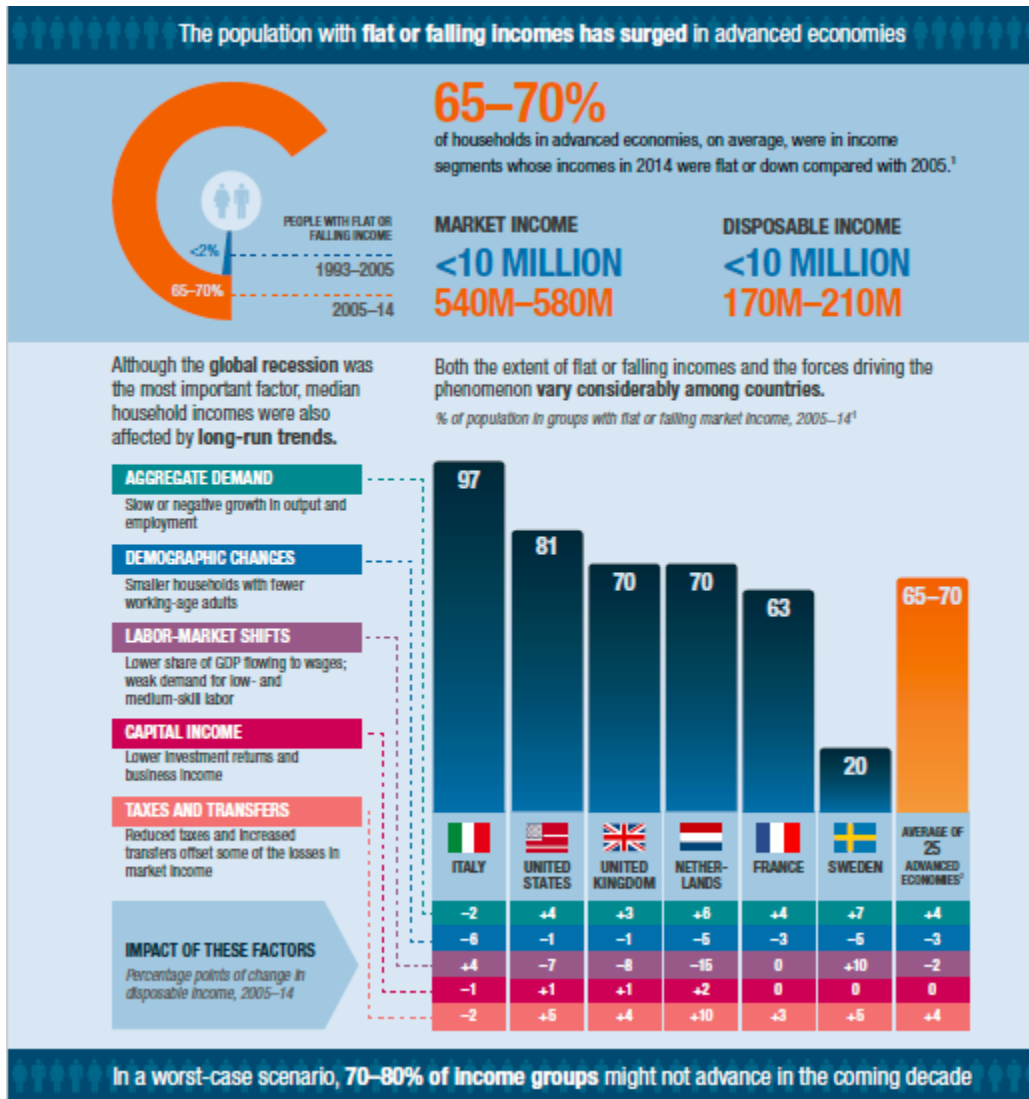


Social Trends

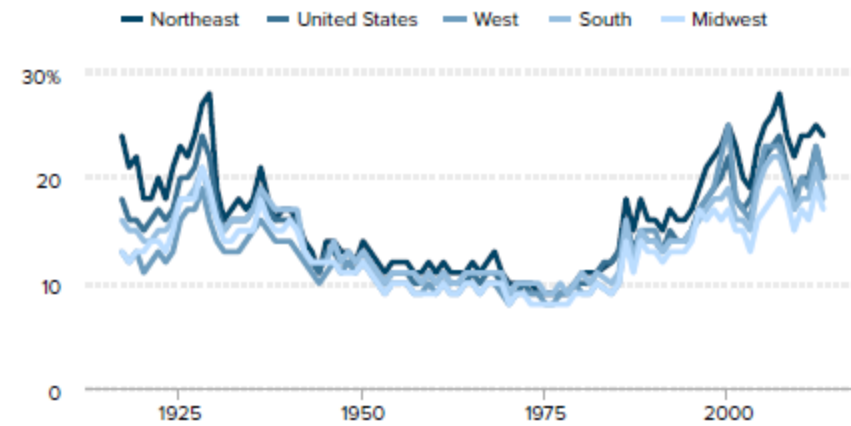
The population with flat or falling incomes has surged in advanced economies such as the United States from less than 10 million people between 1993 and 2005, to hundreds of millions of people between 2005 and 2014, as shown in the following figure:



Source: McKinsey Global Institute, *Poorer Than Their Parents? Flat or Falling Incomes in Advanced Economies*, July 2016.

This is fueled by extreme inequality in the United States, reaching levels previously only seen before the great depression of the late 1920s and 1930s as shown in the following figure:

Share of all Income held by the top 1%, United States and by region, 1917–2013



Note: Data are for tax units. Tax data from 1983 to 1985 were unavailable, hence the gap in regional figures. Income includes capital gains income.

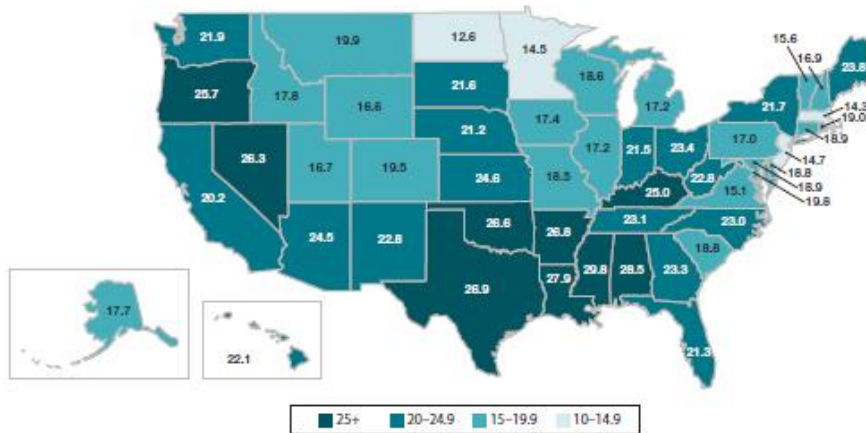
Source: Authors' analysis of state-level tax data from Sommeiller (2006) extended to 2013 using state-level data from the Internal Revenue Service SOI Tax Stats (various years), and Piketty and Saez (2012)

Source: Estelle Sommeiller, Mark Price, and Ellis Wazeter, *Income Inequality in the U.S. by State, Metropolitan Area, and City*, Economic Policy Institute, June 16, 2016.

As a result, today some states now have almost 30% of children living in food insecure households as shown in the next figure:

Percentage of children living in food-insecure households by state, 2012–14 average

Louisiana, Alabama, and Mississippi have the highest rates of food insecurity, with almost 30 percent of children living in a food-insecure household.



Source: Sources: CPS December FSS 2012–14.

Note: Because of data variability due to the relatively small sample sizes available in a single year in each state, we average food insecurity rates across a three-year period, 2012–14.

