Executive Summary

There is an ongoing crime in America, soon to enter its fifth decade unless action is taken. The crime was first faintly evident around 1980 but now continues to be perpetrated in broad daylight every day. Figure 1 reveals the precrime and post crime results. Most workers and households in the U.S. had been enjoying comparable percentage gains in real income in the Shared Prosperity Era (1947-1980). Real income gains per household ranged from 63% to 89% for the six income categories.

Whereas households in different income categories had been benefitting in like manner in the Shared Prosperity Era, after 1980 the lion’s share of economic gains shifted to the Top 10% and above. Since 1980 the Growing Inequality Era (1980-2014) has set in and trapped workers and families in the hardening cement of an unforgiving economy. With the real income for the Bottom 90% declining -3% and the Top .01% gaining 386%, the spread in real income percentage gains between 57% and 89% in the Shared Prosperity Era exploded to a mammoth 389% spread in the Growing Inequality Era.

These widely divergent results suggest a form of democratic capitalism1 prevailed in the Shared Prosperity Era because the benefits from economic growth and expansion where being enjoyed and distributed to all income groups and more Americans were making a living wage and entering a rapidly expanding middle class. In this era even though the wealthier households' real income gains were higher than the Bottom 90%, the rate of increase for the Bottom 90% was higher. A highly skewed distribution of benefits from economic growth in the Growing Inequality Era in favor of the very wealthy indicates this early democratic capitalism somehow vanished and was replaced by an inequitable form of modern-day feudal capitalism2. Under feudalism landless serfs had no power and were at the mercy of the landed aristocracy. So too many poorly paid workers and struggling families are living serf-like existences under this modern-day form of feudal capitalism where the chance of getting ahead is unlikely unless something changes dramatically.

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1 “Democratic capitalism, also known as capitalist democracy, is a political, economic and social ideology that involves the combination of a democratic political system with a capitalist economic system. It is based on a tripartite arrangement of a private sector-driven market economy based predominantly on a democratic policy, economic incentives through free markets, fiscal responsibility and a liberal moral-cultural system which encourages pluralism. This ideology supports a capitalist economy subject to control by a democratic political system that is supported by the majority. It stands in contrast to corporatism by limiting the influence of special interest groups, including corporate lobbyists, on politics.” (Wikipedia) Bold added by author.

What is abundantly clear is that the political economy of the U.S. and especially our political system have failed to recognize and deal with this ongoing crime against American workers and families. The fact that no significant attempt to solve the crime and free its victims has emerged indicates current policies are found wanting and some are exacerbating the problem. Since failed politics is at the heart of the problem and we have a two-party political system, how has the economy and more importantly the benefits of economic growth been shared in the two eras and has either political party displayed greater effectiveness when it controls the White House and Congress? This executive summary and the following six chapters present much evidence in providing answers to these questions.

The Economy Under Democratic and Republican Presidents

The Republican Party narrative contends it is party capable of steady and effective stewardship of the economy and public opinion surveys over the years by narrow majorities often support this claim. If Republican contentions are accurate and public opinions surveys are on the mark, then one would expect to find evidence of better economic performance when the agenda of a Republican administration dominates the nation’s capital. Job growth, Gross Domestic Product (GDP) growth and fiscal prudence when it comes to deficits and debt are considered for Democratic and Republican administrations.

Job Growth: Substantially more jobs have been created under Democratic presidents. Figure 2 displays the average number of private-sector jobs created per year for periods of time when Republican and Democratic presidents occupied the White House over a 72-year period. For the 36 years of Democratic control, 58 million private-sector jobs were created while for the 36 years Republican were in charge 26 million were created; an average of 1,611,000 million per year under Democrats compared to 720,000 thousand per year under Republicans. Of the nine periods on the graph the top four per year job creation occurred under Democrats and four of the five lowest per year job creation occurred under Republicans.

GDP Growth: GDP rates of growth are higher under Democratic presidents. Figure 3 displays average annualized GDP growth rates.
percentage growth by presidential term. From Truman forward to Obama, the four best presidential terms of GDP growth were under Democrats. All but one of seven Democratic presidential terms were over 3%, while seven of nine Republican presidential terms were under 3%. The average GDP growth rate under Democrats was 4.3% and under Republicans 2.6%. GDP growth rates were on average 65% higher under Democratic presidents.

