

Advanced CX Debate: Understanding the Economics of Economic Inequality

BEFORE WE GET STARTED

Remember to register your attendance and complete session evaluations.

Session numbers are in the program.

Scan Me

Advanced CX Debate: Understanding the Economics of Economic Inequality

Greg Rehmke, Economic Thinking

Session 314

Policy Debate – 2023-2024 Topic

Resolutions: The United States Federal government should substantially increase fiscal redistribution in the United States by adopting a federal job guarantee, expanding Social Security, and/or providing a basic income.

Attendance

Online Handouts

Session Evaluations

UT-Austin
Session 314

Scan Me

Advanced CX Debate: Understanding the Economics of Economic Inequality

Gregory F. Rehmke
EconomicThinking.org • grehmke@gmail.com

Debate as mind training:
Seeing the many sides of
history, economics, and
government...

High School Courses and Claims Should Be Debated

BY GREGORY REHMKE | NOVEMBER 3, 2018

Brookings Institution's Robert Litan offers a [counterintuitive proposal for improving education and healing America: Debate-centered instruction](#) (Brookings, September 27, 2018). Litan begins with a paragraph about current political and economic challenges then begins his case for debate instruction:

ROBERT LITAN (BROOKINGS)
A counterintuitive proposal for improving education and healing America: Debate-centered instruction
Robert E. Litan | Thursday, September 27, 2018

“Political leaders, academic

economicthinking.org/brookings-benefits-debate/

Scan Me

Debate as mind training: Seeing the many sides of
history, economics, and government...

Steelmanning

by Joshua Anzumolu | May 1, 2019 | Communications/Rhetoric, Socratic, Speaking, Technique | 0 comments

Author Robin Sloan [described](#) attending debates sponsored by the Long Now Foundation. He was struck by the debate format, writing, “The first time I saw one of these debates, it blew my mind.”

Why were these debates so revolutionary? Sloan gives some context: “Our democratic culture has, I believe, basically given up on debate as a tool for changing minds or achieving consensus. Instead, we use it as a stage for performance, for political point-scoring. When we debate—and this is true whether it's a big televised event or a little online

www.ethosdebate.com/steelmanning

Resolved: The United States federal government should substantially increase fiscal redistribution in the United States by adopting a federal jobs guarantee, expanding Social Security, and/or providing a basic income.

Advanced CX Debate:
Understanding the Economics
of Economic Inequality

Five Suggested Debate Topics for 2023-24

By Iyla Mills on August 25, 2022
speech debate & theatre directors & judges article Share ↺



Scan Me

- 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.

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

Policy Debate – 2023-2024 Topic

Advanced CX Debate:
Understanding the Economics
of Economic Inequality

Resolved: The United States federal government should substantially increase fiscal redistribution in the United States by adopting a federal jobs guarantee, expanding Social Security, and/or providing a basic income.

- Under the proposed topic, affirmative teams would fiscally redistribute resources in three areas: **a basic income, federal jobs guarantee** and **expanded social security**

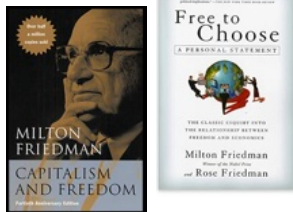
www.nfhs.org/articles/five-suggested-debate-topics-for-2023-24

Battle of the narratives:

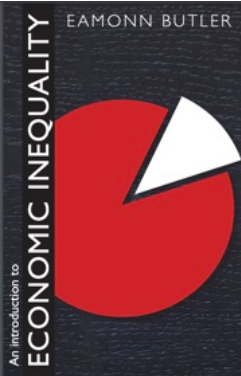
- Is a free-market economy fundamentally unjust, generating “winners” and “losers”?
- The U.S. is “mixed” economy. Are the socialist or capitalist (market) sectors most to blame? (Health care?)
- “A rising tide lifts all boats” or “trickle down economics”?

