

Equal Rights

Utah Citizens' Counsel Equal Rights Committee

Article 1. All Utahns, regardless of race, color, ethnicity, religion, gender and gender identity, language, disability, political preference, age, birth status, military status, or other status, are entitled to dignity and respect as human beings and to equitable treatment under the law.

Introduction

As Americans, we want to believe that the United States is a land of equal dignity, respect and opportunity, where those who work hard, sacrifice, and shoulder their responsibilities can achieve a secure and stable life for themselves and their families. For much of the last century, economic growth made that dream a reality for many. During the thirty years between 1947 and 1977, the gross national product (GNP) per capita doubled, and the incomes of families at all levels of income doubled as well, fueled by an increasingly educated work force.¹ “Average schooling increased by six years between 1900 and 1970, with growing numbers of children completing more education than their parents. This, coupled with technological advances that benefited both high-and low-skilled workers, led to widely shared increases in living standards and intergenerational mobility.”²

Some families, of course, had significantly greater financial resources to invest in their children. “In 1947, the income of families in the 80th percentile of the income distribution was 3.1 times that of families at the 20th percentile.”³ Americans were generally willing to accept this degree of income inequality, however, because (1) “incomes of families at the bottom of the distribution were growing quite rapidly,” (2) “inequality remained relatively stable for the first three decades after World War II,” and (3) there was a relatively “high rate of intergenerational economic mobility.”⁴ Thus, “[g]rowing up in a poor family did not have to mean that one’s children would repeat that experience.”⁵

Over the next three decades, from 1977 to 2007, however, “the fruits of economic growth were confined to a much smaller proportion of the population.”⁶ Although American GDP per capita nearly doubled again, family income for those in the 20th percentile *grew only 7%* after adjusting for inflation, while the income of families in the top 1 percent *increased by 90%*, and families in the top 0.1% saw their incomes grow by *more than 300%*.⁷

A number of factors contributed to the stagnation of income in the bottom tiers of the economic spectrum and the increase in income inequality, especially advancements in technology and the outsourcing of jobs to lower-wage countries, which reduced the demand for American workers with relatively little formal education.⁸ From 1977 to 2007, the inflation-adjusted wages of college graduates grew by 25%, while the wages of high school graduates increased by only 1%, and the wages of high school dropouts fell by 13%.⁹

Technological changes and outsourcing, although important, played only a small role in explaining the extraordinary increase in the earnings at the top of the distribution. “Indeed, the dramatic increase in inequality at the top of the U.S. earnings distribution is not found in other high income countries in Europe and Asia that experienced the same technological changes.”¹⁰

Rather, they are the result of dramatic shifts in social and economic policy that, although beyond the scope of this report to examine in detail, are critical to understanding the issue.¹¹ Our focus is on the profound impact of economic inequality on families, especially low income families.¹²

Education

While the rewards of a college education have never been higher, the resources available to low income families to pay for quality preschool, access to good K-12 public schools, or college investments, have fallen sharply.¹³ One consequence is a staggering income-based gap in children's achievement scores. "Among children born around 1950, test scores of low income children lagged behind those of their better-off peers by a little over half a standard deviation, about 60 points on an SAT-type test. Fifty years later, this gap was twice as large."¹⁴ Given the importance of early learning in nurturing educational success, it is no surprise that growth in the income-based gap in children's reading and mathematics scores has resulted in a larger gap in educational attainment between children growing up in poor families and their more affluent peers.

