

The U.S. Economy

A Challenge for Anyone who cares about Social Justice

Trends, Causes, and What to Do

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April 12, 2014

Overview of Workshop

- Trends
- Causes
- What to Do

Economic Trends ?

Economic Trends

- Inequality (rich getting richer, the poor poorer, and the middle disappearing)

Inequality is High, Rising

- Top 1/100th of 1% are the ones doing very well
- 16,000 households in 2012 with annual income over \$10 million

1973-2012

- Among top 1/100th of 1% average income rose 6.8 fold, from \$4.5 to \$30.8 million. (adjusted for inflation)
- Among the bottom 90%, average income fell by 13%, from \$35,600 to \$31,000 (adjusted for inflation)

(During these years, the size of the US economy, per person, nearly doubled)

Economic Trends

- Inequality (rich getting richer, the poor poorer, and the middle disappearing)
- Fewer advancement opportunities compared to other countries and to the US in prior generations
- Ongoing recession

Share of Population who is Employed 1962-2014 (monthly data)



The share of the population who is employed is lower than any time since 1984 and has hardly changed since the recession.

(age 16 and above)

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Causes of the trends ?

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- Stagnant or falling wages/salaries

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Stagnant or falling wages/salaries

- Few unions
- High unemployment
- Decline in value of the minimum wage
- Trade agreements (promote job loss, pressure wages down, rewrite rules of economy to favor corporations)
- No pay increases although corporations rich
- Wage theft (over two-thirds of low-wage workers have money stolen by their employer in any week) www.ucc.org/justice/worker-justice/wage-theft
- Few good jobs: 28% of all jobs pay poverty wages

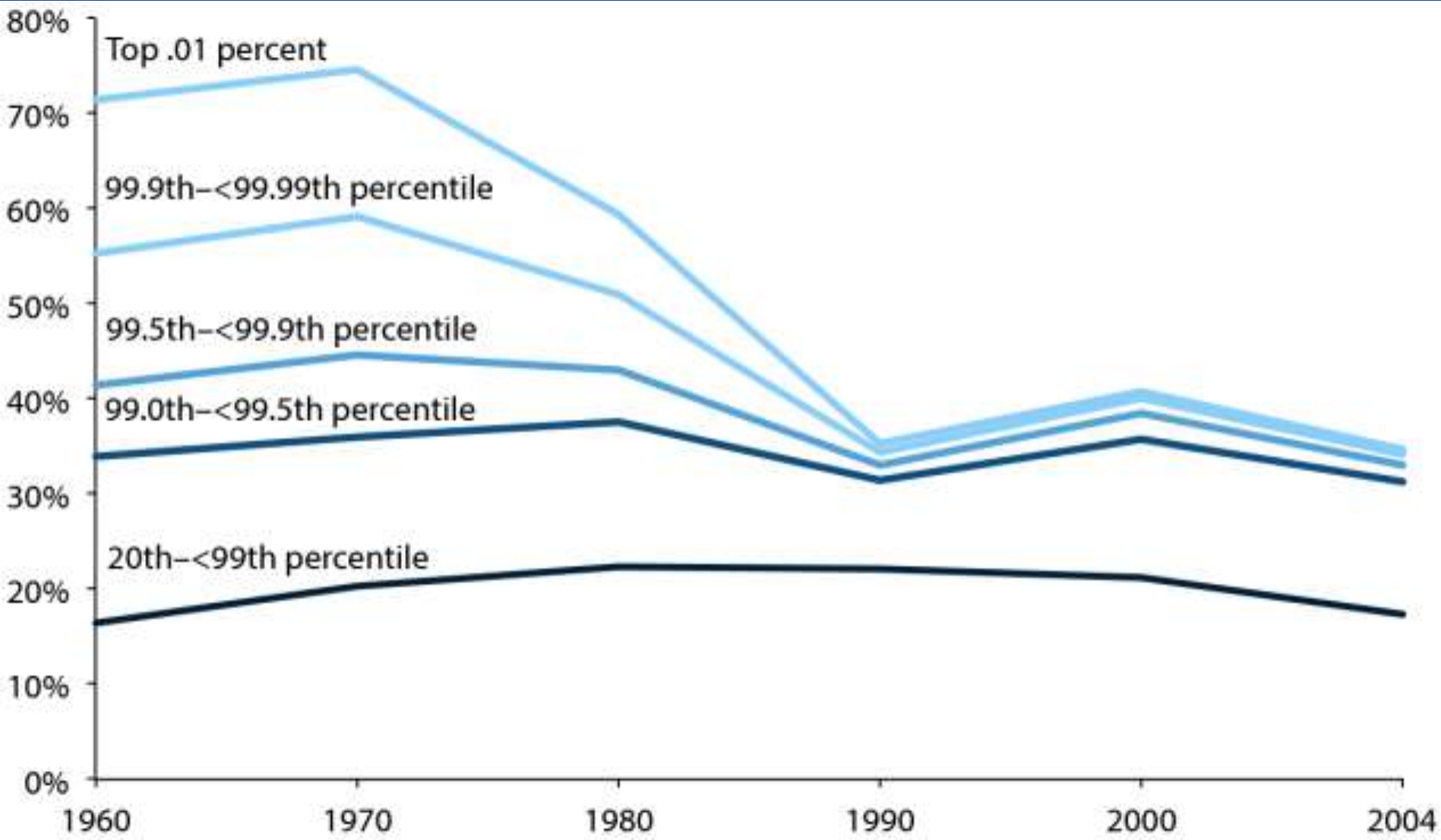
Value of total national pay and benefits is at 65 year low (since 1948)

