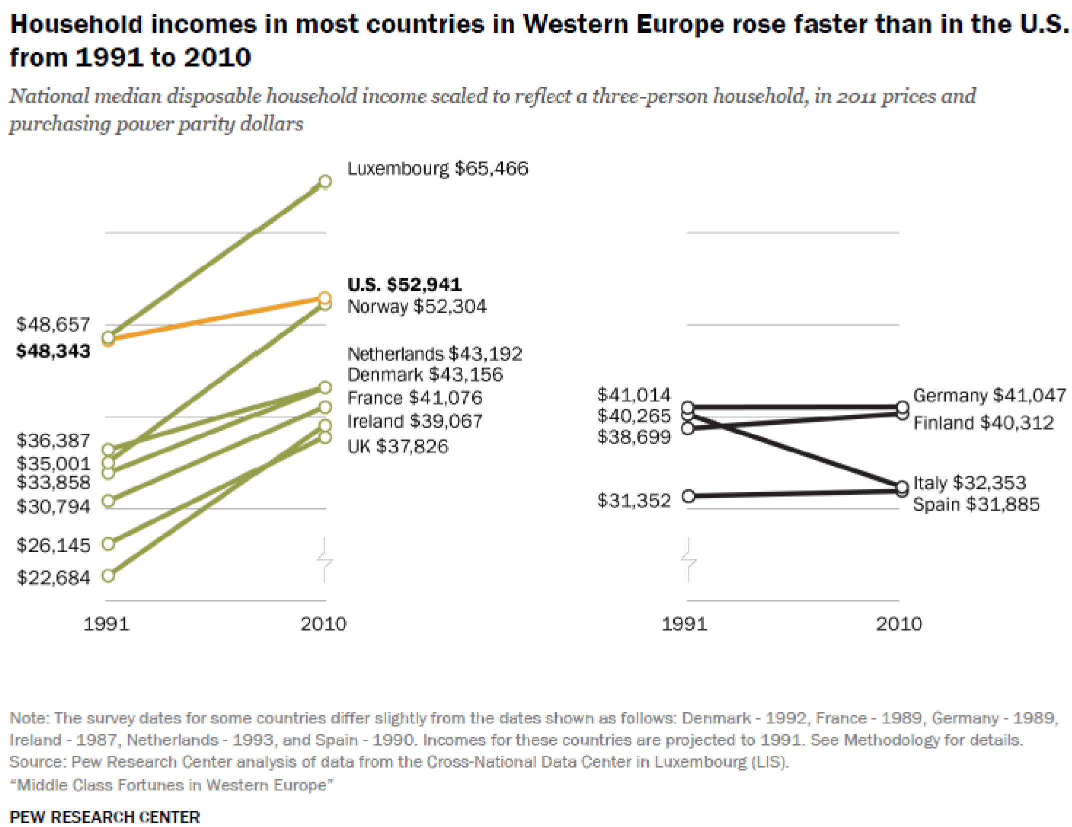
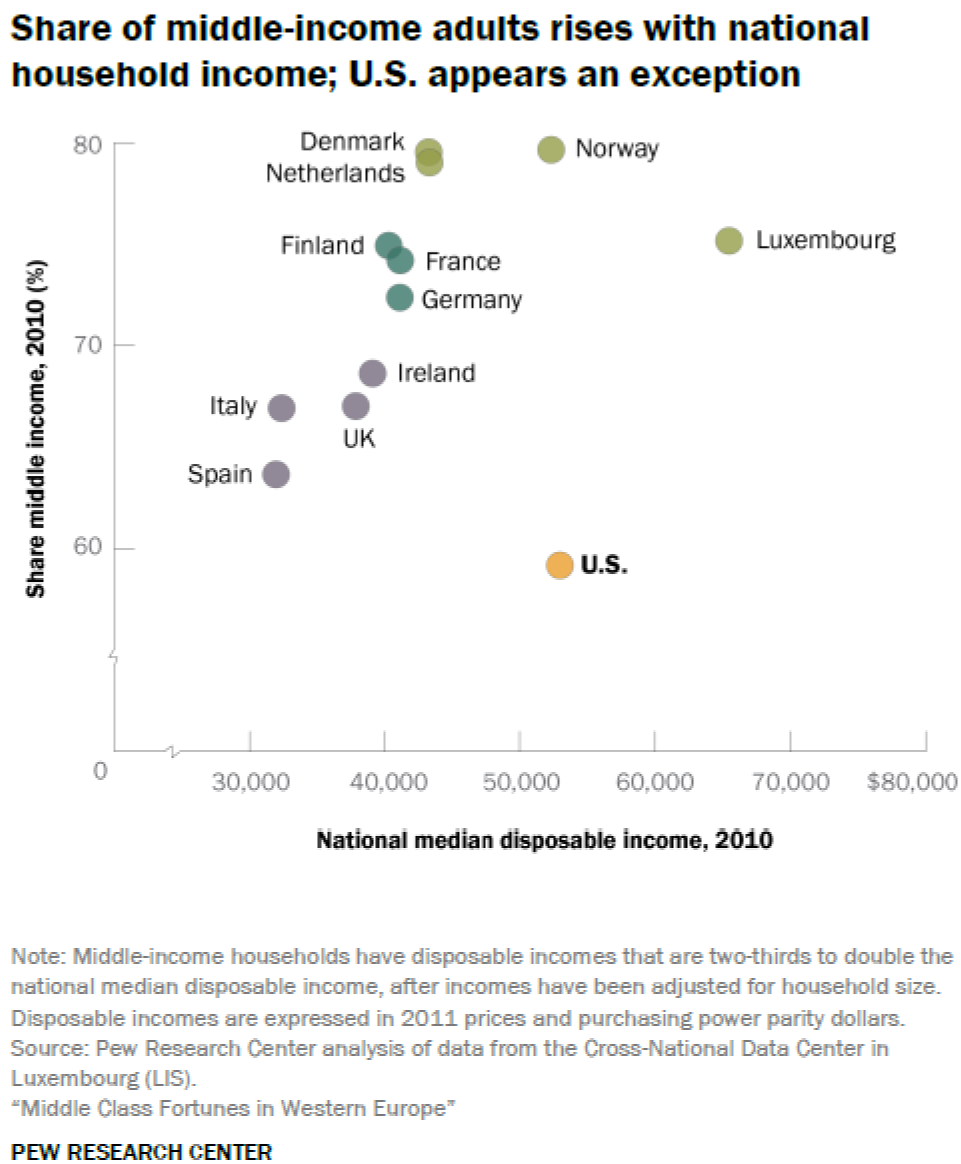
Community and Social Trends

