

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

**Advanced LD: Economics**  
Greg Rehmke, Economic Thinking

Fall 2023 LD Debate Topic

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

BEFORE WE GET STARTED

Remember to register your attendance and complete session evaluations.

Session numbers are in the program.

Scan Me

UT-Austin

Session 316

**Attendance**

**Online Handouts**

**Session Evaluations**

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UT-Austin

Session 316

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

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

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

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

Fall 2023 LD Debate Topic

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

RESOLVED

Debate Can Revolutionize Education and Help Save Our Democracy

ROBERT LITAN

### High School Courses and Claims Should Be Debated

BY GREGORY REHMKÉ | NOVEMBER 1, 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:

“Political leaders, academic

A counterintuitive proposal for improving education and healing America: Debate-centered instruction  
Rehmke & Litan | Economic Thinking | 2018

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

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RESOLVED

Debate Can Revolutionize Education and Help Save Our Democracy

ROBERT LITAN

COMMENTARY

### A counterintuitive proposal for improving education and healing America: Debate-centered instruction

Robert Litan | Brookings | September 27, 2018

### Steelmanning

by Joshua Arumolu | 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

[economictalking.org/brookings-benefits-debate](http://economictalking.org/brookings-benefits-debate/)

[www.ethosdebate.com/steelmanning](http://www.ethosdebate.com/steelmanning)

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**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?



SCAN ME

[www.nfns.org/articles/five-suggested-debate-topics-for-2023-24](http://www.nfns.org/articles/five-suggested-debate-topics-for-2023-24)

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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”?*

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**The Campaign Against Income Inequality**  
billmoyers.com/episode/full-show-inequality-for-all/

**The Real "Truth About the Economy:" Have Wages Stagnated?**  
www.learnliberty.org/videos/real-truth-about-economy-have-wages-stagnated/

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[billmoyers.com/episode/full-show-inequality-for-all/](http://billmoyers.com/episode/full-show-inequality-for-all/)

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# Citizens' United & Is Money Speech

**INSTITUTE FOR FREE SPEECH**  
Chairman Bradley Smith Testimony: Citizens United Helps Democracy  
February 3, 2010 • By IFS Staff • Press Release

**Is Money Speech?**  
October 25, 2017 • By Brad Smith • Blog • Political Spending



[www.ifs.org/news/chairman-bradley-smith-testimony-citizens-united-helps-democracy/](http://www.ifs.org/news/chairman-bradley-smith-testimony-citizens-united-helps-democracy/)

[www.ifs.org/blog/is-money-speech/](http://www.ifs.org/blog/is-money-speech/)

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[www.learnliberty.org/videos/real-truth-about-economy-have-wages-stagnated/](http://www.learnliberty.org/videos/real-truth-about-economy-have-wages-stagnated/)

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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/](http://www.freetochoosenetwork.org/programs/free_or_equal/)

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[iea.org.uk/wp-content/uploads/2022/07/An-introduction-to-economic-inequality.pdf](http://iea.org.uk/wp-content/uploads/2022/07/An-introduction-to-economic-inequality.pdf)

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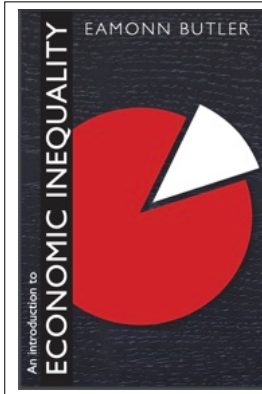
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- The fundamental question of economic history can be asked in two ways: how did a handful of countries achieve sustained rates of economic growth and development in the late 18th and early 19th centuries?
- or why have most nations failed to achieve 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-wha/](http://economicthinking.org/injustice-not-inequality-is-what-matters-for-equity)

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Category	Score
Overall Score	60.0
Property Rights	55.3
Legal Effectiveness	50.2
Government Integrity	45.3
Tax Burden	77.9
Government Spending	65.0
Health	60.6
Business Freedom	60.3
Labor Freedom	55.7
Monetary Freedom	74.4
Trade Freedom	69.5
Investment Freedom	57.0
Financial Freedom	48.7

[www.cato.org/economic-freedom-world/2022](http://www.cato.org/economic-freedom-world/2022)

