

Resolved: Wealth inequality in the United States is detrimental to democracy.

- *Economic inequality permeates all areas of American life and has a profound psychological and material influence on American society.*
- *Economic inequality influences life expectancy, physical and mental health, economic mobility and educational attainment.*
- *Inequality multiplies across generations and generates disenchantment with politics and our entire system of government.*

Advanced LD Debate:
Ethics and Economics of
Economic Inequality and
Democracy

Values: Freedom,
Equality of
opportunity or
result?
Equal incomes?
Outcomes?



www.nfhs.org/articles/five-suggested-debate-topics-for-2023-24

Advanced LD Debate:
Ethics and Economics of
Economic Inequality and
Democracy

Resolved: Wealth inequality in the United States is detrimental to democracy.

Battle of the narratives:

- **Is a free-market economy fundamentally unjust, generating “winners” and “losers”?**
- **The U.S. is “mixed” economy. Are the socialist or capitalist (market) sectors most to blame? (Health care?)**
- **“A rising tide lifts all boats” or “trickle down economics”?**

The Atlantic

Inequality Matters

Conservative commentators have been arguing that the uneven distribution of wealth and income in America isn't a problem. They're wrong.

By Jared Bernstein and Ben Spielberg

For many in the opportunity-not-inequality camp, the relationship between the two concepts is an inconvenient truth. Concerns about inequality smack of “class warfare,” of “going after” the top 1 percent and Wall Street. Cowen is revealing in this regard: “The inequality focus tends to draw us to redistribution, whereas a mobility focus is more conducive to ideas for wealth creation.”

Lately, one argument that's been making the rounds is that people should worry less about inequality and more about opportunity. Arthur Brooks, head of the conservative American Enterprise Institute, said, “I don't care about income inequality per se; I care about opportunity inequality.” Senator and presidential candidate Marco Rubio believes that inequality is but a symptom of immobility and constrained opportunity. Tyler Cowen argued in the *New York Times* that what matters is not the fact that the top 1 percent is capturing a much larger share of total income growth than they used to, but that the poor are stuck in poverty.

www.theatlantic.com/business/archive/2015/06/what-matters-inequality-or-opportunity/393272/

EPI BRIEFING PAPER

BROAD-BASED WAGE GROWTH IS A KEY TOOL IN THE FIGHT AGAINST POVERTY

BY ELISE GOULD, ALYSSA DAVIS, AND WILL KIMBALL

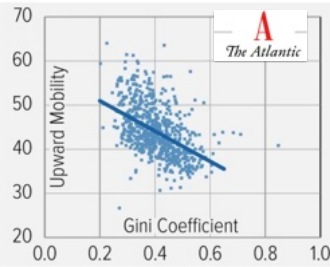
Introduction and executive summary

Over the last three-and-a-half decades, progress in reducing poverty has been painfully slow despite significant gains in economic productivity and average incomes. During the same time period, the inflation-adjusted wages of most low- and middle-income households have been essentially stagnant, which is the root cause of rising income inequality.

- Between 1979 and 2013, hourly wage growth stagnated for the vast majority—even while those at the bottom relied increasingly heavily on their wages to make ends meet.
- At the same time, the vast majority of annual earnings increases for the bottom fifth were due to increasing work hours, not rising hourly wages.
- Income inequality over this period also increased—largely due to stagnant wages for low- and middle-income households—and became the single most important factor in the increase in poverty.

www.epi.org/publication/broad-based-wage-growth-is-a-key-tool-in-the-fight-against-poverty

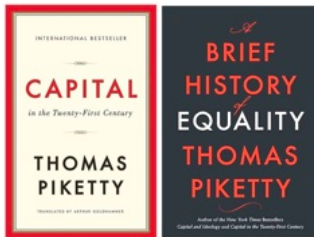
The Relationship Between Inequality and Mobility



Communities with greater inequality have reduced expected upward mobility for low-income children (Center on Budget and Policy Priorities)

www.theatlantic.com/business/archive/2015/06/what-matters-inequality-or-opportunity/393272/

- It's critical to understand the fundamental difference between these findings and the Cowen, Rubio, et al. view that America can address poverty without addressing inequality.
- As just noted, rising inequality implies that the income and wealth generated by GDP and productivity growth increasingly flow to those at the very top of the scale.
- As a result, relatively fewer resources reach everyone else.
- One thus would expect to see low-income families less able (relative to the wealthy ones) to invest in children's futures, more indebted if they tried to go to college, more likely to be stuck in neighborhoods that lack opportunity, and more likely to experience the stressors that do permanent damage to children's later educational and earnings outcomes.