As inequality has increased in the United States we have seen household income grow more slowly than in the more equal European countries as shown in the next figure:



Source: Rakesh Kochhar, Pew Research Center, Middle Class Fortunes in Western Europe, April, 2017.

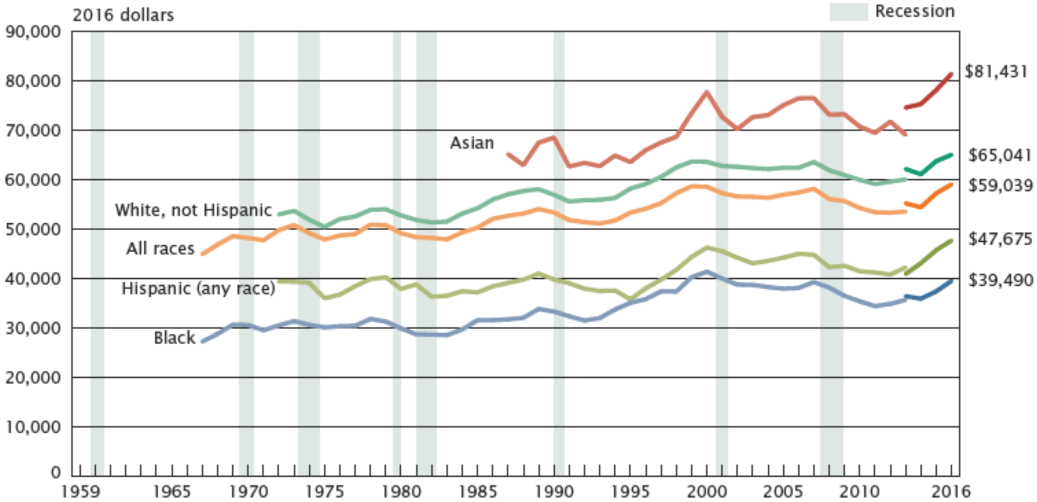
Meanwhile our share of middle income adults is disproportionately low:



Source: Rakesh Kochhar, Pew Research Center, Middle Class Fortunes in Western Europe, April, 2017.

In spite of household income gains in 2015 and 2016 in the United States, real median household income is little changed fom the late 1990s as shown in the next figure:

Figure 1.
Real Median Household Income by Race and Hispanic Origin: 1967 to 2016



Note: The data for 2013 and beyond reflect the implementation of the redesigned income questions. The data points are placed at the midpoints of the respective years. Median household income data are not available prior to 1967. For more information on recessions, see Appendix A. For more information on confidentiality protection, sampling error, nonsampling error, and definitions, see <www2.census.gov/programs-surveys/cps/techdocs/cpsmar17.pdf>.

Source: U.S. Census Bureau, Current Population Survey, 1968 to 2017 Annual Social and Economic Supplements.

Source: Jessica L. Semega et al, Income and Poverty in the United States: 2016, United States Census Bureau, September 2017.