Income Growth: Income growth rates are higher under Democratic presidents. Figure 4 reveals workers and families have benefitted considerably more when Democratic administrations occupy the White House than when Republicans do. The differences are most notable for the lower income groups; for example, the lowest 20% did so much better under Democrats with a 2.6% income growth rate while only .4% under Republicans. A telling fact is all five income categories did better under Democratic presidencies. Real world evidence on job creation, GDP growth rate and income growth rates argue against the claim that with Republicans in charge the economy and workers and families do better. The evidence does however support the opposite conclusion.

Federal Spending, Deficits and Debt: Increases in federal spending has been much higher under Republican presidents and the national debt has risen more Republicans

Republicans frequently label Democrats as tax and spenders and charge they will increase federal spending and the economy will suffer. Figure 5 refutes the idea recent Republican administrations have been more fiscally responsible than Democratic administrations. Starting with Reagan and concluding with Obama’s first term, all five Republican terms saw federal spending increase more than under any of the three Democratic terms. Reagan from 1982-85 had the largest yearly increase in federal spending at 8.7%, followed by Bush II at 7.3% and 8.1% in his two terms. On average, federal spending grew annually by 6.88% under Republicans and only 2.83% under Democrats. Republicans spend like drunken sailors when a Republican president occupies the White House, preferring “borrow and spend” to “tax and spend” by putting much of the nation’s spending on the credit card. Republicans in Congress turn on a dime into deficit hawks when a Democratic president is in office. They vehemently resist increases in federal spending and insist cuts in federal spending are needed to balance budgets they have unbalanced.
This Jekyll and Hyde behavior on the part of Republicans depending on whether a Republican or Democrat occupies the White House indicates the Republican Party's commitment to fiscal responsibility is entirely situational. They rail against “tax and spend” Democrats while turning into ravenous “borrow and spend” Republicans when in power, and deficits and debt have been the result.

Figure 6 reveals how this has worked out when it comes to the national debt. Reagan scored the largest percentage increase in the national debt, suggesting whatever merits may be assigned to Reaganomics reducing yearly deficits and the national debt were not among them. In fact, by his embrace of large tax reductions, especially on the wealthy, and leaving it to “trickle-down” economics to benefit workers and families, once might make the case Reaganomics planted a poisonous seed which has produced a bumper crop of economic agony and anguish for many American workers and families.3

As Figure 7 indicates, Bush II repeated the mistake by squandering the surpluses achieved in Clinton’s second term with another “trickle-down” fiasco, huge tax cuts benefitting the very wealthy. Once again, the promised robust economic growth never materialized, yearly deficits and the national debt skyrocketed, and Bush II left Obama to clean up the mess from the Great Recession. Although Republicans charged Obama with reckless spending, as Figure 5 shows federal spending under Obama grew much more slowly than under any president since 1980. Fact seldom support the Republican narrative, but a sleeping press and Democratic Party do a poor job in pointing this out.

What has been Trump’s great accomplishment? It is trickle-down No. 3 under total Republican control of the presidency and Congress, the 2017 Tax Cuts and Jobs Act. The Institute for Taxation and Economic Policy estimates 31% of the benefits will go to the richest 1% in 2018 and 48% will go the richest 1% by 2028. Corporate and billionaire donors who pushed for this tax legislation are the big winners. Average

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3 David Stockman, Reagan’s head of the Office of Management and Budget and an early proponent of “supply side” and “trickle-down” economics, turned into an early critic of Reaganomics when he realized the “rosy scenario” economic growth being promised would not be realized and huge deficits and debt would ensue.
workers and families are once again left out in the cold. This tax legislation underscores the insincerity behind Trump’s faux populism on the side of the little guy and gal. Since many support Trump have succumbed to his con job, the press could as accurately call his base his marks.

Figure 7 foretells the most likely result of Trump’s 2017 Tax Cuts and Jobs Act in returning the nation to large deficits and looming national debt. Most economists on the right and left realize this will be the third Republican-sponsored “borrow and spend” trickle-down economics escapade in less than forty years. The one-trick Republican pony of cutting taxes on the wealthy and corporations to stimulate economic growth to benefit all Americans left the barn a long time ago. Yet Trump, a self-proclaimed genius, and his fellow Republicans found another pony and let it out in the 2017 Tax Cuts and Jobs Act. When will Americans wake up to this ruse?