Employee compensation is \$5.27 of every \$10 in national income; corporate profits are \$1 in every \$10 (85 year high)

Causes of the Trends

- Stagnant or falling wages/salaries
- Huge growth of income among the very top households and tax reductions

Average effective federal tax rates by income group, 1960–2004



Causes of the Trends

- Stagnant or falling wages/salaries
- Huge growth of income among the very top households and tax reductions
- Growth in Corporate Power

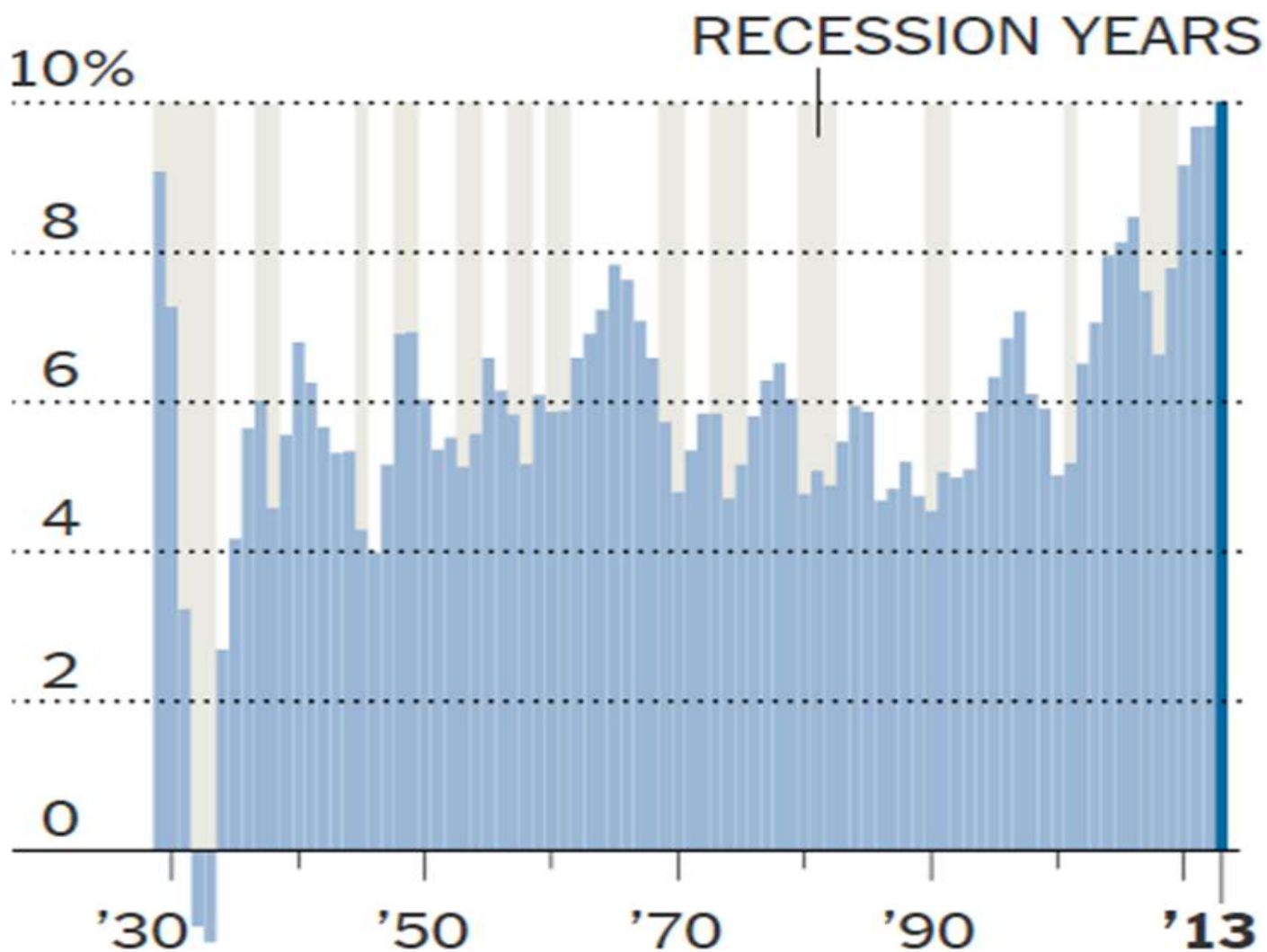
Growth in Corporate Power

Power of financial firms and large multinationals
(not manufacturers or smaller local firms)

- High profits, low taxes
- “Capture” of regulatory structure
- “Capture” of Congress
- “Capture” of media
- Write and re-write rules of the economy
- Do we “worship” money and those who have it?

After-tax Corporate Profits (% GDP)

