Chapter 4: What Are Other Developed Countries Doing When Compared to the United States?

One of the problems with many politicians and citizens believing in “American exceptionalism” is that it can lead to thinking there is not much the U.S. can learn from other countries. And, of course, as the self-proclaimed exceptional country, we expect other countries should follow our lead. Because they did not support the U.S. in Iraq to the degree the Bush II administration wanted, Secretary of Defense at the time Donald Rumsfeld singled out Germany and France in a dismissive tone as part of an “Old Europe” and not part of the New Europe.

Given that West Germany and France were linchpins in creating the European Economic Community (Common Market) and the evolution and expansion of the European Union to its current 28 members, Rumsfeld’s ignorance of how key Germany and France have been in reshaping a peaceful and prosperous New Europe in the Shared Prosperity and Growing Inequality eras was on display. Except for the tragic fighting and ethnic cleansing in the 1990s over the break-up of Yugoslavia and given two world wars fought largely in Europe in the first half of the 20th Century, the last fifty years of the 20th Century were one of the longest periods of economic growth and peaceful coexistence in Europe. Thank goodness for Old Europe!

The assistance of the Marshall Plan funded by the United States contributed in important ways to economic recovery in Europe following the Depression and World War II. Learning from their mistakes at the end of World War I, prominent leaders in Europe realized rebuilding a peaceful and prosperous Europe from the rubble of war needed to be one based on cooperation and not conflict. An easy thing to say, but how were countries which had been mortal enemies and fought one another going to reconcile their differences. An emerging Soviet Union on one side and the powerful United States across the Atlantic, each so much larger and more powerful than individual European countries, suggested strength in numbers was the way Europe should move.

The European Coal and Steel Community (ECSC) involving France, Italy, West Germany, Belgium, the Netherlands and Luxembourg forged an early and successful cooperative effort. In the late 1940s and 1950s, steel-making capacity was essential in rebuilding war-torn economies. Success in this endeavor led to the same countries forming the European Economic Community (EEC), aka Common Market, aimed at lowering trade barriers which had existed when they were enemies and could not trust each other.
The EEC added new members over the years and eventually morphed into the European Community and now European Union showing that cooperation was moving beyond just trade and economic matters. As other countries joined these efforts, European economies improved to the point where they were able to generate capital to invest in growth and rely less on U.S. economic assistance. There are currently 28 members of the European Union. The 2017 estimated population of the EU is 512 million with a GDP of $17.1 trillion which approaches the $19.4 trillion in the U.S. for 2017.

European countries were far behind the U.S. at the end of World War II but have over the decades closed the development gap; some countries have caught and passed the U.S. on key development measures. In sports parlance, the U.S. was the winning team at the end of the war and European countries with their smaller populations and land areas wanted to match the U.S. in terms of development. After years of mediocre results, what would a losing NFL, NBA or MLB team do to compete and have a goal of making the playoffs every year and eventually winning it all. Clearly, such a team would look to those teams that have been accomplishing these goals for some time. However, the U.S. does not seem to want to investigate or consider what other countries are doing to deal with economic challenges to workers and families like those confronting the U.S. This is unfortunate because our futures and our children’s and grandchildren’s futures may rest on doing some of the things European and other developed countries have been doing for decades.

As this chapter will demonstrate, when it comes to dealing with the challenges facing workers and families in the Growing Inequality Era, it is the U.S. which deserves the “old” label since the political economies in most European countries have adapted to 21st Century realities and adopted policies and passed national legislation to ameliorate the difficulties workers and families face while “Old America”, to borrow Rumsfeld’s words, fiddles as Rome or Washington burns.

**Income Inequality**

Figure 4.1 provides Gini coefficients for Organization of Economic Cooperation and Development (OECD) countries; higher values indicate greater income inequality. The U.S. ties with Israel with the 4th highest level of income inequality with Turkey, Mexico and Chile—all less developed countries—having greater inequality. As the rest of this chapter will demonstrate, most OECD countries have been more proactive in developing policies and passing national legislation to deal with the adverse impacts the Growing Inequality Era has wrought on workers and families. A recent Federal Reserve Bank estimate of the Gini coefficient for the U.S. in 2016 shows it has gone up to .415; in 1979 it was .346. The political economy of the U.S. delivered a more equitable distribution of wealth in the Shared Prosperity Era. Failure to enact modern-day legislation and public policy adjustments to the political economy are propelling the nation down the Growing Inequality Era road to an impending crash unless action is taken and soon.
Many Americans are of the opinion they are overtaxed, and the Republican Party constantly reinforces this belief. However, as Figure 4.2 reveals, the U.S. total effective tax as a percentage of GDP straddled 25% of GDP from 1965 to 2012. The eight other countries increased their taxes paid over this same period. Some politicians and citizens may applaud the fact that the effective tax rate in the U.S. has not risen and will even contend it should be lower. Lowering effective tax rates may be a good way to return to the 19th Century but will not sustain a vibrant democracy in the 21st Century. Politicians and citizens unwilling to enter the 21st Century and face realities which other developed countries are addressing will be left behind. Meanwhile, the U.S., like an ostrich with its head in the sand, has been