AIER | AMERICAN INSTITUTE
for ECONOMIC RESEARCH

Continuing to Get Straight the
Facts About the American
Economy

Donald J. Boudreaux - May 31, 2023 Reading Time: 6 min

www.aier.org/article/continuing-to-get-straight-the-facts-about-the-american-economy/

The fact that income from work is the dominant determinant of earned income for 99.99 percent of all households in America has significant implications. Prosperity for all but a tiny outlier group of very-high-income households comes from normal, everyday work. And even most of the earnings from savings and investing are the results of saving from previous work income. A recent study of millionaires (households with a net worth of more than \$1 million) discovered that only 21 percent of them had received any inheritance. Only 16 percent inherited more than \$100,000, and only 3 percent inherited \$1 million or more. Yes, a few people inherited wealth, but the vast majority earned it first and then saved it.

TheUpshot

ECONOMICS Q. AND A.

The New York Times

Tyler Cowen on Inequality and What Really Ails America

Share full article 54

By Eduardo Porter

July 30, 2014

Is it misguided to focus so much attention on the vast income chasm opening between the very rich and the rest? Tyler Cowen, a professor of economics at George Mason University, evidently thinks so.

Earlier this year, Mr. Cowen published a pointed critique of the French economist Thomas Piketty's tome on inequality, "Capital in the Twenty-First Century." He declared himself unconvinced with Mr. Piketty's interpretation of economic history and dismissed the "far-fetched plan" to impose a global tax on wealth to radically redistribute capitalism's fruits.

Inequality is running amok. The richest one percent of Americans pull more than a fifth of the nation's income. The top 10 percent take half, more than during the Roaring Twenties. President Obama seems to believe this is "the defining issue of our time." Is it?

"Income inequality" consists of at least three separate issues: 1) the top one percent is earning more; 2) the relative return to education is rising; and 3) economic growth is slow, and thus many lower- and middle-income groups are not seeing their incomes rise very much over time. The third of these is arguably the defining issue of our time. Grouping these issues all together under the broad heading of "income inequality" I view as a big intellectual mistake.

Economic Inequality: Fiscal Transfers vs. Reducing the Cost of Living

- Housing costs
- Health care costs
- Energy costs
- Transportation costs
- Inflation costs



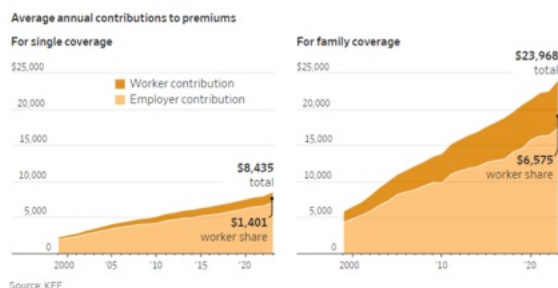
stosselintheclassroom.org/both-sides-how-to-solve-the-housing-crisis/

— Published on November 15, 2007

1. Government Spending;
2. Taxes; and
3. Regulation.



A family's health insurance costs nearly \$24,000 this year after the biggest increase in more than a decade





Fiscal Redistribution

Federal jobs, Social Security, or Basic Income

How best to measure and to address income inequality in America? What federal policies are most likely to improve for those and increase opportunities for Americans?

economicthinking.org/redistribution

Debater Resources









Economic Inequality

By John C. Goodman, April 30 2013

How Much Inequality Is There?
 Most measures of income inequality by world standards are good. As a result, they all are comparing Great with Great while using an all of 400 years with Great and a billion of years with Great. These measures also ignore the effects of our fiscal and monetary policies, and particularly the government's role in policy design, with low-income wages being set by local boards in the 1930s... [read more]

The Goodman Institute's Public Policy Program... www.goodmaninstitute.org/redistribution



Productivity inequality is the source of economic inequality.