- Under the proposed topic, affirmative teams would fiscally redistribute resources in three areas: **a basic income, federal jobs guarantee** and **expanded social security**

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.



www.freetochoosenetwork.org/programs/free_or_equal/

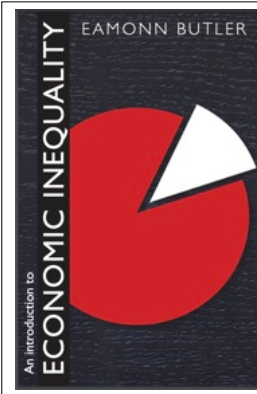


CONTENTS

About the author
Acknowledgements
Summary
List of figures

- 1 The inequality debate**
The consensus on inequality
The inequality narrative
Questioning the narrative
- 2 Definitions, measures, explanations**
Meaning and implications
Economic inequality
Theoretical explanations
Measuring income inequality
- 3 Questioning the measurement of incomes**
Data shortcomings
Statistical errors and omissions
Who are we comparing?
An unreliable picture
- 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
- 6 Must the rich get richer?**
Wealth is precarious
Other forms of wealth
Prosperity without equality
- 7 Questioning the moral case**
The universal humanity argument
John Rawls: equality and fairness
- 8 Questioning the practical claims**
Errors of the Spirit Level
Misdirecting our focus
- 9 Equal pay in the workplace**
The contradictions of equal pay
Is there a gender pay gap?
Are CEOs worth their money?
- 10 The roots of equalisation policy**
From ethics to politics
The impossibility of equal outcomes
Compensating bad luck
- 11 Political approaches to equalisation**
From equality to equity

iea.org.uk/wp-content/uploads/2022/07/An-introduction-to-economic-inequality.pdf



Addressing people's needs	64
Narrowing the differences	66
12 Equality of opportunity	67
The meaning of equal opportunity	68
Should we worry about inheritance?	70
13 Redistribution policies	73
Progressive taxation	73
Wealth taxes	75
Minimum wages	78
Different standards for different groups	79
Economic growth	80
14 Democracy and equality	83
Coalition politics	83
Limits to redistribution	85
Who will equalise the equalisers?	89
15 Barriers to equality	90
Legal and civil equality	90
Equality and mobility	91
Barriers against mobility	92
16 The role of inequality	94
Do people want equality?	94
Equal and unequal societies	95
Wealth and status	96
Growing the pie	98
17 Conclusion	100
References	104

THE ECONOMICS OF FREEDOM AND EQUITY

Injustice Not Inequality is What Matters for Equity



- 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?

economichinking.org/injustice-not-inequality-is-wha/

Debater Resources

Affirmative Cases

- Social Security Reform
- Welfare Reform
- Reduce Taxes on the Poor

VIEW/DOWNLOAD OUR GENERAL TOPIC REVIEW (18 PGS)

MAJOR UPDATE: THE RELATIONSHIP BETWEEN INEQUALITY, ECONOMIC SYSTEMS AND ECONOMIC GROWTH (10 PGS)



www.goodmaninstitute.org/debater-resources/

More on Economic Growth

by John C. Goodman | Aug 15, 2023 | Debater Resources



LRW 080823

www.goodmaninstitute.org/debater-resources/

James Gwartney, Robert Lawson, Joshua Hall, and Ryan Murphy

with Loren Lomasky and Frederick

ANNUAL REPORT

Economic Freedom of the World 2022

2022 INDEX OF ECONOMIC FREEDOM

COUNTRY RANKINGS | GRAPH THE DATA | INTERACTIVE HEAT MAP | EXPLORE

Discover how your Country Stacks Up

Explore our Economic Freedom Heat Map for a stunning visual comparison of the world and your region.

SEE THE HEAT MAP

OVERALL SCORE

60.0

PROPERTY RIGHTS

55.3

LEGAL EFFICIENCY

50.2

GOVERNMENT INTERFERENCE

45.3

TAX BURDEN

77.9

GOVERNMENT SPENDING

65.0

SOCIAL HEALTH

60.6

BUSINESS FREEDOM

60.3

LABOR FREEDOM

55.7

MONEY FREEDOM

74.4

TRADE FREEDOM

69.5

INVESTMENT FREEDOM

57.0

FINANCIAL FREEDOM

48.7

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



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**.

ECONOMIC THINKING

SPONSOR CONTENT BULLETIN BY Lee Kuan Yew School of Public Policy

Asia will soon be the world's economic center—if it isn't already

By Lee Kuan Yew School of Public Policy

The Pacific Trade Future: China and South America

BY SPOONS REVIEW | PUBLISHED FEBRUARY 03, 2017 | UPDATED AUGUST 8, 2017

A sponsored Quartz post from the Lee Kuan Yew School of Public Policy: "Asia will soon be the world's economic center—if it isn't already," links at the rise of nationalism.