Figure 4.1: Income Inequality in OECD Countries, 2012

Figure 4.2: Total Taxes Paid as a Percentage of GDP for Selected Countries, 1965-2012
Shared Prosperity Plain for the 21st Century

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ignoring these realities for decades at a cost to workers and families and our democracy. A dramatic change in course is long overdue.

European politicians did not rush to embrace increasing taxes and most European citizens are like American citizens and would welcome lower taxes. If this is the case, why have effective tax rates been rising in other developed countries but not in the U.S.? The simple answer is: these countries recognized and supported, however grudgingly in some instances, the necessity of a growing governmental role in making investments in modern-day infrastructure and providing the wide range of public goods and services, worker protections and levels of support for workers and families required in the 21st Century which cannot be achieved by relying as heavily as the U.S. does on market forces. High quality public goods and services are the hallmarks of successful societies and revenue from taxes to pay for these goods and services is required. Figure 4.3 provides paid taxes as a percentage of GDP for all OECD countries for 2015. This greater government involvement in other developed countries has produced a political economy which has not allowed feudal capitalism to reign primarily to the benefit of larger corporations and uber wealthy individuals as it has in the U.S. The U.S. is out of step with most other developed countries and has failed to make the decision to raise taxes other developed countries have been making for the last five decades. Has this been wise? Growing inequality indicates it is not.

How Are Workers Treated in Other Developed Countries?

It is time to see what other developed countries have been doing to deal with many of the same problems and challenges faced by workers and families in the Growing Inequality Era and compare results with those in the U.S. Figure 4.4 shows the U.S. is not alone and other OECD
countries have seen their middle-income group decline as a percentage of all households. The middle-income group has declined steadily to around 50% since the early 1980s in the U.S. which is lower than most other developed countries. Seventeen of the countries still have at least 60% in the middle-income group. It appears the U.S. has regressed the most because its 2013 percentage is much lower than it was in the early 1980s at the outset of the Growing Inequality Era.

Paid Vacation Days and Holidays

Paid leave (vacation) days and paid holidays are mandated by national legislation in most developed countries. As already discussed in considering Figure 1.4, only to U.S. provides no guaranteed paid vacation or paid holidays. For the other twenty countries all but two, Canada and Japan, provide a minimum of 20 paid vacation days. When it comes to paid holidays, three of the other countries offer none but most of the countries provide seven or more paid holidays. Figure 2.10 summarizes paid vacation days and holidays, as well as paid maternity and parental leave weeks prevalent in Europe.

Paid Maternity and Parental Leave Weeks

Once again at the bottom of Figure 4.5 is the U.S., the only country which does not guarantee paid maternity leave and paid parental leave weeks. Paid maternity leave ranges from a low of 2.6 weeks in Australia to a high of 56.7 weeks in Bulgaria. Twenty-seven of the countries provide more than 10 weeks of paid maternity leave. When it comes to paid parental leave, thirteen of the countries provide at least 20 weeks.
Consider the value of these benefits and peace of mind these national policies provide workers and families. A four-week paid vacation to a person making $1,200 a week can be imputed at a value of at least $4,800. A 10-week paid maternity leave for a new mother making $1,200 a week can be imputed at a value of at least $12,000. A new mother can take paid maternity leave to bond with a newborn child. A parent can take time off with pay to tend to a sick child, care for an ailing parent or parents and tend to other unexpected emergencies which might arise. It must be noted that many of these countries also provide additional unpaid maternity and parental leave weeks. These benefits are not free and are one reason why taxes are higher in these countries to guarantee these benefits for workers and families.