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Economic Thinking Programs & Resources















economicthinking.org/redistribution

Fiscal Redistribution

Federal jobs, Social Security, or Basic Income

How best to measure and to address income inequality in America? What federal policies are most likely to improve for those and increase opportunities for Americans?

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economicthinking.org/redistribution | Blog: Economicgreatness.org | FiscalRedistribution.org | Page 1

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THE ECONOMICS OF FREEDOM AND EQUITY
JULY 31, 2014

The Campaign Against Income Inequality

The Real "Truth About the Economy:" Have Wages Stagnated?

Learn Liberty
STATISTIC VS. INDIVIDUALS

billmoyers.com/episode/full-show-inequality-for-all/

www.learnliberty.org/videos/real-truth-about-economy-have-wages-stagnated/



billmoyers.com/episode/full-show-inequality-for-all/

Citizens' United & Is Money Speech



Is Money Speech?

October 25, 2017 • By Brad Smith • Blog • Political Spending



www.ifs.org/news/chairman-bradley-smith-testimony-citizens-united-helps-democracy/

www.ifs.org/blog/is-money-speech/

THE REAL "TRUTH ABOUT THE ECONOMY:" HAVE WAGES STAGNATED?

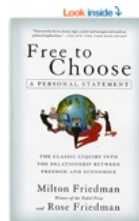
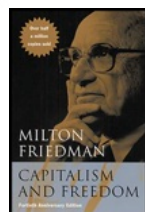
Prof. Don Boudreaux
George Mason University

LearnLiberty.org
Institute for Humane Studies

0:01 / 5:12 • Intro >

www.learnliberty.org/videos/real-truth-about-economy-have-wages-stagnated/

American economist **Milton Friedman** advocated a basic income in the form of a negative income tax in his 1962 book *Capitalism and Freedom*, and again in his 1980 book *Free to Choose*.



Managing Recruitment Consultant [...] Austin, Texas Metropolitan Area
2K followers
Talks about #tech, #scale, #recruitment, #career growth, and...

www.freetochoosenetwork.org/programs/free_or_equal/

AN INTRODUCTION TO ECONOMIC INEQUALITY EAMONN BUTLER	CONTENTS
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	4 Questioning the measure of wealth Data shortcomings
	Other confounding factors Who are we comparing? A distortion of the truth
	5 International comparisons The global inequality narrative Other explanations Equality, poverty and growth
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iea.org.uk/wp-content/uploads/2022/07/An-introduction-to-economic-inequality.pdf

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WSJ

THE SATURDAY ESSAY

A Guaranteed Income for Every American

Replacing the welfare state with an annual grant is the best way to cope with a radically changing U.S. jobs market—and to revitalize America's civic culture

By Charles Murray

June 3, 2006 11:59 am ET

www.wsj.com/articles/a-guaranteed-income-for-every-american-1464969586

WHO REALLY STANDS TO WIN FROM UNIVERSAL BASIC INCOME?

It has enthusiasts on both the left and the right. Maybe that's the giveaway.

By Nathan Heller
July 2, 2018

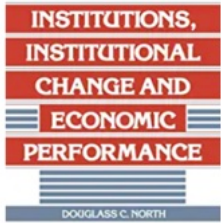
THE NEW YORKER

GIVE PEOPLE MONEY

HOW A UNIVERSAL BASIC INCOME WOULD END POVERTY, REVOLUTIONIZE WORK, AND REMAKE THE WORLD

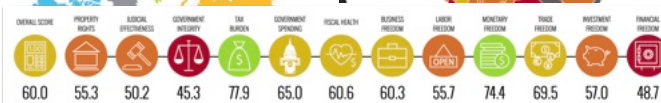
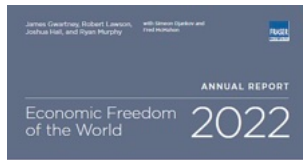
ANNIE LOWREY

Thus far, U.B.I. has been entirely in people's heads—untested at any major scale. Illustration by Anna Pearson