In the wake of Brexit, ascendant European nationalism, and the US elections, much has been written about populism's threat to global

"GDP" = Gross Domestic Product

% of world GDP from year 1700 to 2006

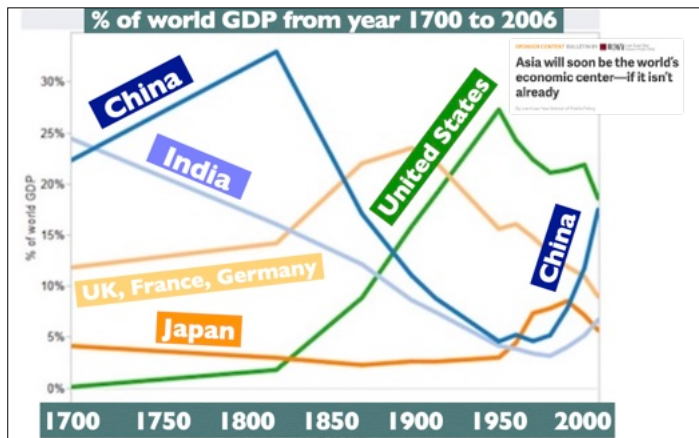
Year	China	India	United States	UK, France & Germany	Japan
1700	25%	15%	0%	5%	0%
1800	25%	15%	0%	5%	0%
1850	25%	15%	0%	5%	0%
1900	25%	15%	5%	5%	0%
1950	25%	15%	20%	5%	5%
2000	25%	15%	20%	5%	5%

Legend: China (blue), India (light blue), United States (green), UK, France & Germany (orange), Japan (yellow)

Source: ebs | euv

- International trade
- Investment (capital flows)
- International migration

<http://economictthinking.org/2017/02/15/the-pacific-trade-future-china-and-south-america/>



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/

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

Prof. Don Boudreaux
George Mason University

LearnLiberty.org
Institute for Humane Studies

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

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

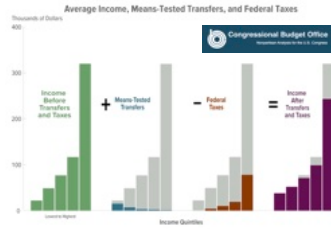
OPINION | COMMENTARY

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. Early
Nov. 3, 2019 9:43 pm ET

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



www.cbo.gov/publication/57061

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.

Inequality debates...

Look inside

Income Before Transfers and Taxes + Means-Tested Transfers - Federal Taxes = Income After Transfers and Taxes

www.cbo.gov/publication/57061

www.amazon.com/Myth-American-Inequality-Government-Biases/dp/1538167387/

Forbes

POLICY

What I Bet You Don't Know About Poverty, Inequality And The Role Of Government

John C. Goodman Contributor
Fights market-based healthcare solutions.

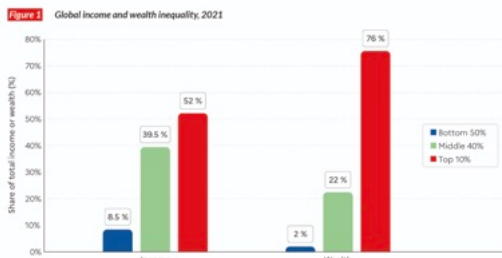
Follow

Oct 24, 2022, 08:07am EDT

- Here are five surprising facts:
- The U.S. welfare state has almost eliminated poverty in this country.
- Over the last 75 years, income inequality has actually gone down, not up.
- Since the end of World War II, income has steadily risen for every income group – with the greatest increase among the bottom fifth of the income ladder.
- Over half of the population gains very little from working under the U.S. fiscal system – as taxable income replaces untaxed transfer benefits.
- The U.S. has the most progressive fiscal system among all developed countries.

www.forbes.com/sites/johngoodman/2022/10/24/what-i-bet-you-dont-know-about-poverty-inequality-and-the-role-of-government/

WORLD INEQUALITY REPORT 2022



Interpretation: The global bottom 50% captures 8.5% of total income measured at Purchasing Power Parity (PPP). The global bottom 50% owns 2% of wealth (at Purchasing Power Parity). The global top 10% owns 76% of total household wealth and captures 52% of total income in 2021. Note that top wealth holders are not necessarily top income holders. Incomes are measured after the operation of pension and unemployment systems and before taxes and transfers. **Sources and series:** wir2022.wid.world/methodology

"MENA" is the most unequal region in the world, Europe has the lowest inequality levels

wir2022.wid.world/executive-summary/

Income Mobility and Middle Class Prosperity

November 20, 2018 by Dan Mitchell

Eighty-four Percent of Americans Exceed their Parents' Family Income

HOUSEHOLD INCOMES, AFTER TAXES AND TRANSFERS, 2000-2015

Quintile	2000 income	2015 income	% Change
Poorest	\$25,300	\$33,400	32%
2nd poorest	\$39,900	\$46,800	17%
Middle	\$56,400	\$64,700	15%
2nd richest	\$78,100	\$90,600	16%
Richest	\$186,300	\$215,000	15%