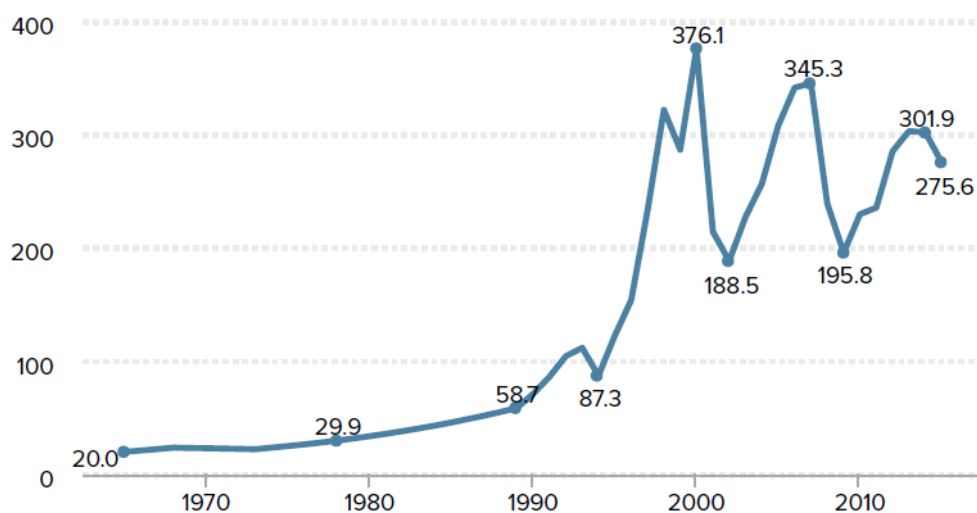


Source: Diane Whitmore Schanzenbach, Lauren Bauer, and Greg Nantz, *Twelve Facts about Food Insecurity and SNAP*, The Hamilton Project, Economic Facts, April 2016.

Meanwhile CEOs of large companies continue to earn several hundred times the compensation of typical workers as shown in the next figure:

CEOs make 276 times more than typical workers

CEO-to-worker compensation ratio, 1965–2015

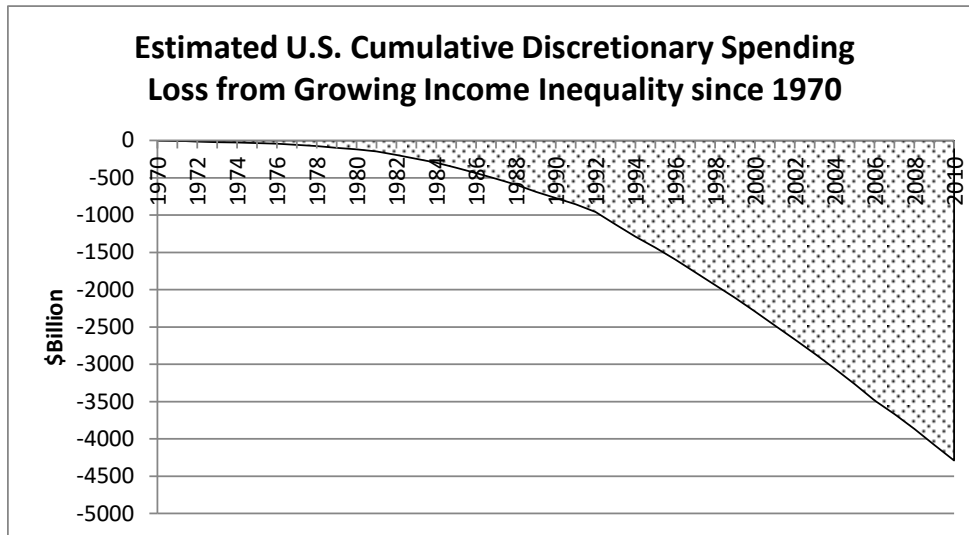


Note: CEO annual compensation is computed using the "options realized" compensation series, which includes salary, bonus, restricted stock grants, options exercised, and long-term incentive payouts for CEOs at the top 350 U.S. firms ranked by sales.

Source: Authors' analysis of data from Compustat's Execucomp database, the current Employment Statistics program, and the Bureau of Economic Analysis NIPA tables.

Source: Lawrence Michel, and Jessica Schneider, Stock Market Headwinds Meant Less Generous Year for Some CEOs, Economic Policy Institute, July 12, 2016.