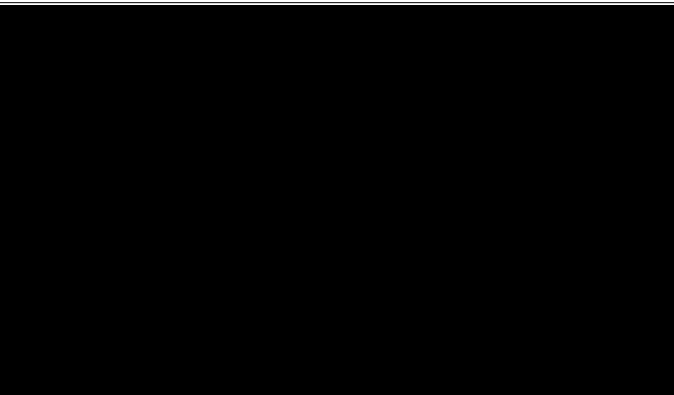
- The fundamental question of economic history can be asked in two ways: how did a handful of countries achieve sustained rates of economic growth and development in the late 18th and early 19th centuries?
- or why have most nations failed to achieve sustained economic growth over the last three hundred years?
- What historical process(es) have generated institutions in a handful of countries capable of sustained economic development in the twentieth century, while most countries still fail to develop thriving markets, competitive and stable politics, and cultures that promote deep human capital accumulation for most of their populations?

economicthinking.org/injustice-not-inequality-is-what/



www.cato.org/economic-freedom-world/2022

www.heritage.org/index



Inequality debates...

Income inequality in US:
including transfers and taxes.

The Distribution of Household Income, 2018
August 4, 2021 | Report

In 2018, average household income after accounting for means-tested transfers and federal taxes was \$37,700 among households in the lowest quintile and \$243,900 among households in the highest quintile.

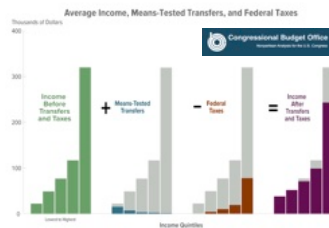
WSJ OPINION

OPINION | COMMENTARY

The Truth About Income Inequality

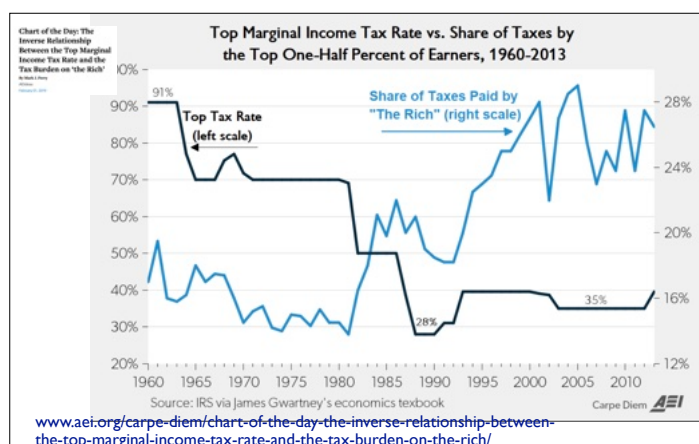
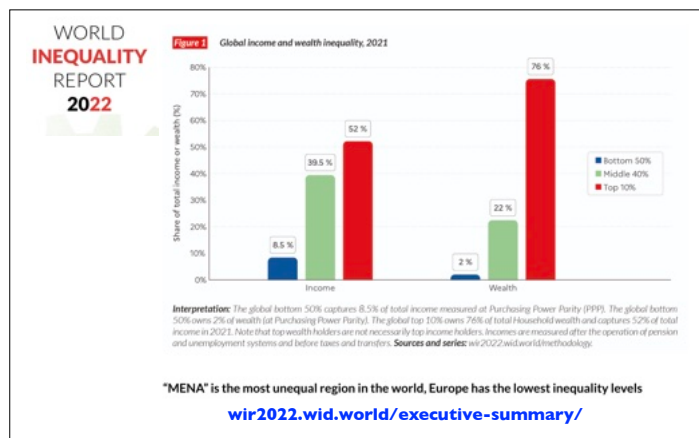
The census fails to account for taxes and most welfare payments, painting a distorted picture.