Figures 2 through 7 provide evidence at odds with Republican claims about their effective stewardship of the economy when they are in power. Since World War II, in both the Shared Prosperity and Growing Inequality eras, the economy has performed better when a Democratic administration is in office. Taking this political party control a step further, Figure 8 reveals GDP growth on average was 5.2% when Democrats controlled the White House and both the Senate and House of Representatives. This contrasts with a meager growth rate of 1.2% when Republicans were in total control and 2.3% under divided government. This means the economy grew 4.33 times faster under total Democratic control than under total Republican control and 2.26 times faster than under divided government. The simple fact that many Americans are unaware of this long-term trend speaks to the malfeasance of the Democratic Party in failing to march out historical evidence whenever questions are raised about which political party might be trusted to deal with the economy.

Is One Political Party More Responsible for Political Gridlock?

A common but very lazy response to such a question is: both parties do it. This is unfortunate since mounting evidence in recent decades suggests otherwise. Figure 9 shows the level of support by both parties on tax stimulus plans relying largely on tax cuts under two Republicans and stimulus plans which raised taxes on wealthier individuals under two Democrats. It is clear both Republican presidents, Reagan and Bush II, had modest to strong support in both the Senate and House from Democrats. In fact, Reagan’s stimulus plan would not have passed without Democratic votes in the House and Bush II’s stimulus plan would not have passed without Democratic votes in both the Senate and House. The situation is quite different for the stimulus plans proposed by Democrats Clinton and Obama. Clinton’s tax increase stimulus plan was railed
against by Republicans and did not receive even one Republican vote in the Senate and House and had to rely on Democrats alone for the narrow majorities for passage. Obama’s federal spending and tax increase stimulus plan to pull the nation out of the deepest recession since the Great Depression received no Republican votes in the House and only three in the Senate. This evidence indicates Republicans voted in a much more partisan manner than Democrats when it came to supporting legislation proposed by a president from the other party.

Is the Ideological Shift in Republican Party in Congress the SMOKING GUN in Hyper-partisanship?

Figure 10 shows that Republican members of the House of Representatives have moved farther to the extreme ideological right than any Republican House members since 1900. It is interesting to note when the Shared Prosperity Era was benefitting all American workers and families, Republicans were drifting toward the political center and Democrats were drifting in a more liberal direction. After 1980, Republicans in the House moved rapidly further right. Both the movement of the Republican Party further right and the liberal drift of the Democratic Party owe much to the slow but steady switch of conservative southern Democrats to the Republican Party following the passage of Civil Rights legislation. The wider ideological gap in the House owes more to the wild swing of Republicans than the liberal drift of Democrats.

Figure 11 shows there may be a connection between Republicans in Congress moving further right and the Growing Inequality Era. The graph shows the polarization of the House after 1980 is matched by an increasing Gini index which measures growing income inequality. The more ideological Republicans have brought a scorched-earth approach to politics and an obstructionist element into the party and governing
country. Remember, the first politicians the Tea Party went after were RINOs (Republicans in Name Only). The party that chided Democrats for applying litmus tests stood by and let Tea Partiers establish hard right litmus tests and then hunt down RINOs to extinction.

Myths generated and artfully communicated by Reagan, the grenade-throwing techniques of Newt Gingrich, the disastrous coming from the gut decisions of Bush II in war and peace, and now the expansive corruption, incompetence and democracy eroding actions of the Trump administration are taking the party and nation down a perilous path along which growing income inequality has been a consequence. One can observe this trail of tears trek of the Republican Party in family members and friends who are Republicans. Many were attracted to Republican thinkers like Bill Buckley, became admirers of Ronald Reagan, started listening to Rush Limbaugh, loved bomb-thrower Newt Gingrich and more recently put their tarnished hopes in a mendacious con man Trump.

Never Trump Republicans are the group, however late, finally responding to the radical right excesses which have been growing in their party for years. It took the depravity of the Trump administration to clarify for them something that had become obvious to a growing number of respected observers of the political scene. Figure 12 provides two early canary in the coal mine warnings.

“Today we have the spectacle of smart, patriotic men and women putting their brains and integrity on ice to please a party dominated by anti-intellectual social Darwinists and the plutocrats who finance and mislead them.”