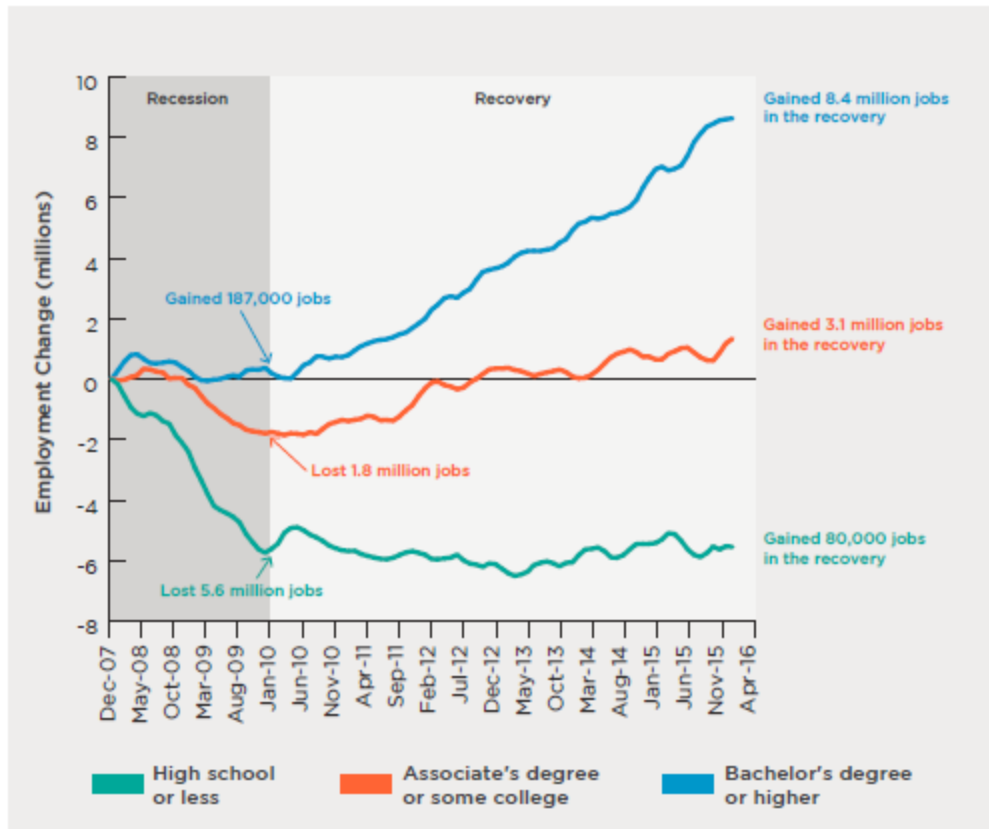
This excessive inequality, built around a reverse Robin Hood approach of taking from the poor to give to the rich, is ethically reprehensible and it creates social, emotional, and practical problems as outlined in *Business Behaving Well*. Excessive inequality leads to many social ills such as childhood poverty that we saw earlier, and it compromises happiness for many. Using tools of mathematical modeling described in *Business Behaving Well*, some principles of which we explored in our last newsletter, we have shown that more than \$4 trillion of discretionary spending was lost from the U.S. economy from 1970 to 2010, most since the early 1990s, just due to growing inequality, as shown in the following figure:



Source: Ron Elsdon, *Business Behaving Well: Social Responsibility, from Learning to Doing* (Potomac Books, Inc., 2013).

Furthermore, the economic meltdown we experienced beginning in 2008 is a natural consequence of this level of inequality. There are a number of approaches needed to reverse such inequality including appropriate progressive taxation. One path that can help address inequality is provision of educational opportunities driven by individual aspirations and societal needs not by the greed of those running for-profit “educational” institutions. Education enhances job accessibility in the United States as shown in the following figure, which undelines the importance of ensuring affordable access to it:

Figure I. Workers with a Bachelor's degree have added 8.4 million jobs in the recovery, but workers with a high school diploma or less added only 80,000 jobs after losing 5.6 million jobs in the recession.