Figure 4.6 may answer Trump’s question as to why Norwegians and citizens in many of the wealthier European countries are not migrating to the U.S. Most European countries are providing their workers and families with 21st Century standard protections and benefits. Trump and his Republican allies want to cut hard won 20th Century programs like Social Security, Medicare and Medicaid which have provided a better life for lower and middle-income households, senior citizens and the middle class. Legislation proposed by Republicans indicates they have no interest in even considering 21st Century standards.

**Union Membership**

Unions have been on the decline in most developed countries. However, Figure 4.7 reveals union membership in other OECD countries remains higher than in the U.S.
Membership in unions in other OECD countries may not be as important because so many of these countries have passed national legislation providing guaranteed rights, protections, and benefits that unions fought for and provided their members. As Figure 2.3 reveals, workers’ wages have not increased in tandem with labor productivity gains in the Growing Inequality Era as they did in the Shared Prosperity Era. Why? One potential culprit is the decline of labor unions. Unions used strikes and collective bargaining to pressure employers to share gains in labor productivity by increasing wages and fringe benefits for workers. “For this reason, union workers get paid about 22 percent more than non-unionized workers. Even non-union workers often benefit from unions setting the bar higher for wages.”

Health Care: Other Developed Countries Deliver as Good or Better Healthcare Outcomes at a Lower Cost than the U.S.

The U.S. has been wrestling with the question: is healthcare a right or a privilege? Most European and other OECD countries answered this question decades ago by establishing a political economy in which healthcare is a right of citizenship. The U.S. has yet to answer this question, although the current answer is no because millions of Americans do not have access to health care. Leading up to and following passage of the Affordable Care Act (ACA) in 2010 to the present day, the nation has been arguing rather than constructively debating healthcare. In large part due to political gridlock and hyper-partisanship, the healthcare debate has been arid and unproductive. Given the failure of several previous administrations to bring healthcare policy into the 20th Century, never mind the 21st, the Obama administration deserves credit, given the fierce resistance by Republicans, in advancing healthcare and providing it for more Americans. By 2013 most of the OECD countries provide universal healthcare to all their citizens; only the U.S. and Greece have failed to do so.

To show the partisan nature of Republican resistance to a modern-day approach to healthcare, a major complaint was the mandate in the Affordable Care Act (ACA) requiring

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individuals and households to purchase insurance. It was the Heritage Foundation, a conservative think tank, which did the economically responsible thing and proposed the mandate to fund healthcare back in the early 1990s to reduce “free riders” who would receive healthcare in expensive emergency room visits but not pay for it. Obama’s mistake was to think Republicans would be inclined to support a Republican idea if proposed by a Democrat. His mistake was confirmed by Republican Majority leader Mitch McConnell’s hyper-partisan but forthright statement, “The single most important thing we want to achieve is for President Obama to be a one-term president.” This failed but it did not deter Republican resistance to all things Obama. Trump has taken resistance and dismantlement of all things Obama to the nth degree.

A serious strategic miscalculation Obama made was to give up and cede victory to Republicans by taking a single-payer public option off the table, especially since this is the way many countries provide universal coverage at a lower per patient cost. Such a concession might have been accepted in good faith by the Republican Party in the 1960s and 1970s when moderate Republicans in Congress were listened, respected by fellow Republicans and were willing to work with Democrats. One of the advantages of a single-payer system is it would be most effective in reducing the costs of healthcare, reining in cost increases year after year and cutting the very high administrative costs\(^2\) of the current for-profit insurance system. Although the ACA did some things to reduce costs, the basic reforms needed to reduce costs were not advanced or given the serious consideration they deserve.

At the extreme left in Figure 4.8 the U.S. was spending 16.4\% of GDP on healthcare in 2013, a percentage much higher than all the other 43 countries. The average for OECD countries is 8.9\% of GDP. The light and darker blue portions of each bar

\(\text{Figure 4.8: Healthcare Expenditures as a Share of GDP, 2013 (or nearest year)}\)

separate private from public expenditures and show how for the U.S. and several other countries—Brazil, South Africa, Chile, the Russian Federation and Mexico—it is close to a fifty-fifty split between private and public funding. Except for India and Indonesia, in the other countries public spending is considerably higher than private spending. The U.S. spends 46% more on healthcare than the next highest country the Netherlands and 84% more than the OECD average.