As shown in the next figure, from the late 1940s through the late 1970s income growth was relatively strong and uniform for all income groups. However, since the late 1970s, the slower income growth that prevailed was concentrated in the top 20 percent of the income distribution, mostly in the top 5 percent. Furthermore, since 2007, there has been little significant income growth for most people (the lowest 95 percent):

Average annual family income growth, by income group, 1947–2016

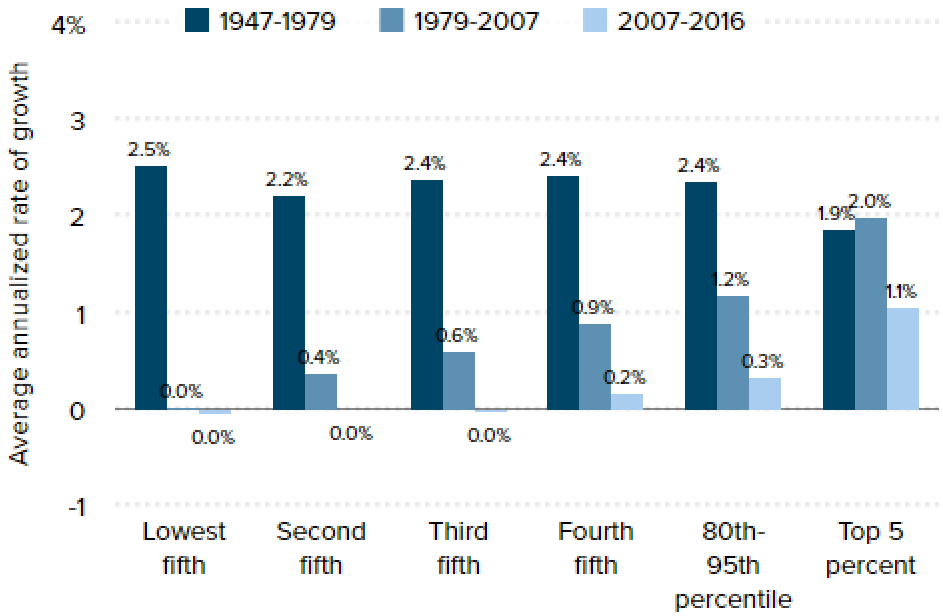


Chart Data

Note: Data are for money income. Because of a redesign in the CPS ASEC income questions in 2013, we imputed the historical series using the ratio of the old and new method in 2013.

Source: EPI analysis of Current Population Survey Annual Social and Economic Supplement *Historical Income Tables* (Table F-3)

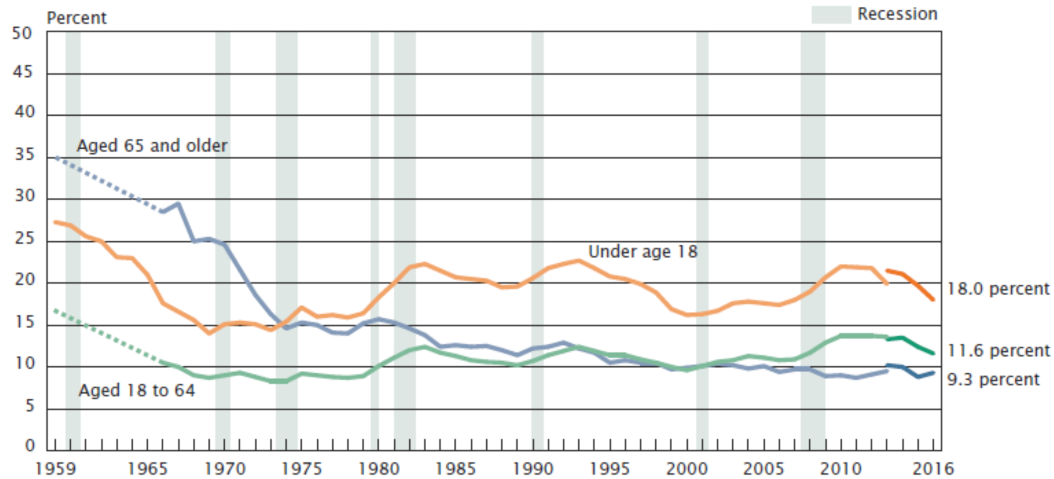
Updated from: Figure 2C in *The State of Working America, 12th Edition* (Mishel et al. 2012), an Economic Policy Institute book published by Cornell University Press in 2012

Economic Policy Institute

Source: Elise Gould and Zane Mokhiber, Economic Policy Institute, Working Economics Blog, Most families are nearly back to 2007 income levels, but inequality contmues to grow in 2016, September 15, 2017.