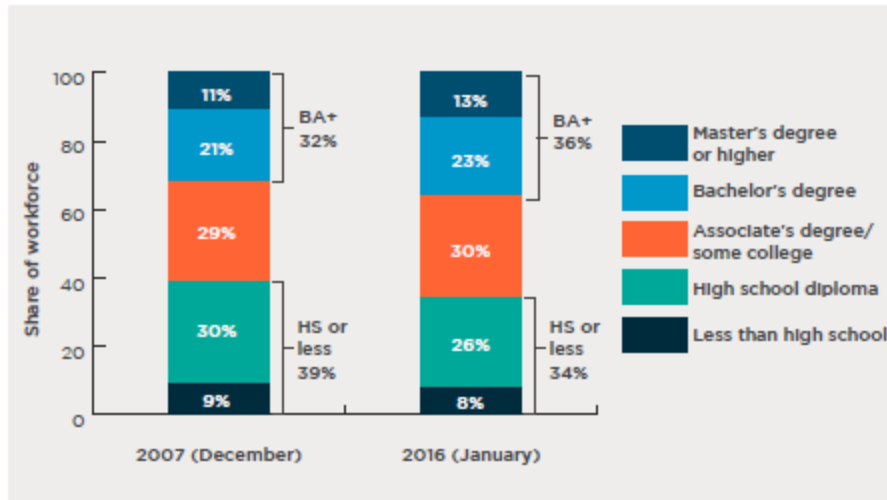


Source: Georgetown University Center on Education and the Workforce analysis of *Current Population Survey* (CPS) data, 2007-2016.
 Note: Employment includes all workers age 18 and older. The monthly employment numbers are seasonally adjusted using the U.S. Census Bureau X-12 procedure and smoothed using a four-month moving average.

Source: Anthony Carnevale, Tamara Jayasundera, and Artem Gulish, *America's Divided Recovery: College Haves and Have-Nots*, 2016, Georgetown University Center on Education and the Workforce.

And in the following figure we see progress in access to advanced education in the United States, though for many this has involved taking on much debt:

Figure 2.2. Workers with a Bachelor's degree or higher now make up a larger share of the workforce (36%) than workers with a high school diploma or less (34%).



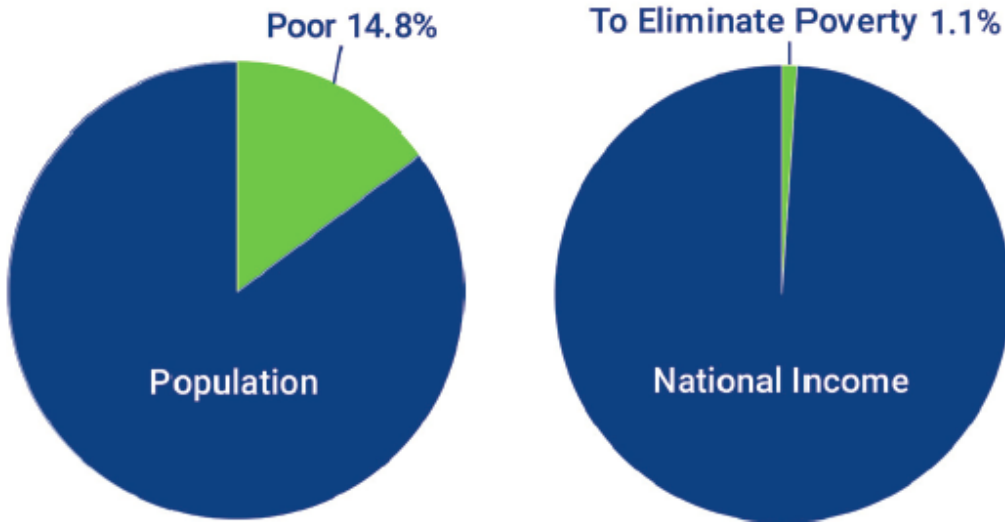
Source: Georgetown University Center on Education and the Workforce analysis of *Current Population Survey* (CPS) data, 2007, 2016.

Note: Employment includes all workers age 18 and older. The monthly employment numbers are seasonally adjusted using the U.S. Census Bureau X-12 procedure and smoothed using a four-month moving average.

Source: Anthony Carnevale, Tamara Jayasundera, and Artem Gulish, *America's Divided Recovery: College Haves and Have-Nots*, 2016, Georgetown University Center on Education and the Workforce.

It might seem that the steps we need to take to eradicate poverty are beyond our means. In fact we could eliminate poverty in the United States by investing only 1.1% of our national income as shown in the following figure:

FIGURE 1. PERCENT POOR OF TOTAL U.S. POPULATION AND PERCENT OF NATIONAL INCOME TO ELIMINATE POVERTY



Source: DeNavas-Walt and Proctor, 2015

Source: Authors' calculations

Source: Carsey Perspectives, University of New Hampshire Carsey School of Public Policy, Is the Poverty Rate 1.1 Percent?, May 26, 2016.

As we approach another national election in the United States this is a reminder of the importance of voting for substance over bombast, and the importance of voting for those who represent all in our society rather than those who represent only wealth and privilege.