The lavish spending on the part of the U.S. might be justified if the nation had a healthcare system producing results superior to those found in other countries. This is not the case. Figure 4.9 compares the U.S. with ten other developed countries and ranks each country’s healthcare system on quality, access, efficiency, equity and healthy lives. Quality is further broken down into effective, safe, coordinated and patient-centered measures of care. Access is broken into cost-related problems and timeliness of care. The U.S. ranks last overall and last on four separate measures—cost-related problems, efficiency, equity and healthy lives.

To have a healthcare system judged less effective than those offered by other developed countries is bad enough but providing this less effective system is the most expensive at $8,508 per capita adds salt to the wounds. The United Kingdom’s system ranked 1st but costs only $3,405 per capita; the 2nd best in Switzerland $5,643; 3rd best in Sweden $3,925; 4th best in Australia $3,800; 5th best in Germany $4,495 and so on; New Zealand ranks 7th at the lowest per capita costs of $3,182. Having the most expensive healthcare system offering the least effective healthcare outcomes is exceptional but not in the way on might want American exceptionalism to be exemplified.
If the U.S. could have maintained the effectiveness of its current healthcare system but at the cost of 11% of GDP—still higher than the OECD average—and employing the economist’s notion of opportunity costs, what could be done with the savings each year? Freeing up 5.4% of GDP currently devoted to healthcare could be used for other public goods and services such as infrastructure, public education, paid family leave, etc. The GDP in the U.S. in 2013 was $16.7 trillion; 5.4% of this is $900 billion. Figure 4.10 gives some examples showing the magnitude of possible savings in healthcare costs. The Department of Defense consumed 3.83% of GDP in 2013; the U.S. would have the opportunity to spend the equivalent of defense spending on other programs and still have 1.57% of GDP from healthcare savings for other purposes.

One of the ways a large single payer option could lower costs is to negotiate lower prices for the thousands of drugs which provide healthier lives for millions of people. Figure 4.11 reveals per capita expenditure on medical drugs in the U.S. ($1,026) is considerably higher than for the other OECD countries where per capita costs range from $274 to $490 less than in the U.S.

**Median Wealth per Adult**

One might anticipate with lower effective tax rates than other countries individuals and households in the U.S. would be able to save more and over time attain greater wealth. Figure 4.12 dispels this notion. The U.S. is ranked 18th with a median wealth per adult of $49,787. The median divides a distribution in half with half below the median and half above it. The median is
preferable to the average, especially when considering income inequality because very wealthy individuals and households inflate the mean in comparison with the median. In this Credit Suisse study, the U.S. ranks 27th in per adult wealth. Paying lower taxes than other countries does not produce greater per adult wealth. Could it be the higher quality worker and family benefits provided by many developed countries is worth more than lower tax rates?

Child Poverty

The prospects for children are diminished for those growing up in poverty. As Figure 4.13 reveals, the child poverty rate for the U.S. was the 6th highest of the 40 countries in 2010 and well above the OECD average. Only Chile, Mexico, Romania, Turkey and Israel have higher child poverty rates. The high rate for Israel is most likely explained by the higher rates among Israeli Arabs than among Israeli Jews. Although separate before and after taxes and transfer payments
data are not available for child poverty, it is likely the U.S. is less effective in reducing these rates with its weaker response as evidenced in 4.15.

**Overall Poverty**

Figure 4.14 shows for the 20 countries, ten have higher poverty rates than the U.S. at 26.3% before taxes and transfer payments. However, after taxes and transfer payments the picture changes. The U.S. has reduced its poverty rate to 17.1% but this is higher than any other country. This indicates the political economies in the other countries are more effective in enacting tax policies and other public policies that do a better job reducing poverty than the U.S. In comparing the U.S. with the average for the other countries, the before taxes and transfer payments poverty rate is almost identical. However, after taxes and transfer payments the average poverty rate for the other countries drops 16.8% compared to the 9.2% drop for the U.S.

Clearly other developed countries have been more successful than the U.S. in mitigating the negative impacts of poverty by developing policies and enacting legislation to reduce poverty.

**Income Inequality Before and After Taxes and Transfer Payments**

Virtually every nation attempts to address inequality to some degree. Figure 4.14 indicates the U.S. does not do as effective a job as other developed countries in reducing inequality via tax policies and transfer payments. The Gini-coefficient scores (higher scores indicating greater inequality) for all 22 countries are higher before taxes and transfer payments and come down some after taxes and transfer payments are considered. It seems reasonable to infer that countries showing greater reductions before and after taxes and transfer payments have developed tax and public policies which more effectively address income inequality. Eleven of the countries have the same or higher inequality scores before taxes and transfer payment when compared with the U.S. but all have achieved lower inequality scores after taxes and transfer payments. The U.S. is left with the highest level of income inequality after taxes and transfer payments, indicating it is the country with the highest level of income inequality and...
perhaps the least effective policies in dealing with it. This suggests the U.S. could learn from other OECD countries where policies appear to more effective in addressing income inequality.