Poverty rates in the United States are similar to those in the late 1970s as shown in the next figure:

Figure 5.
Poverty Rates by Age: 1959 to 2016

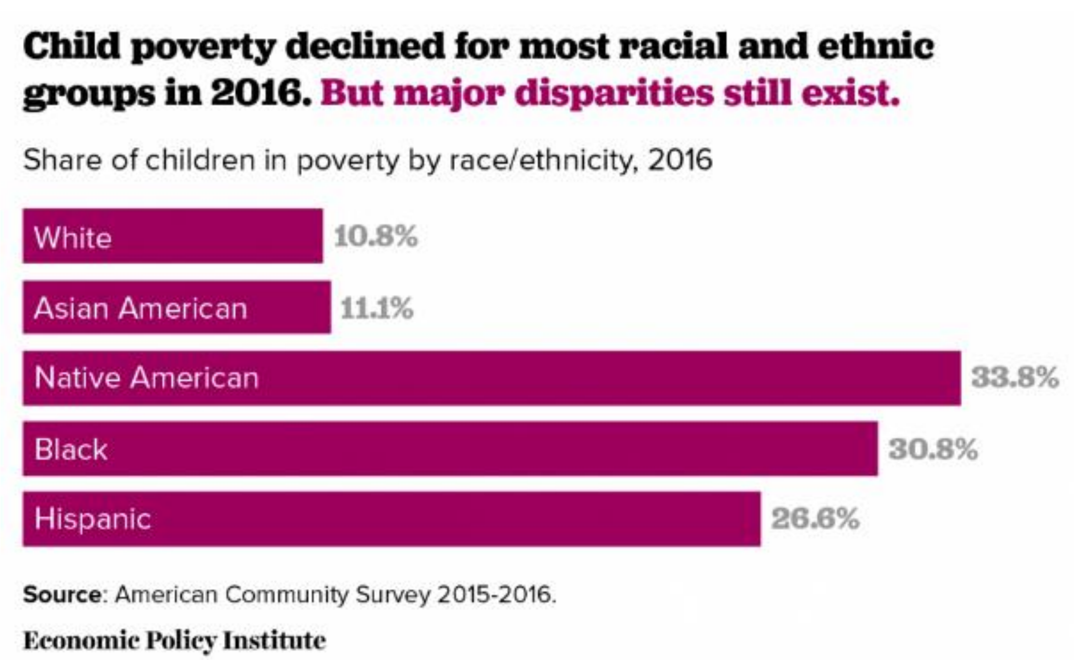


Note: The data for 2013 and beyond reflect the implementation of the redesigned income questions. The data points are placed at the midpoints of the respective years. Data for people aged 18 to 64 and aged 65 and older are not available from 1960 to 1965. For information on recessions, see Appendix A. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see <www2.census.gov/programs-surveys/cps/techdocs/cpsmar17.pdf>.

Source: U.S. Census Bureau, Current Population Survey, 1960 to 2017 Annual Social and Economic Supplements.

Source: Jessica L. Semega et al, Income and Poverty in the United States: 2016, United States Census Bureau, September 2017.

Since the 1960s, social security and Medicare successfully reduced poverty for those aged 65 and older, but there has been little movement in the poverty rates for those who are younger. It is a national disgrace that almost one in five of our children are in poverty, while the current administration seeks to remove even some of the meager supports that exist. It is also a disgrace that poverty rates for Native American, African American, and Hispanic children continue to hover around 30 percent as shown in the next figure:



Source: Janelle Jones, Economic Policy Institute, Economic Snapshot, One-third of Native American and African American children are (still) in poverty, September 20, 2017.

Healthcare in the United States ranks the lowest of eleven developed countries, as shown in the next figure:

Exhibit 2. Health Care System Performance Rankings

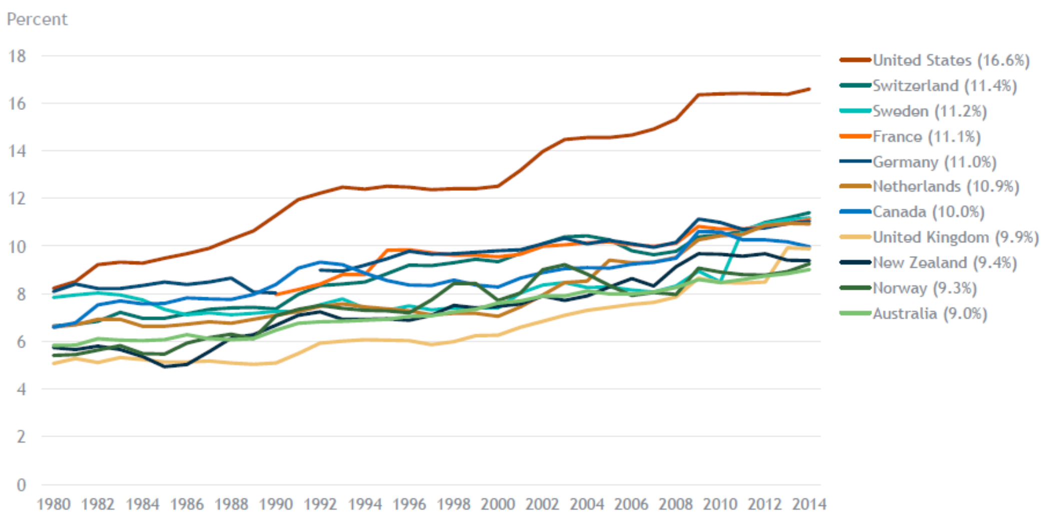
	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING	**2**	**9**	**10**	**8**	**3**	**4**	**4**	**6**	**6**	**1**	**11**
Care Process	2	6	9	8	4	3	10	11	7	1	5
Access	4	10	9	2	1	7	5	6	8	3	11
Administrative Efficiency	1	6	11	6	9	2	4	5	8	3	10
Equity	7	9	10	6	2	8	5	3	4	1	11
Health Care Outcomes	1	9	5	8	6	7	3	2	4	10	11