By Phil Gramm and John F. Easly
Nov. 3, 2019 3:43 pm ET



In all, leaving out taxes and most transfers overstates inequality by more than 300%, as measured by the ratio of the top quintile's income to the bottom quintile's. More than 80% of all taxes are paid by the top two quintiles, and more than 70% of all government transfer payments go to the bottom two quintiles.

www.wsj.com/articles/the-truth-about-income-inequality-11572813786



Income Inequality in the United States: Using Tax Data to Measure Long-Term Trends
 May 24, 2023
davidsplinter.com/AutenSplinter-Tax_Data_and_Inequality.pdf

Gerald Auten
 Office of Tax Analysis, U.S. Treasury Department
 David Splinter
 Joint Committee on Taxation, U.S. Congress

Estimating the distribution of income... is complicated by major challenges:

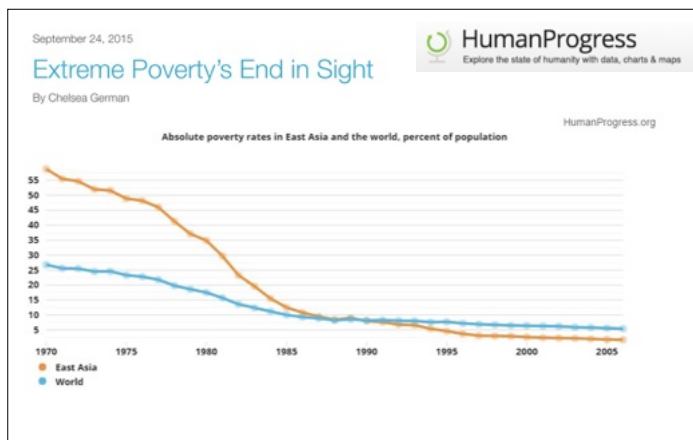
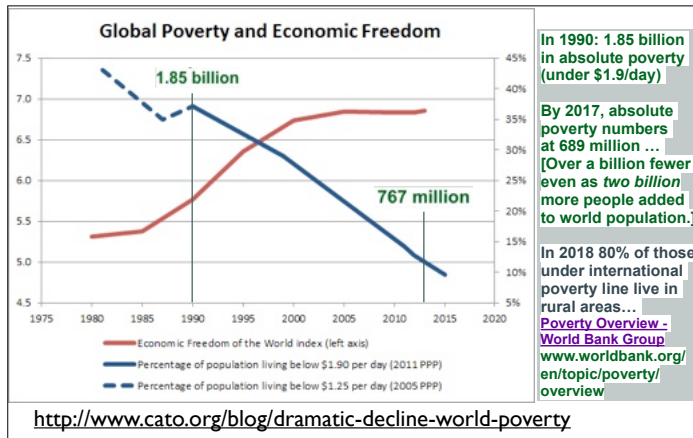
1. changes in social conditions (marriage rates, household size and composition) and demographics (age distribution).
2. Rising education standards and increased college attendance have resulted in higher earnings but later entry into the labor force.
3. Retirement incomes have changed due to expanded Social Security benefits and the shift from defined benefit to defined contribution plans.

Income Inequality in the United States: Using Tax Data to Measure Long-Term Trends
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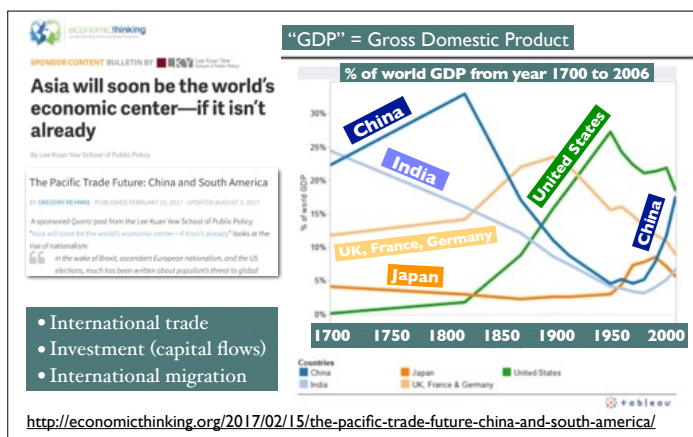
[continued] Estimating the distribution of income... is complicated by major challenges:

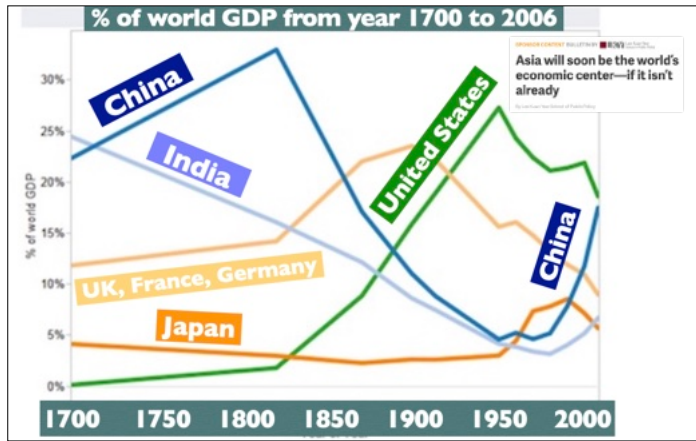
4. Periods of high inflation have distorted the measurement of income, and business cycles have had differential effects on income groups.
5. Tax rules and incentives for reporting income have changed [due to] tax legislation.
6. Differential declines in marriage rates and changing household... Important sources of income are missing in tax data, including government transfer payments and non-taxable employer-provided benefits. The share of income missing in tax data has increased over time, so that income on tax returns accounts for only about 60 percent of national income in recent years...



Inequality, Populism, and Nationalism

- ...European and U.S. **nationalism**... **protectionism**... **populism's** threat to global trade...[and integration]
- ...Many have blamed **growing economic inequality** within developed economies [or] **outsourcing** or **technology**
- [But] a decline in inequality may be a motivating factor...**blame populism's rise on improved income equality** across all nations.
- During the 1990s, **a 70% income gap** stood between emerging economies and the G7. That gap shrunk to **under 14% in 2016** and...**disappear by 2020**.





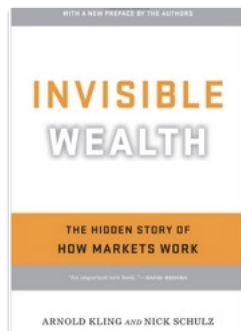
Freedom of Enterprise

- Economic principles connect many U.S. and world extemp and debate topics.
- Labor regulations vs. a right to work. Freedom of association is a right, not a privilege granted (or withheld) by govt..
- African-American hair-braiders in the U.S. and street vendors in Africa, India...
- Government has a concern about safety. But do regulations that outlaw selling lemonade, or home baked goods, or bottled water really protect safety?



"I have a right to earn a living..."

<http://economicthinking.org/TheNewEurope/>



Our Intangible Riches
World Bank economist Nick Hamilton on the planet's real wealth.
Reason magazine article and interview here. Excerpt: most of humanity's wealth isn't made of physical stuff. It is intangible. In their extraordinary but rarely understood report, *The Wealth of Nations*, Hamilton and Schulz found that "human capital and the value of institutions (as measured by rule of law) constitute the largest share of wealth in virtually all countries." Full article here. Full 2005 World Bank 188 page book, where is the wealth of Nations, is here to go.

Oil, soil, copper, and forests are forms of wealth. So are factories, houses, and roads. ...

[A] 2005 study by the World Bank, such **solid goods amount to only about 20 percent of the wealth of rich nations and 40 percent of the wealth of poor countries.** ...

What is "wealth"? Where does it come from?

- **Natural capital:** the sum of cropland, pastureland, forested areas...and nonrenewable resources (including oil, natural gas, coal, and minerals).
- **World Bank study estimate: 5% of total.**
- **Produced capital:** machinery, equipment, structures (including infrastructure), and urban land.
- **World Bank study estimate: 18% of total.**
- **Intangible Capital: is the other 77%**
That encompasses raw labor; human capital, which includes the sum of a population's knowledge and skills; and the level of trust in a society and the quality of its formal and informal institutions.

<http://reason.com/archives/2007/08/03/our-intangible-riches>