![Income Inequality and Redistribution](image)

**Figure 4.15: Income Inequality and Redistribution Before and After Taxes and Transfer Payments for 22 Developed Countries, Mid-2000s**

**National Legislation and Tax Policies Can Make the Difference**

The total effective tax rate for the U.S. in 2014 was 26% compared with the OECD average of 34%. Graphs in this chapter show how these higher taxes in other OECD countries allow them to provide 21st Century economic security and guaranteed paid benefits for workers and families which workers and families in the U.S. are not guaranteed.

Wise public policies, especially those addressing 40 years of growing income inequality, will have to result in different distributional effects than the policies the U.S. has been implementing to date; current policies in some cases have aggravated inequality or had little positive impact. Figure 4.16 illustrates what the average OECD country is trying to do with the higher taxes their citizens pay; they are providing greater economic security and benefits for workers and families than the U.S. In the example given, the $12,000 value of public goods and services (public education and training programs, paid vacation days and holidays, paid maternity and parental leave weeks for example) more than makes up for the $8,000 more in taxes to fund such programs. It is shortsighted to assume workers and families are better off paying lower taxes since many will benefit from public goods and services with a dollar value higher than they paid under a progressive tax system where the very wealthy and corporation pay more.
Savings Rates

Given Americans pay lower taxes than citizens in other developed countries, one might expect Americans are in a better position to save more of what they earn. George Gershwin’s lyrics in “It Ain’t Necessarily So” are the unfortunate answer. The U.S. savings rate has lagged that of countries with higher taxes. The drop in the savings rate and mounting household debt in the Growing Inequality Era has only intensified the difficulties many workers and families have been experiencing as real wages have stagnated and even declined for many.

Figure 4.17 shows since the early years of the Growing Inequality Era in the U.S. personal savings rates (scaled on the left side of the graph) have been falling from close to 12% in 1982 to 1% by 2007 while household debt as a percentage of GDP (scaled on the right side of the graph) rose from 63% to over 130%. The break in the connection between hourly wage increases and
gains in labor productivity as occurred in the Shared Prosperity Era has devastated so many American households. This graph also explains a headline in “63% Of Americans Don’t Have Enough Savings to Cover a $500 Emergency.” (Forbes, January 6, 2016)

**Signs of “American Exceptionalism” in Decline**

This section will highlight other trends and evidence of concern in gauging our country’s performance relative to other developed countries. The U.S. has among the highest infant mortality rate in the developed world as revealed in Figure 4.18. Just over six infants die within the first year of life in the U.S. per 1,000 live births; this is shocking for such a wealthy country.

The U.S. has the highest obesity rate among OECD countries and no doubt this contributes to higher health care costs. Life expectancy rates for men and women in the U.S. is lower than in most OECD countries. Equally concerning are reports that life expectancy at birth is declining for certain segments of the population.

**Education**

U.S. performance on Program for International Student Achievement (PISA) test scores in math, reading and science are not as high as one would like to see and have being falling relative to other countries. PISA scores in 2009 ranked the U.S. 13th in reading, 25th in math and 17th in sciences. By 2015 the rankings fell to 23rd in reading, 38th in math and 24th in science.

**U.S. is Incarceration King**

Unfortunately, two measures the U.S. ranks very high are homicides and incarceration. The U.S. has among the highest homicide rates of OECD countries. Only Mexico, Turkey and
Estonia have higher rates than the U.S.’s 3.82 homicides per 100,000. Every other country has less than 2 per 100,000 and sixteen have less than 1 per 100,000.

Figure 4.19 indicates the U.S. incarcerates its citizens at a higher rate of 760 per 100,000 more than any of the other 39 OECD countries. Only Russia comes close to matching the U.S. Japan, Russia and the U.S. are the only three countries that still allow the death penalty. In considering opportunity costs, it is reasonable to assume countries with higher incarceration rates will direct more tax revenue to locking people up and give up the opportunity to spend this money on more productive public goods and services.