Source: Commonwealth Fund analysis.

Source: Eric C. Schneider et al, The Commonwealth Fund, Mirror, Mirror 2017: International Comparison Reflects Flaws and Opportunities for Better U.S. Health Care, July, 2017.

While costs are much higher, reflecting an ineffective, private bureaucracy:

Exhibit 1. Health Care Spending as a Percentage of GDP, 1980–2014

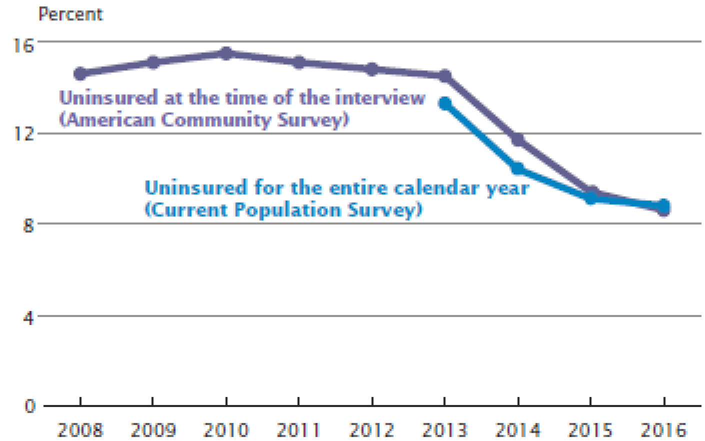


Notes: GDP refers to gross domestic product. Data in legend are for 2014.
Source: OECD Health Data 2016. Data are for current spending only, and exclude spending on capital formation of health care providers.

Source: Eric C. Schneider et al, The Commonwealth Fund, Mirror, Mirror 2017: International Comparison Reflects Flaws and Opportunities for Better U.S. Health Care, July, 2017.

Much progress has been made due to the Affordable Care Act, with a 40 percent reduction in the uninsured rate between 2013 and 2016 (almost 18 million additional people secured coverage between 2013 and 2016) as shown in the next figure:

Figure 2.
Uninsured Rate: 2008 to 2016



Note: Estimates are for the civilian noninstitutionalized population. For the Current Population Survey, estimates reflect the population as of March of the following year. For information on confidentiality protection, sampling error, nonsampling error, and definitions in the Current Population Survey, see <www2.census.gov/programs-surveys/cps/techdocs/cpsmar17.pdf>. For the American Community Survey, estimates reflect the population as of July of the calendar year. For information on confidentiality protection, sampling error, nonsampling error, and definitions in the American Community Survey, see <www2.census.gov/programs-surveys/acs/tech_docs/accuracy/ACS_Accuracy_of_Data_2016.pdf>.