Growing gaps in educational attainment have resulted in decreased educational mobility. "Until 1970, fewer than one in ten men and women entering adulthood had completed less schooling than their parents. By the 1990s, more than 20 percent of men and almost as large a fraction of women had less education than their parents...." High school graduation rates have remained stagnant, and growth in college graduation rates has been due largely to children from middle-class and affluent families.¹⁵

Historically, the United States has expected its public schools to help level the playing field for children from various backgrounds, but our schools are no longer performing that mission effectively and may indirectly be making them worse.¹⁶ More affluent families can purchase housing in neighborhoods where less affluent families cannot afford to live, dramatically increasing residential segregation in recent decades. This results in fewer interactions between rich and poor children in settings including schools, child care centers, libraries, churches, and grocery stores. It also makes it more difficult for neighborhood schools to recruit and retain high quality teachers. "Without the financial and human resources and political clout of the wealthy, institutions in poorer neighborhoods... decline in quality, which in turn has detrimental effects on the education and life chances of children born into poor families."¹⁷

As the more affluent have become increasingly isolated in better neighborhoods and schools, the extent of inequality has become less visible to them. This has led to increased social conflict and a reduced sense of common purpose, making it harder to mobilize the public concern necessary to deal with problems of disadvantage among the most at risk. *But mobilize we must!* "The growing attainment gaps between children from low- and high-income families threaten the nation's future." They jeopardize economic growth because a large percentage of children from low-income families leave school without the skills to earn a decent living in a rapidly changing economy. "The American Dream of upward socioeconomic mobility is now beyond the reach of many low-income children. This is particularly distressing because a shared belief in upward mobility has always been the glue that holds our diverse pluralistic democracy together."¹⁸

In Utah, educators, parents, students, community leaders, and legislators are engaged in efforts to increase funding for public education to reduce teacher turnover and provide students and teachers with the supports to address the most pressing issues facing public education, as discussed in the Public Education Committee report. Much remains to be done, however, as that report makes abundantly clear.

Health

Research also clearly demonstrates that overall levels of health are far worse in more economically unequal societies.¹⁹ Life expectancy is longer and rates of adult mortality, infant mortality, and obesity are lower in more equal societies, while the United States--by most measures the richest country on earth--has per capita shorter average life spans, higher infant mortality rates, more cases of mental illness, more obesity, more drug abuse, and more of its citizens incarcerated *than any other developed nation on earth*.²⁰

The 2018 KIDS COUNT Data Book, released June 27 by The Annie E. Casey Foundation, reflects that Utah saw a 3% increase in the percent of low birthweight babies and an 8% rise in the child and teen death rate between 2010 and 2016. The percentage of children without health insurance, while improving along with the rest of the nation, is still 40th lowest in the nation.²¹

These conditions affect everyone.²² In “*The Spirit Level: Why More Equal Societies Almost Always Do Better*,” British epidemiologists Richard G. Wilkinson and Kate Pickett argue, based on thirty years of research, that feelings of dominance and submission, which are enhanced by widening inequality, have a deep impact on our psychology and our social relations, increasing social distance, intensifying mistrust and competition for status, feeding feelings of humiliation and status anxiety that, in turn, lead to poor health.²³ And a research study published in the *Journal of the American College of Surgeons* in 2016, reports that “income inequality is independently associated with higher health care expenditures and more health care use,” providing an independent *economic* argument for addressing the issue of economic inequality in our society.²⁴ The Health Committee report discusses efforts being made in Utah that relate to these issues.

Personal Safety

Rates of violence are also significantly higher in unequal societies, affecting the personal safety of all citizens.²⁵ “The link between economic inequality and both property crime and violent crime is well-established,”²⁶ although explanations of this correlation vary among experts. Sociologists and epidemiologists tend to focus on feelings of inferiority, status competition, anxiety, distrust, and a lack of community cohesion to explain higher levels of violent crime, while economists tend to see property crime as an occupational choice based on the perception that the risks of being caught are low.²⁷ Again, however, the impacts of economic inequality on our personal safety affect all members of society. According to Voices for Utah Children, 44,000 Utah kids have had an incarcerated parent.²⁸ Suggestions for addressing issues like these are discussed in the Personal Security Committee report.