Figure 4.20 indicates in the U.S. racial discrimination plays a factor in determining who is incarcerated. For every age group depicted, male Latinos are incarcerated at rates double that of white males and blacks are incarcerated at rates at least four times higher than whites. Since men who have been incarcerated will have more difficulty in securing a job once they are released, the much higher incarceration rates for black men is a contributing factor to their being unable to find employment, higher unemployment rates and the lower paying jobs available to them.

Figure 4.21 shows the most dramatic increase in incarceration did not occur until the early years of the Growing Inequality Era. The graph reveals the Drug War was really an Incarceration War and one that has been waged against minority populations in American society. Of the 501,886 incarcerated Americans in 1980, 8.2% were for drug offenses; by 2010 of the 2.3 million incarcerated
Americans 21.8% were for drug offenses. Mandatory minimum sentencing, three strikes and you’re out, and truth in sentencing legislation passed as legislative bodies and chief executives tried to prove their seriousness about crime. The War to Incarcerate has raged on to the point where Wisconsin, a state recognized for its fine university system, spends more of its state’s budget now on incarcerating its citizens than it does on the university system. The University of Wisconsin System is comprised of 26 campuses, serving 175,000 students and employing 40,000 teachers and staff. This compares with about 50,000 inmates in the state’s prison system. The economic multipliers pertaining to the state’s investment in its higher education system are vastly more impressive than any multiplier on investment in prisons. Those on the political right who have pushed for the privatization of prisons, wittingly or unwittingly, have introduced a form of crony capitalism which is imbedded within the privatization movement.

**Other Developed Countries Are Making Infrastructure and Livability Investments Not Being Made in the United States**

Public investment in infrastructure is one of government’s major roles. Higher taxes in other developed countries have allowed them to improve infrastructure and public transportation systems, examples of which are provided in Figure 4.22. The U.S., once a leader has not kept pace with other countries in making adequate investments in infrastructure. In Europe existing technologies are implemented much faster and more effectively than in the U.S. For example, tachographs (Figure 4.23) are required in all large trucks and busses. Inserted in the steering column or nearby, tachographs record when the engine is running and the speed the
vehicle is moving. Drivers are required to use and save tachographs for a specified period. This allows the police to stop truck and bus drivers and demand to see their tachographs. By reading the tachograph, the police can give a citation for speeding which is indicated on a tachograph over a week old. If the tachograph indicates the engine was running continuously beyond the maximum time allowed, the assumption is the driver did not take a required rest break of so many minutes and a fine is assessed.

Tachographs and rules and regulations for work hours and appropriate rest times for drivers have made the lives of truck drivers and bus drivers better and operation of these large vehicles safer. It ends up requiring hiring additional good paying jobs for more drivers because the excessive overtime and overworking which would occur without such rules and regulations is not permitted and it requires a larger and better rested workforce. Having co-led over fifteen travel study tours to Europe with students and later-life learners, the tendency is to want to too much in a short time. The rules and
regulations protect bus drivers from inconsiderate expectations and unreasonable requests or demands.

For safety reasons, tachographs should be considered, and in some instances required for long-haul trucks and busses used in the U.S. Truckers and bus drivers in the U.S. may be required to keep logs but the dirty little secret is many keep at least two logs, one to show police and the authorities if stopped and another log reflecting reality. Some trucking firms are moving to electronically recorded logs. The blown truck tires one sees along interstates and highways in the U.S. are seldom seen in Europe where vehicle inspection is taken more seriously than in the U.S. In the early 1990s, I was conducting research for a week with a very capable undergraduate student on traffic calming techniques in the Netherlands. We did not have a car but had a pass to use trains and mass transit (light rail and busses) in various towns. In riding buses in towns, we were never delayed for any length of time at a stop light because the busses controlled the traffic lights.

The Dutch aggressively promote and make large public investments in biking. “Dutch children cycle to school in huge numbers. According to the Cyclists’ Union, of all cycle trips in the Netherlands 18% is to get to a facility for some form of education: to school, a course or university. That is much more than the 6% of trips for recreation and even more than the trips to cycle to work (16%)....Of these secondary school children 75% cycle to school! For the pupils living closer than 5km from their school it is even 84%.” (source: Bicycle Dutch)

