizing Medicare would save it.”
- “Privatizing public schools would save them.”

# **Political Corruption is ~~one of~~ the main Cause of Extreme Inequality**

- 1) Apologists' rationalizations don't make sense
- 2) The U.S. is far less equal than other developed countries
- 3) The core problem is that our politicians have other priorities
- 4) Our voting leverage is being undercut by a barrage of myths

## Current Reform Efforts

"end corporate personhood"

"reverse Citizens United"

"get money out of politics"

"money isn't speech"

"public financing is the only way to go"

"end corporate control of Congress"

## Common Reform Characteristics

- ▶ seek to curb funders' influence over elections.
- ▶ seek to curb likelihood of funders influencing subsequent actions of elected officials
- ▶ the byline is "level the political playing field"
- ▶ most (all?) work mainly through the courts
- ▶ quite a number would increase the amount of money, but just spread out the donors (Lessig)
- ▶ none focus on actions of the politicians themselves

# **A Tale Told (mostly) by Two Books**

1) Winner-Take-All Politics (2010) by Hacker/Pierson

2) Republic, Lost (2011) by Larry Lessig

Unequal Democracy (2008) by Larry Bartels \*

Aftershock (2011) by Robert Reich \*

\* honorable mention

# The Multi-layer Challenge of Reform

(1) Policy-specific objectives

- Curb global warming
- Curb gun violence
- Protect Social Security
- End foreign wars
- Etc., ...

Blocked by  
special interests

(2) Political reforms

- End gerrymandering
- Campaign financial reform
- Term limits
- Etc., ...

Blocked by  
Catch-22 and  
Special interests

(3) Systemic reforms

- Constitutional amendment
- "Presidential referendum"
- Social revolution
- Political accountability

Bypass  
Catch-22 and  
Special interests

# Larry Lessig: Lesterland



## **Hacker/Pierson Focus: “Organized Combat”**

- ▶ The problem is political and the solution must be political.
- ▶ Voters must become involved.
- ▶ Involvement must be continuous
- ▶ Need for new groups to be developed.

## Bottom Line (IMHO)

**Need both: (1) Level the playing field plus (2) enforce the “rules”**

**Reliance on the press or on opposition research is no longer effective.**

**Citizens must bear much of the load, not depend on courts to do the job.**

**If voters can't be bothered, God help us (because that's all we have left) \***

\* But God only helps those that help themselves.

## Beyond the CSAI

"[T]he United States has a grotesque level of income and wealth inequality where the top one-tenth of 1 percent owns almost as much wealth as the bottom 90 percent, where almost 20 percent of our children are living in poverty, 40 percent of African-American children are living in poverty. We are moving rapidly toward an oligarchic form of society where a small number of families control not only the economy but our political system as well. It is imperative that we develop a strong political movement that says to the billionaire class they cannot have it all."

Bernie Sanders in NYTimes.com interview on 8/17/2015

# Discussion

# Forward-Looking Overview

## **This Session**

The root cause of escalating inequality is political corruption.

## **Next Session**

The power of myths (aka, propaganda)

The mythical nature of the myths

## **Next +1 Session**

Many solutions have been attempted – all have largely failed.

The future prospects for any succeeding aren't great.

The ultimate barrier is the Catch-22.

## **Next + 2 Session**

To be effective, the solution must bypass the legislative/legal process.