Community Engagement

Economic inequality also changes the way individuals interact with one another and engage in society itself.²⁹ Key findings from the research demonstrate that people living in societies with higher levels of inequality (1) have lower levels of trust, (2) are less likely to help each other through acts of altruism, (3) have lower rates of social and civic participation, (4) have lower voter turnout, and (5) are less likely to engage in cultural activities.³⁰

A Growing Threat

Income inequality is a growing issue not only in the United States but across the globe. In a letter to CEOs, Black Rock's Larry Fink wrote: "Since the financial crisis [of 2007-2008], those with capital have reaped enormous benefits. At the same time, many individuals across the world are facing a combination of low rates, low wage growth, and inadequate retirement systems."³¹ Individuals such as French economist Thomas Piketty and wealthy investors and CEOs such as Bill Gates and Warren Buffet have each offered approaches to solving the problem on a national and international scale.³² Many others in this country have also addressed this issue, suggesting policy changes such as a more progressive income tax, increase in the inheritance tax, better reporting and evaluation of corporate tax subsidies, and a tuition-free higher education system. These proposals deserve closer analysis, but the main concern of UCC is what we can do on the state and local level in Utah. Though income disparities are less wide in Utah, and inter-class mobility is greater than in the rest of the country, we still have hundreds of thousands of fellow citizens who are denied equal access to good health, quality education, and the prospect of a bright future.

In an October 2016 report published by the Federal Reserve Bank of San Francisco addressing the consequences of rising income inequality, the authors suggest an increase in the safety net and a modest increase in tax rates, concluding as follows: "According to our analysis, the increase in income inequality since 1970 has generated large welfare gains for households in the top 20% of the income distribution and significant welfare losses for those in the bottom 80%, measured relative to a scenario that holds inequality constant. Alternative simulations imply that a relatively modest boost in the historical growth rate of government redistributive transfers, accompanied by modestly higher average tax rates, could have achieved small but equal welfare gains for all households. Overall, our results suggest that there is room for policy actions that could offset the negative consequences of rising income inequality."³³ Since the October 2016 report, however, national and state government policy decisions have taken an opposite approach, exacerbating the growing crisis of income inequality in both the U.S. and Utah. State tax reform can and should be part of the solution.

We must make our choice. We may have democracy, or we may have wealth concentrated in the hands of a few, but we can't have both.

Louis Brandeis

Endnotes for Article 1 (Equal Rights)

¹ Greg J. Duncan and Richard J. Murnane, *Restoring Opportunity: The Crisis of Inequality and the Challenge for American Education* (Cambridge: Harvard Education Press, 2015), citing Claudia D. Goldin and Lawrence F. Katz, *The Race Between Education and Technology* (Cambridge: Belnap Press of Harvard University Press, 2008), 1.

² Ibid.

³ Greg J. Duncan and Richard J. Murnane, *Whither Opportunity?* (New York: Russell Sage Foundation, 2011), 3, noting that the Census Bureau began annual tracking of family income in 1947.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid., 5.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ See, generally, Michele E. Gilman, “A Court for the One Percent: How the Supreme Court Contributes to Economic Inequality,” 2 *Utah L. Rev.* 2014; Matthew Stewart, “The Birth of a New American Aristocracy,” *The Atlantic* (June 2018); Jane Mayer, *Dark Money* (New York: Doubleday, 2016); Noam Chomsky, *Requiem for the American Dream: The Ten Principles of Concentration of Wealth & Power* (New York: Seven Stories Press, 2017). In the United States, “trickle down” economic policies that support tax cuts for the rich with the aim of boosting economic growth and jobs have led to a \$2 trillion annual redistribution of wealth from the bottom 99 percent of earners to the top 1 percent over the last 30 years. Laurie Goering, “Growing Wealth Inequality ‘dangerous’ threat to democracy,” *Reuters Business News*, April 15, 2016, accessed July 9, 2018, <https://www.reuters.com/article/US-democracy-wealth-inequality-idUSKCN0XC1Q2>.