Figure 4.24: Bicycle Parking Structure Near Train Station in Amsterdam
The Dutch are making large investments in promoting and facilitating the use of bikes. Figure 4.24 shows a parking garage for bikes only adjacent to the train station in Amsterdam. Biking to school, work and shopping in the Netherlands is very common and no doubt contributes to the Dutch having one of the lowest obesity rates among OECD countries. This in turn contributes to lower health care costs and reduces pollution and other negative externality costs associated with automobiles. Play the two YouTube videos for examples of how the Dutch are making the use of bicycles as convenient and safe as possible for their citizens of all ages. [https://bicycledutch.wordpress.com/2012/08/23/spectacular-new-floating-cycle-roundabout/](https://bicycledutch.wordpress.com/2012/08/23/spectacular-new-floating-cycle-roundabout/) click and scroll down to fifth picture and view the floating bicycles roundabout and [https://www.youtube.com/watch?v=_FwhBFL-0F0](https://www.youtube.com/watch?v=_FwhBFL-0F0) The videos show very few bikers wear safety helmets or other protective gear indicating how safe and secure they must feel when riding their bikes without these forms of protection. Since most Dutch motorists were or still are regular bikers, they are no doubt more cognizant and alert whenever motorized vehicles and bicycles operate on the same roadway. Dutch planning provides bike-only lanes and separate paths whenever possible.

Activity Space Versus Movement Space in Preserving Downtowns

European countries have been more effective in preserving their downtowns in larger and smaller cities than the U.S. They have done so by reaching a better balance between activity and movement space in the era of the automobile. Activity space is comprised of those areas where activities (shopping, concerts, sidewalk artists and performers, dining, people watching, etc.) unfold and it is these activities which attract people. Pedestrians must be safe and in charge in activity spaces. Movement space, especially that space accommodating the movement of vehicles or storing them in parking spaces, eats and erodes activity space. Vibrant downtowns must maximize activity space and minimize movement space. This is what most European countries have done more effectively than the U.S. Figure 4.25 shows the large pedestrian zone in Utrecht, Netherlands. Replacing streets with
pedestrian zones creates safe and enjoyable activity space. Figure 4.26 shows the before and after when streets are converted to pedestrian zones.

As shown in Figure 4.27, pneumatic bollards are one of the ways access is restricted for motorized vehicles. Busses, emergency vehicles and sanitation trucks can automatically lower...
the bollards for access but private vehicles cannot. In making their downtowns lively and pedestrian-friendly activity spaces for accommodating and facilitating planned and spontaneous human interactions by converting one-time streets into pedestrian zones; these zones allow limited access to delivery vehicles during certain hours and controlled access restricted to people living in and business owners working in these area. Bikers and pedestrians are not hampered at all in moving about and are not threatened by motorized vehicles.

Before the Dutch began pedestrianizing their downtowns by converting streets to pedestrian zones, it was feared reducing vehicle access downtown would bring fewer people and downtowns would suffer economically. Just the opposite occurred. Fewer vehicles and surface parking lots allowed the creation of vibrant activity spaces where pedestrians are in charge. If you visit Europe and observe some of their lovely downtown plazas surrounded by architectural gems, restaurants with attractive outdoor dining, people of all ages gathering, these were used as parking lots as these cities attempted to accommodate motorists; they were not interesting spaces for locals or tourists to linger and spend money. It was the conversion of movement space to activity space which saved these downtowns.

The Dutch even developed a suburban bike-oriented community, Houten and South Houten, with 50,000 population, planned from the start to promote as much bike usage as possible and to minimize the use of automobiles. The community is broken into cells preventing vehicles from moving from cell to cell easily while pedestrians and bikers can move easily from cell to cell. Vehicles must use the ring road around the community to gain access to other cells in their vehicles. Figure 4.28 shows an aerial view of Houten clearly depicts the ring road clearly.

The straight line running from at a slight diagonal on the left side in Figure 4.29 is a railroad line.
which connects Houten with Utrecht to its north, Amsterdam and other Dutch towns. Although they are not easily recognizable on the photo, one can get a sense of the cells since few streets within the community are of any length because most streets are confined within one cell. There are number of biking and walking/jogging paths often serving as the boundaries for these cells and providing a pedestrian and bike friendly community. Therefore, a car cannot throughout the entire community without using the ring road to do so. This is done to traffic calm most of the streets and make them safer for pedestrians and to encourage to use of bicycles for activities within the community and the railroad line bisecting the community. For more see https://www.citylab.com/solutions/2015/06/a-case-study-in-bike-friendly-suburban-planning/396107/.