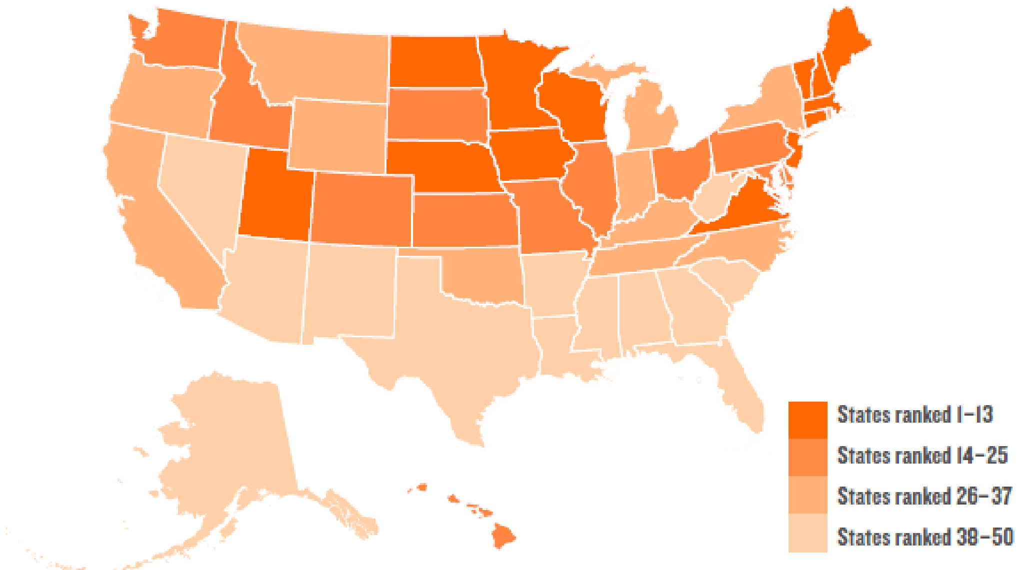
Source: U.S. Census Bureau, Current Population Survey, 2014 to 2017 Annual Social and Economic Supplements and 2008 to 2016 1-Year American Community Surveys.

Source: Jessica C. Barnett and Edward R. Berchick, Health Insurance Coverage in the United States: 2016, United States Census Bureau, September 2017.

However, much progress is still needed to contain costs and to broaden coverage as there were twenty-eight million people lacking health insurance coverage for all of 2016. A single payer, Medicare-for-all system, is critically needed.

The challenges we face in supporting our children are highlighted in the next figure, where children in many southern states suffer disproportionately:

A STATE-TO-STATE COMPARISON OF OVERALL CHILD WELL-BEING*: 2017



2017 OVERALL RANK

1. New Hampshire	11. Nebraska	21. South Dakota	31. Oregon	41. Texas
2. Massachusetts	12. Wisconsin	22. Colorado	32. Michigan	42. Georgia
3. Vermont	13. Maine	23. Delaware	33. North Carolina	43. West Virginia
4. Minnesota	14. Washington	24. Ohio	34. Kentucky	44. Alabama
5. Iowa	15. Kansas	25. Missouri	35. Tennessee	45. Arkansas
6. Connecticut	16. Maryland	26. Montana	36. Oklahoma	46. Arizona
7. Utah	17. Hawaii	27. Wyoming	37. California	47. Nevada
8. New Jersey	18. Pennsylvania	28. Indiana	38. Alaska	48. Louisiana
9. North Dakota	19. Illinois	29. Rhode Island	39. South Carolina	49. New Mexico
10. Virginia	20. Idaho	30. New York	40. Florida	50. Mississippi

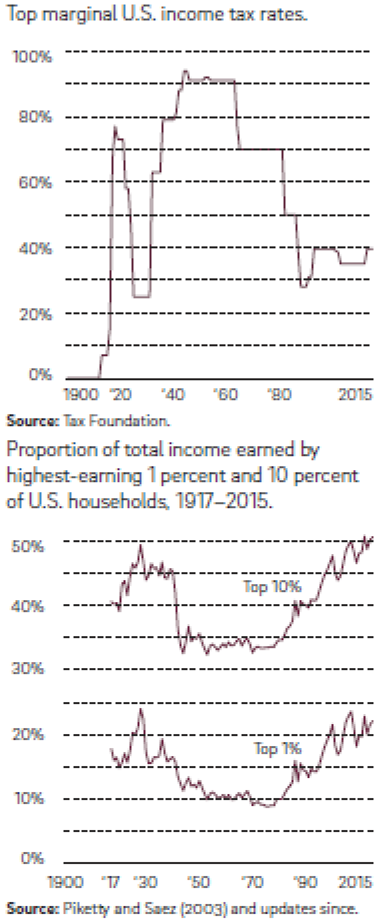
*Due to changes in the on-time graduation indicator, Overall rankings cannot be compared with previous years.

Source: The Annie E. Casey Foundation 2017 Kids Count Data Book: State Trends in Child Well-Being.

One major factor accounting for economic and healthcare inequality is inadequate taxation, particularly of wealthy individuals. The decline in top marginal tax rates since the 1950s is shown in the next figure. The figure also shows how the wealthy are now capturing an obscene level of total income in the United States.