¹² In next year's Equal Rights report, we will focus on the extensive effects of economic inequality on *minorities and women*. We would be remiss, however, if we failed to point out, in the context of this report, the significance of *wealth inequality* and its disparate impact on African Americans. “Wealth is a crucially important measure of economic health, allowing families to transfer income earned in the past to meet spending demands in the future, such as by building up savings to finance a child’s college education. Wealth also provides a buffer of economic security against periods of unemployment, or risk-taking, like starting a business. And wealth is necessary to finance a comfortable retirement or provide an inheritance to children. In order to construct wealth, a number of building blocks are required. Steady, well-paid employment during one’s working life is important, as it allows for a decent standard of living plus the ability to save. Also access to well-functioning financial markets that provide a healthy rate of return on savings without undue risks is crucial. Failure in the provision of these building blocks to the African-American population have led to an enormous racial wealth gap... Average wealth for white families is *seven times higher* than average wealth for black families. Worse still, median white wealth (wealth for the family in the exact middle of the overall distribution...) is *twelve times higher* than median black wealth.” Janelle Jones, “The Racial Wealth Gap: How African-Americans have been short-changed out of the materials to build wealth,” *Working Economics Blog*, February 13, 2017, accessed July 30, 2018, <https://www.epi.org/blog/the-racial-wealth-gap-how-african-americans-have-been-shortchanged-out-of-the-materials-to-build-wealth>.

More than 25% of black households have zero or negative net worth, compared with less than 10% of white families, and these differences persist and are growing, even after taking age, household structure, education level, income and occupation into account. Ibid. *Housing equity* makes up about two-thirds of all wealth for the typical household, and the racial wealth gap is primarily a housing wealth gap. “Besides facing discrimination in employment and wage-setting for generations, even those African-American families that did manage to earn decent incomes were barred from accessing the most important financial market for typical families: the housing market. Housing policies that prevented blacks from acquiring land, created redlining and restrictive covenants, and encouraged lending discrimination reinforced the racial wealth gap for decades...;” and “[e]ven as much *de jure* discrimination in housing was dismantled by public policy, *de facto* segregation and the legacy of wealth non-accumulation kept the racial wealth gap from closing. During the housing bubble that was the disastrous run-up to the Great Recession, the exposure to predatory, high-interest, and high-leverage mortgages led to an absolute wealth disaster for African-American families when the bubble burst. In the aftermath of the bubble’s burst, *black unemployment rates rose to levels twice as high as white unemployment*, leading to higher rates of delinquency and foreclosure for black families. And the sluggish recovery has only made matters worse, as *home values recover at*

different rates across racial barriers.” Ibid. “The role of policy in creating and maintaining the racial wealth gap makes it clear just how difficult it will be to close the gap through the individual choices and behaviors of African-Americans. Educational attainment, the right occupation, and full-time employment are necessary, but not sufficient conditions for building wealth.... Median wealth for black families whose head has a college degree, for example, is only one-eighth the wealth of the median white family whose head has a college degree.... Malign social policy has created and maintained the racial wealth gap, and only a progressive reorientation of this policy can close it....” Ibid. See also Angela Hanks, Danyelle Solomon and Christian E. Weller, “Systemic Inequality,” *Center for American Progress*, February 21, 2018, accessed July 30, 2018, <https://www.americanprogress.org/issues/race/reports/2018/02/21/447051/systemic-inequality>; Ta-Nehisi Coates, “The Case for Reparations,” *The Atlantic*, June 2014, accessed August 15, 2018, <https://www.theatlantic.com/magazine/archive/2014/06/the-case-for-reparations/361631/>.

¹³ Duncan & Murnane, *Whither Opportunity?*, 5.

¹⁴ Ibid.

¹⁵ Ibid., 6.

¹⁶ Duncan & Murnane, *Restoring Opportunity*, 2. Differences in the way that families at different ends of the income spectrum must use their money and time have transformed income gaps into achievement gaps.

¹⁷ Ibid., 8.