Figure 4.29 shows steps in Houten with channels for bicycles tires to make moving bikes up and down stairs without having to lift the bike. The design with narrow stairs and two channels for tires on the right permits one person to move two bikes up or down the stairs at once.

**Summary**

Claims of American exceptionalism were bolstered by many statistical measures after World War II and in the *Shared Prosperity Era* when a broad and prosperous middle class was expanding and seemed firmly established. Despite the civil strife associated with civil rights movement, the anti-war sentiment over Vietnam and rapid social changes, all income groups were advancing economically in the *Shared Prosperity Era*. The average worker and average household real incomes were advancing since pay raises were outpacing inflation and workers were capturing economic gains in harmony with increases in labor productivity.

Following the economic disruption of the energy crises in the 1970s, rather than returning to the shared prosperity path a different and darker path was chosen, wittingly or unwittingly, and the nation entered the Growing Inequality Era. The good fortune or workers and families in the previous era began to languish as democratic capitalism which had been delivering the American dream to many was replaced by feudal capitalism which began to reward the few at the expense of the many. Figure 4.30 reveals the changing economic fortunes of Top 1% and Bottom 50% in the Growing Inequality Era. Other developed countries, facing similar challenges and problems, have acted to protect workers and families. Their political economies adjusted to the new realities and passed national legislation and enacted public policies to provide a level of economic security commensurate with late 20th Century and 21st Century standards for democracies. Sadly, the U.S. for whatever set of reasons decided not to follow suit. If the welfare of workers and families in a democracy is important, this has been a fatal decision.
This chapter provides evidence showing how other developed countries have been proactive in responding to new challenges and have passed legislation, enacted public policies and formed social contracts among government, employers and workers and families which provide 21st Century benefits and greater economic security for workers and families than those available to workers and families in the U.S. Figure 4.31 indicates citizens in most OECD countries have greater confidence in their national governments than U.S. citizens have in their government; some of this greater confidence is explained by some of the evidence in this chapter. Thirty-five percent of those surveyed in the U.S. expressed confidence in the national government in 2014; this was below the average for OECD countries of 42%, although 20 other countries had confidence percentages at least 10 points higher than the U.S. and ten had 20 points or more higher than the U.S. The three top countries, Switzerland, India and Norway, have confidence levels double that of the U.S. The light green color indicates those countries for which the confidence level rose between 2007 and 2015 and the red color those that went down. The U.S. confidence level fell four points.

As this chapter indicates, there is a strong case to be made that workers and families in the Growing Inequality Era have been treated better by their governments than have workers and families in the U.S. Policymakers in the U.S. have turned a blind eye to the challenges workers and families have been experiencing while policymakers in other developed countries have acted and enacted policies making a difference.
Progressive Tax System and Less Income Inequality

Figure 4.32 reveals that most OECD countries providing 21st Century standards for workers and families have more progressive tax systems than the U.S. Citizens in other developed countries are more confident in national government than is the case in the U.S. The average confidence level in OECD countries is 43% in 2015, an overall drop of 2% since 2007. Eleven OECD countries have confidence levels over 50% in 2015. The confidence level for the U.S. is 35% in 2015, a drop of 4% since 2007. This means although having higher overall tax rates, other developed countries apply their taxes in a more progressive manner, meaning generally a greater spread between relatively lower tax rates on modest and middle-income households and higher tax rates on upper income households. In the U.S. it is no accident that the increase in income inequality in the Growing Inequality Era has been matched by decreases in the progressivity of taxation and especially the decreasing rate of taxation on the very wealthy and large corporations.

The following chapter offers an explanation why the political economy in the U.S. has resisted or been unable to make the changes that the political economies in other developed

Figure 4.31: Confidence in National Government in OECD Countries, 2015 with Percent Change from 2007

Source: Gallup World Poll in Trust and Public Policy
countries have been making. Once the leading country on many issues and having built a strong middle class in the *Shared Prosperity Era*, the U.S. has been and is falling farther behind.

Our future, our children’s future, our grandchildren’s future and the nation’s future will be far more impacted by the legislation and public policies we adopt or fail to adopt than by the political personalities and political food fights of the day. Unfortunately, much of the media prefers covering the name calling and discord rather than focus on legislation and pubic policies. If we want and are willing to work for a better future, we need to put greater pressure on the media to do a better job in presenting news and opinions supported by evidence and not just regurgitating talking points and opinions at odds with readily available evidence.

**Figure 4.32: Relative Tax Progressivity in the OECD, 2000-2007 (U.S.=100)**