FIGURE 5

Lower Taxes Coincide with Higher Share of Income



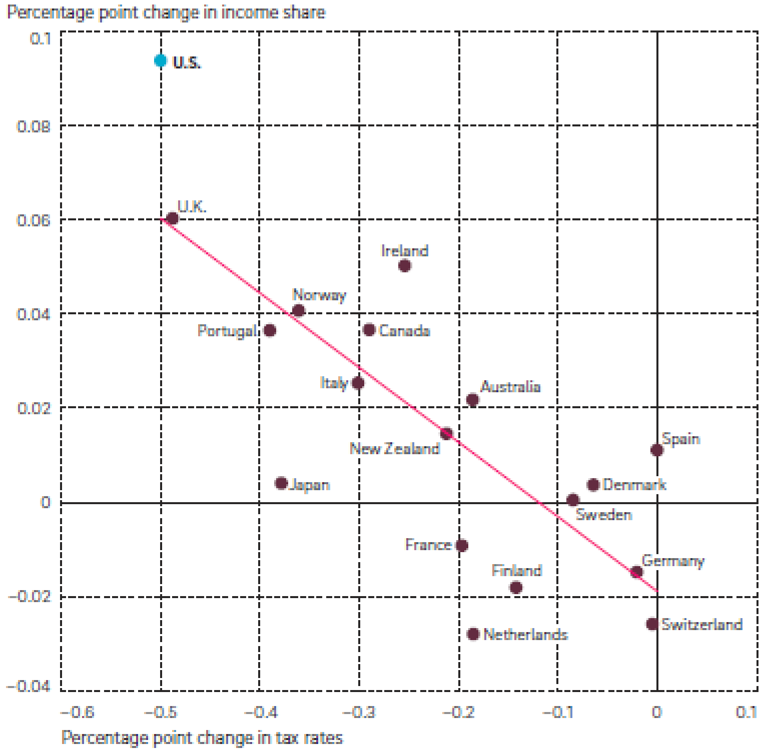
Source: Makato Nakajima, Federal Reserve Bank of Philadelphia Research Department, Taxing the 1 Percent, Second Quarter, 2017.

The next figure shows that as top marginal income tax rates decrease then the percentage of income going to the top 1 percent increases (in this figure the scales are shown as fractions of 100 percent, so, for example, 0.1 means 10 percent)

FIGURE 6

Similar Inverse Relationships Globally

Change in top marginal income tax rate and income share for households in top 1 percent of income distribution in 18 industrialized countries, 1960–1964 average to 2005–2009 average.



Source: Replicated from cross-country evidence by Alvaredo, Atkinson, Piketty, and Saez, https://www.aeaweb.org/articles?id=10.1257/jep.27.3.3.

Note: For countries where data are not available for the same five-year ranges, data for the closest five years are used. For example, for Portugal, the top income tax rate and top 1 percent's income share are available only for 1976–2005. Therefore, the averages of 1976–1980 and 2001–2005 are substituted.

Source: Makato Nakajima, Federal Reserve Bank of Philadelphia Research Department, Taxing the 1 Percent, Second Quarter, 2017.

Meanwhile the current administration attempts to restrict legislation that would require financial advisors act in their clients best interests. The cost to retirement savers of failing to pass such legislation is summarized in the next figure:

Note: The map shows the annual costs to retirement savers of the underperformance of IRA assets that are invested in products for which savers received "conflicted" advice (advice provided by financial advisers whose earnings depend on the actions taken by the client). If it were fully implemented, the conflict of interest ("fiduciary") rule would require that financial advisers act in the best interests of clients saving for retirement. Underperformance of investment returns in which savers received conflicted advice can be due to a wide range of factors, including high fees, high trading costs, poor market timing, and increased risk exposure without increased returns.

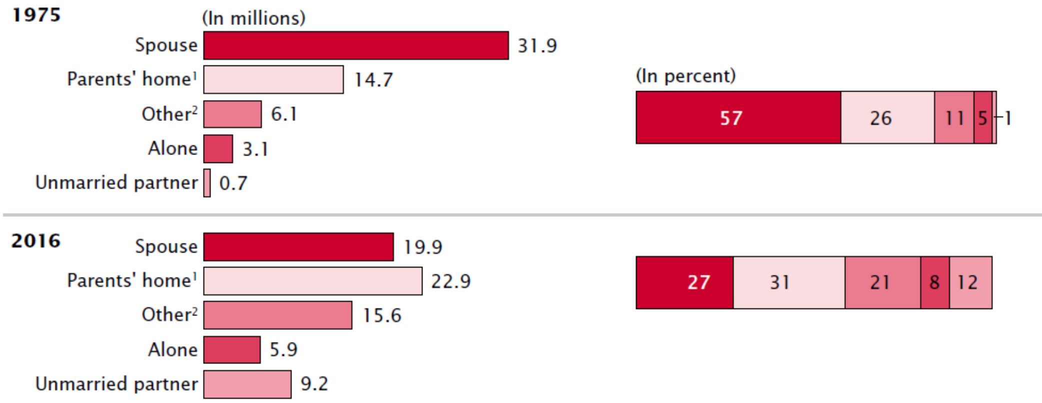
Source: Heidi Shierholz and Ben Zipperer, Economic Policy Institute, Here's what's at stake with the conflict of interest ("fiduciary") rule. May 30, 2017.

And young adults are struggling to gain econmic independence as shown in the next figure:

Figure 3.