[www.heritage.org/index](http://www.heritage.org/index)

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# 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.**

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**"GDP" = Gross Domestic Product**

**% of world GDP from year 1700 to 2006**

Year	China	India	United States	Japan	UK, France, Germany
1700	25%	20%	0%	5%	10%
1750	25%	20%	0%	5%	10%
1800	25%	20%	0%	5%	10%
1850	25%	20%	0%	5%	10%
1900	25%	20%	0%	5%	10%
1950	25%	20%	10%	5%	10%
2000	25%	20%	25%	5%	10%
2006	25%	20%	25%	5%	10%

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

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

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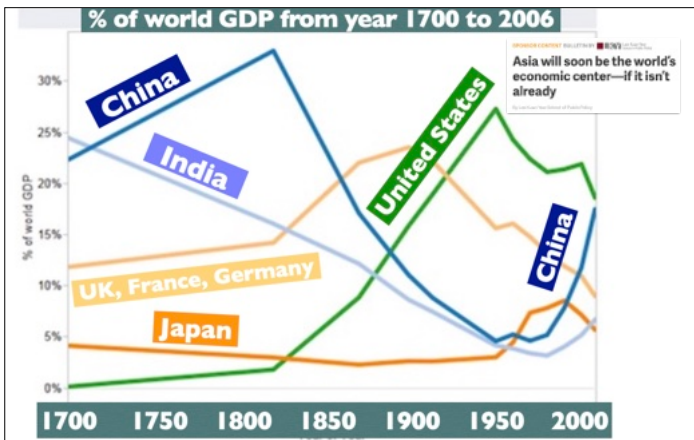
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**The Real "Truth About the Economy: Have Wages Stagnated?"**

[billmoyers.com/episode/full-show-inequality-for-all/](http://billmoyers.com/episode/full-show-inequality-for-all/)

**The Campaign Against Income Inequality**

[www.learnliberty.org/videos/real-truth-about-economy-have-wages-stagnated/](http://www.learnliberty.org/videos/real-truth-about-economy-have-wages-stagnated/)

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## 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

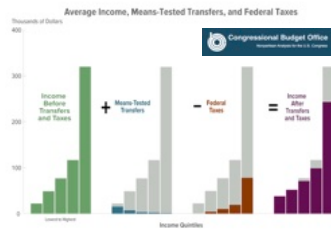
OPINION | COMMENTARY

#### 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 3:43 pm ET

[www.wsj.com/articles/the-truth-about-income-inequality-11572813786](http://www.wsj.com/articles/the-truth-about-income-inequality-11572813786)



[www.cbo.gov/publication/57061](http://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...

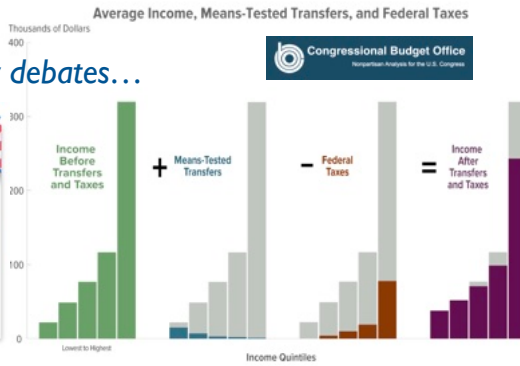
Look inside

THE MYTH OF AMERICAN INEQUALITY

HOW GOVERNMENT BIASES POLICY DEBATE

PHIL GRAMM, ROBERT ENGLER, AND JOHN EARLY

[www.amazon.com/Myth-American-Inequality-Government-Biases/dp/1538167387/](http://www.amazon.com/Myth-American-Inequality-Government-Biases/dp/1538167387/)



[www.cbo.gov/publication/57061](http://www.cbo.gov/publication/57061)

## 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.

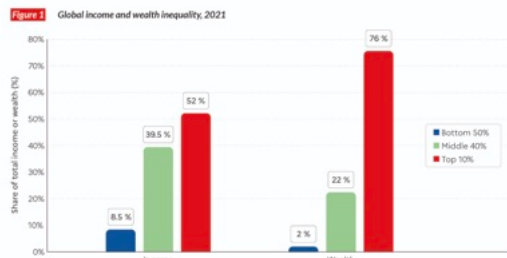
Follow

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/ohngoodman/2022/10/24/what-i-bet-you-dont-know-about-poverty-inequality-and-the-role-of-government/](http://www.forbes.com/sites/ohngoodman/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/](http://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)