Source: Congressional Budget Office (2018)

danieljmitchell.wordpress.com/2018/11/20/income-mobility-and-middle-class-prosperity/

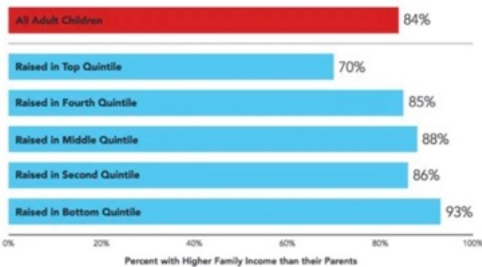
Income Mobility and Middle Class Prosperity

November 20, 2018 by Dan Mitchell

HOUSEHOLD INCOMES, AFTER TAXES AND TRANSFERS

Eighty-four Percent of Americans Exceed their Parents' Family Income

Percent with family income above their parents, by parents' quintile



Note: Income is adjusted for family size.

danieljmitchell.wordpress.com/2018/11/20/income-mobility-and-middle-class-prosperity/

Chart of the Day: The Inverse Relationship Between the Top Marginal Income Tax Rate and the Tax Burden on 'The Rich'



Source: IRS via James Gwartney's economics textbook
www.aei.org/carpe-diem/chart-of-the-day-the-inverse-relationship-between-the-top-marginal-income-tax-rate-and-the-tax-burden-on-the-rich/

Income Inequality in the United States: Using Tax Data to Measure Long-Term Trends

May 24, 2013

davidspinter.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:

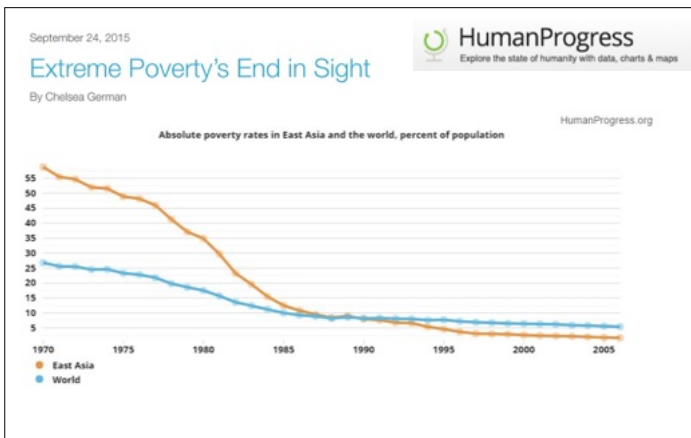
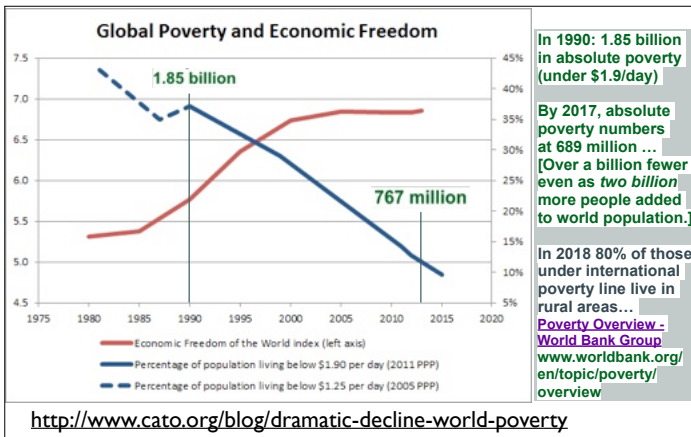
1. changes in social conditions (marriage rates, household size and composition) and demographics (age distribution).
2. Rising education standards and increased college attendance have resulted in higher earnings but later entry into the labor force.
3. Retirement incomes have changed due to expanded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

[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...



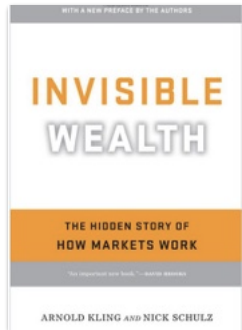
Freedom of Enterprise

- 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 Kirk Hamilton on the planet's real wealth.
Reason Archives on the August/September 2007 issue

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 vastly underappreciated reports. Where is The Wealth Of Nations? Measuring Capital for the 21st Century. Reprobin's been 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 2006 World Bank 188 page book, where is the Wealth of Nations, is [here in .pdf](#).

🗨️ 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>