More Young Adults Lived With Parents Than a Spouse in 2016

Living arrangements among adults aged 18 to 34: 1975 and 2016

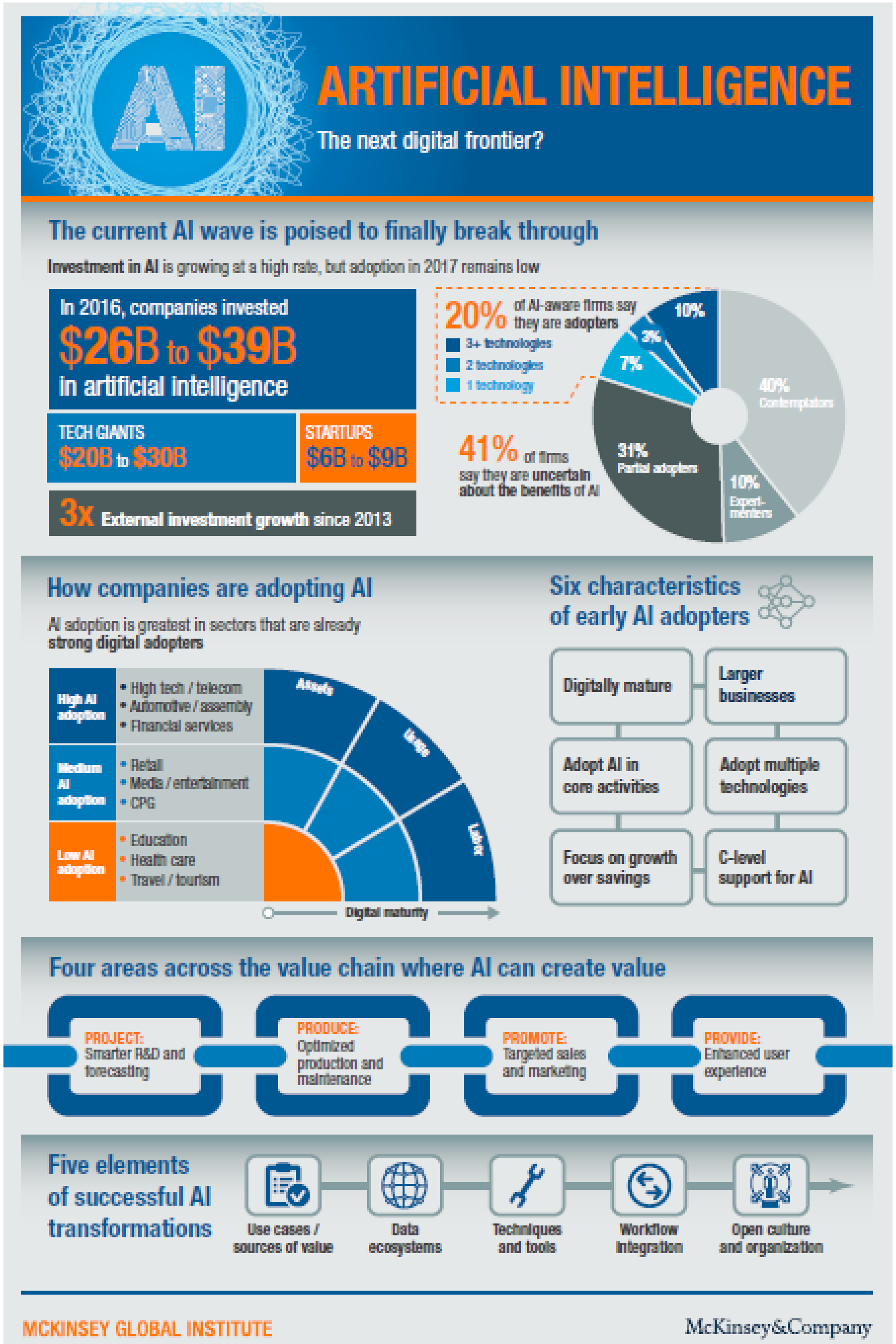


[1] College students who are living in dormitories are counted as living in the parents' home.
[2] "Other" includes people who are living with relatives besides a spouse, such as siblings or grandparents, and nonrelatives such as roommates.

Source: U.S. Census Bureau, 1975 and 2016 Current Population Survey Annual Social and Economic Supplement.

Source: Jonathan Vespa, United States Census Bureau Current Population Reports, The Changing Economics and Demographics of Young Adulthood: 1975-2016, April, 2017.

Meanwhile significant shifts in technology, such as the emergence of artificial intelligence, presage fundamental social changes in our future:



Source: Jacques Bughin et al, McKinsey Global Institute, Artificial Intelligence: The Next Digital Frontier?, June, 2017.

Our opportunity and challenge is to create a society that values and represents all. As a start this means electing a new administration, an administration with insight and integrity.