1929-2013



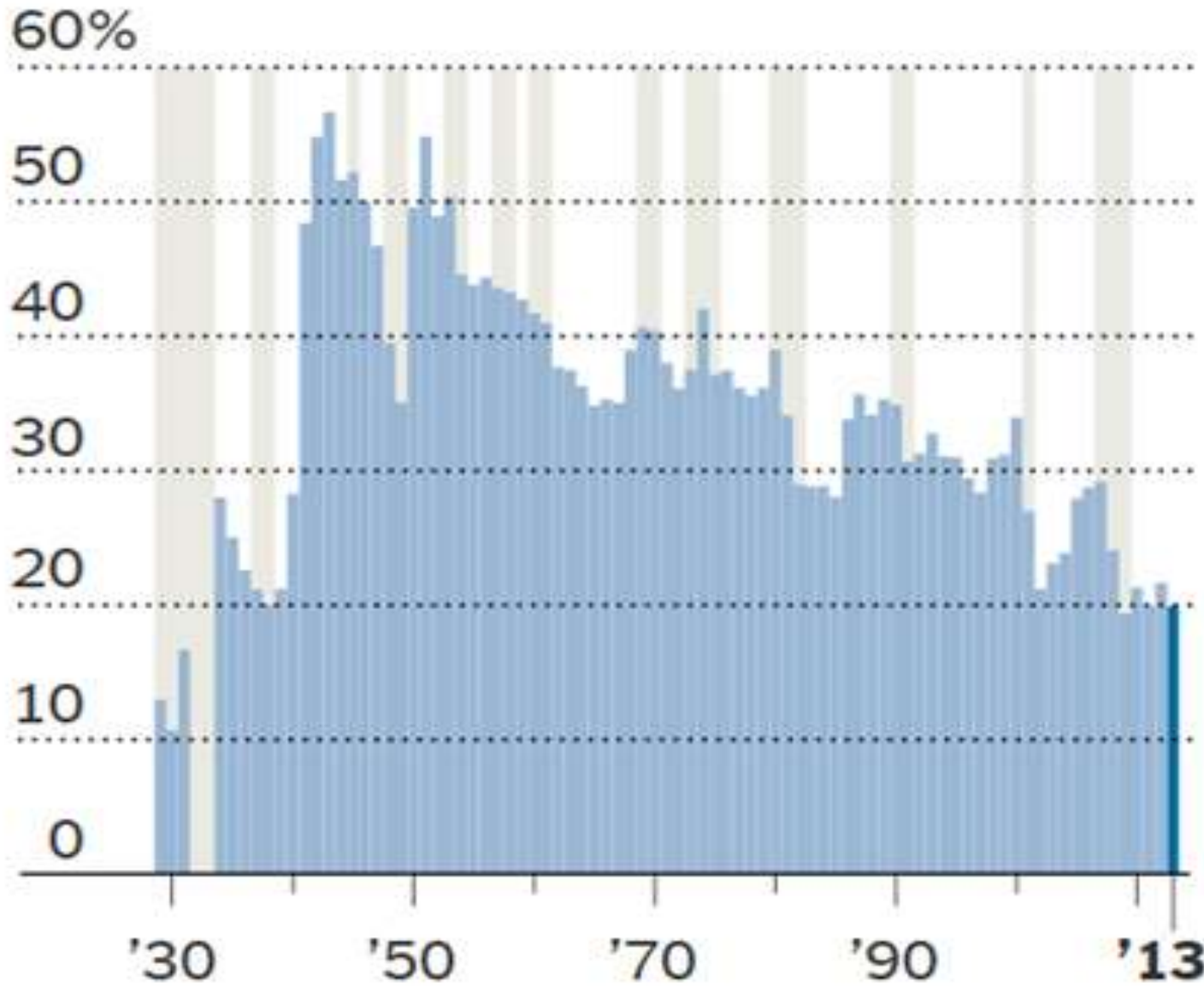
Corporate profits after taxes

10% of the economy

\$1 in every \$10 in national income

Highest level since began keeping records in 1929

The Effective Corporate Tax Rate* 1929-2013



The **effective tax rate** is what is actually paid (not the tax rate “on the books”): taxes paid divided by profits.

* In 1932 and 1933, corporations had net losses and paid no taxes.

Causes of the Trends

- Stagnant or falling wages/salaries
- Huge growth of income among the very top households and tax reductions
- Growth in Corporate Power
- Moneyed interested have captured our democracy – the trends are “politically engineered”

Trends are Politically Engineered

- These trends are not due to outside forces over which we have little control, things like globalization, technology, the aging population, too little money or inadequate resources.
- They are driven by policy decisions
- Behind the policy decisions is usually money (greed) and ideology (the “free market” is best – a belief that promotes moneyed interests)

The economic situation is created by “us,”
it is “politically engineered”

Politically Engineered

Government policies can mean the difference of billions of dollars for major companies, and spending on politics offers a superb payoff.

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Policies that Harm

Policies that give corporations a greater opportunity for profit and control of the economy:

- Reduced power and role for government
- Underfunding of government
- Weakening of unions and raising barriers to the right to form unions
- Use of “free-trade” agreements to change / block health, safety, labor, consumer, and environmental protections and promote the interests of multinational corporations over those of local firms, workers, environment.
- Courts -- many decisions support big business: class actions more difficult, mandatory binding arbitration (consumers, employees), less anti-trust, constrained consumer rights, constrained workers' rights
- Reduced taxes on wealthy individuals and corporations
- Privatization
- Deregulation

We Can Make a Difference

- People have great power but we don't use it
- We are called by our faith, by our conscience, to make the world a better place

What to Do

- Take back our government
- Raise the minimum wage and support other worker protections (paid sick days, wage theft legislation, pay equity, strengthen unions, etc)
- Block passage of the Trans-Pacific Partnership
- Federal budget: cut military spending, support social/domestic programs (the deficit is not a problem at this time)
- Support workers' struggles