[danieljmittell.wordpress.com/2018/11/20/income-mobility-and-middle-class-prosperity/](http://danieljmittell.wordpress.com/2018/11/20/income-mobility-and-middle-class-prosperity/)

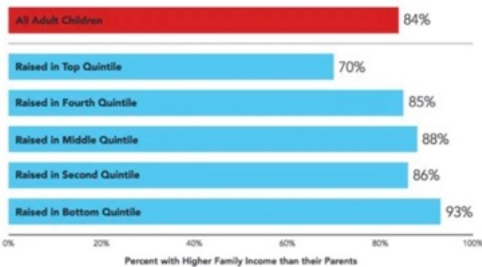
Income Mobility and Middle Class Prosperity

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.

[danieljmittell.wordpress.com/2018/11/20/income-mobility-and-middle-class-prosperity/](http://danieljmittell.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/](http://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](http://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:

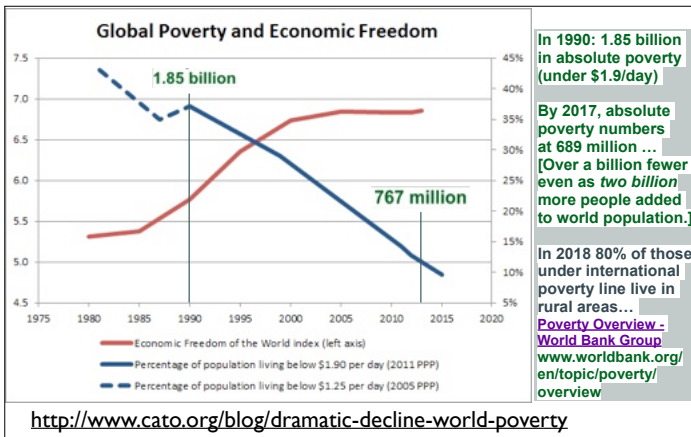
1. changes in social conditions (marriage rates, household size and composition) and demographics (age distribution).
2. Rising education standards and increased college attendance have resulted in higher earnings but later entry into the labor force.
3. Retirement incomes have changed due to expanded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



September 24, 2015

## Extreme Poverty's End in Sight

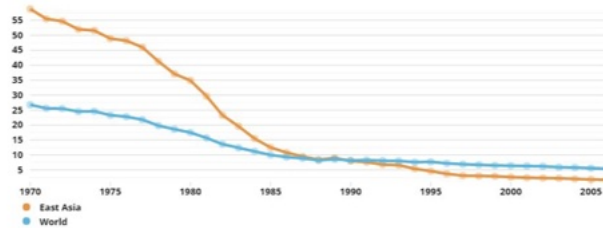
By Chelsea German



Explore the state of humanity with data, charts & maps

HumanProgress.org

Absolute poverty rates in East Asia and the world, percent of population



## Freedom of Enterprise

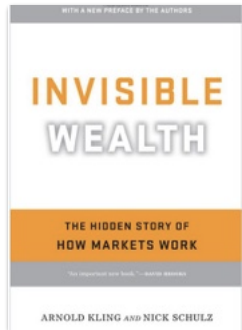
- Economic principles connect many U.S. and world extemp and debate topics.
- Labor regulations vs. a right to work. Freedom of association is a right, not a privilege granted (or withheld) by govt..
- African-American hair-braiders in the U.S. and street vendors in Africa, India...
- Government has 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..."

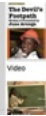


<http://economicthinking.org/TheNewEurope/>



**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.** Except: most of humanity's wealth isn't made of physical stuff. It is intangible, in their extraordinary but vastly underappreciated report, *Where is the Wealth of Nations? Measuring Capital for the 21st Century*, Repetto's team 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>

**Our Intangible Riches**  
World Bank economist Kirk Hamilton on the planet's real wealth.  
Reason Archives on the August/September 2007 issue