¹⁸ Ibid., 124.

¹⁹ Richard G. Wilkinson and Kate Pickett, *The Spirit Level: Why More Equal Societies Almost Always Do Better* (London: Allen Lane, 2009). See also Diego B. Lopez, Andrew P. Loehner, David C. Chang, “Impact of Income Inequality on the Nation’s Health,” *Journal of the American College of Surgeons* October 2016, accessed July 9, 2018, <https://www.science/doi/10.1016/j.jamcollsurg.2016.08.016>.

²⁰ Wilkinson and Pickett, *The Spirit Level*, 21.

²¹ Terry Haven, “Utah Ranks Sixth Nationwide in Child Well-Being,” *Voices for Utah Children Press Release June 27, 2018*, accessed August 19, 2018, https://utahchildren.org/index.php?option=com_k2&view=item&id=921:2018-kids-count-data-book/. (Jessie Mandel, Senior Health Policy Analyst for Voices for Utah Children stated that “Utah has made progress improving our child insurance rate thanks to CHIP, Medicaid and the Affordable Care Act, but we are still lagging behind the rest of the nation. We need to follow the lead of high-performing states by expanding Medicaid, helping kids stay covered year-around by improving Medicaid eligibility and outreach, and ensuring that immigration status is not a barrier to kids’ coverage.”

²² Ibid.

²³ “The Spirit Level.”

²⁴ “Impact of Income Inequality on the Nation’s Health.”

²⁵ Richard Wilkinson and Kate Pickett, “How Does Inequality Affect the Individual, Society and the Economy?,” *The Equality Trust* 2018, accessed July 9, 2018, <https://www.equalitytrust.org.uk/about-inequality/impacts>.

²⁶ Ibid, citing numerous sources.

²⁷ Ibid.

²⁸ “Supporting the Children of Incarcerated Parents,” *Voices for Utah Children*, April 25, 2016, accessed October 13, 2018, <https://utahchildren.org/newsroom/press-releases/item/714-supporting-the-children-of-incarcerated-parents>.

²⁹ How Does Inequality Affect the Individual, Society and the Economy?”

³⁰ Ibid.

³¹ Emmie Martin, “US States with the Highest Levels of Income Inequality,” *CNBC*, March 12, 2018, accessed July 9, 2018, <https://www.cnn.com/2018/03/12/us-states-with-the-highest-levels-of-income-inequality.html>. “A 2017 report from global charity Oxfam found that the richest 1 percent of people in the world control 82% of the total wealth. Put another way, just 42 people own the same amount of wealth as the poorest 50 percent of the global population.”

³² Ibid. To address the issue, French economist Thomas Piketty, in his book *Capital in the Twenty-First Century*, has suggested a progressive tax on capital rather than income, which he argues will slow the spread of inequality while preserving competition. Billionaire Bill Gates proposes an alternative solution: a progressive tax on consumption. Warren Buffett, the world’s third richest man, however, has weighed in urging an increase in access to the Earned Income Tax Credit, a federal tax credit targeted at working class Americans that gives them a credit, starting with the first dollar they earn, which rises until it hits a ceiling, then phases out from there. “According to the Center on Budget and Policy Priorities, more than 27 million taxpayers got the EITC in 2013; and in the 2012 tax year, the average EITC was \$2,982 for a family with children.” “There is no disincentive effect: A gain in wages always produces a gain in overall income,” says Buffett. “The process is simple. You file a tax return, and the government

sends you a check. In essence, the EITC rewards work and provides an incentive for workers to improve their skills. Equally important, it does not distort market forces, thereby maximizing employment.”

³³ Kevin J. Lansing and Agnieszka Markiewicz, “Consequences of Rising Income Inequality,” *Federal Reserve Bank of San Francisco Economic Letter October 17, 2016*, accessed July 9, 2018, <https://www.frbsf.org/economic-research/publications/economiv-letter/2016/october/welfare-consequences-of-income-inequality/>.