St. Louis Post-Dispatch editorial, Eight myths to chill an old-school Republican soul, June 26, 2011.
Given the love affair Republicans like former Speaker of the House Paul Ryan and many others, have with Ayn Rand who champion her writings which embrace a troubling Social Darwinism seemingly at odds with the religious values they espouse but are not found in their view of the political economy, it may be time to heed her warning,

“If anyone destroys this country it will be the conservatives.”

(Ayn Rand)

Today’s Republican Party is Beholding to, Dependent on and Does the Bidding of Corporate and Billionaire Donors and is Cheered on by Right Wing Media Doctrinaires/Indoctrinaires

The policy agenda advancing the interests of corporate and billionaire donors is not one embraced by majorities of Americans. The Koch brothers and their ilk have taken decades to establish a complex network of interlocking and back-scratching think tanks, foundations, institutes and interest groups to advance their agenda to great effect. This is the agenda many Republican policies support. The media doctrinaires/indoctrinaires have allied with the corporate and billionaire donors in support of the rightward lurch of the Republican Party revealed in Figures 10 and 11. The disastrous Supreme Court decision in Citizens United v. FEC opened the floodgates to dark money donations which hide the identities of those providing the funds. Figure 13 hints at the complexity of this doctrinaire/indoctrinaire network focusing primarily of the Koch brothers.

Figure 13: Partial Network of Foundations, Institutes, Advocacy Groups and Individuals in Koch Brothers’ Influence and Funding which Advances Their, Fellow Billionaires Interests Corporate Interests
The media doctrinaires/indoctrinaires pushing the wealthy donor and Republican agenda have successfully marketed the news, fake and otherwise, to feed the large self-indoctrinating base in the Republicans Party, which along with support from Russians were the secret to Trump’s winning the presidency with three million fewer votes than his opponent. An NBC News/Survey Monkey Poll found 40% of Republicans disagreed that Obama was born in the U.S. An exit poll in 2014 cited by VOX, found of those answering yes to “Is climate change a serious problem?” 71% were Democrats and of those answering no 83% were Republicans. If doctrinaires cannot find evidence to support their conclusions, they become indoctrinaires and deny scientific findings, rely on lies and conspiracy theories. Working in the favor of the doctrinaires and indoctrinaires is a large, gullible, self-indoctrinating Republican base they have cultivated over the years to make their job much easier.

What Other Developed Countries Have Been Doing to Benefit Workers and Families

The role of government at its simplest is “to promote and protect the health, safety and general welfare of the population.” What may have been an adequate government response in the 19th and much of the 20th centuries is not an adequate response in the 21st Century. Figure 14 compares the responses most governments in Europe have made to grapple with the Growing Inequality Era challenges facing workers and families. It is clear the political economy and political parties in

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DON’T LET THE DOGMA BITE YOU: Republican dogma contends programs providing benefits to lower income individuals and families are bad because they will discourage them from working harder to provide for themselves. So, using public policy to help the less fortunate discourages them from working harder. If this is true, will not reducing taxes on the very wealthy have the same undesirable result and cause them to work less. If a person strives to be a millionaire or billionaire after taxes, will not he or she have to work even harder to achieve their goal? Yet, Republicans at the drop of a hat pass legislation which reduces the tax rates on millionaires and billionaires under the discredited banner of “trickle-down” economics. There are many chinks in the armor of Republican dogma. The Trump presidency has demonstrated Republicans have been saying a lot of things over the years that even they did not really mean. The dogma they insist on when a Democrat occupies the White House disappears when a Republican assumes the office.
Europe have passed legislation providing guaranteed paid benefits and therefore greater economic security for workers and families. Whereas 21 paid vacation days, 4 paid sick days, at least 12 weeks of paid parental leave weeks and at least 2 months of paid maternity leave are guaranteed in other developed countries, none of these are guaranteed for workers and families in the U.S.

As Figure 15 shows, the U.S. has one of the highest income inequality measures among all developed OECD countries. Only Chile, Mexico and Turkey have more inequitable distributions than the U.S.

Figure 16 displays that to provide the benefits to workers and families OECD countries had to increase taxes as a percentage of GDP. Whereas tax revenue as a percentage of GDP for the average OECD country and the U.S. were very similar in 1965, by 2014 the U.S. tax rate was at 26% of GDP while the average for OECD countries rose to 34%. Every modern democratic government, other than the U.S., has found that fulfilling government’s role “to promote and protect the health, safety and general welfare of the population” to standards worthy of the 21st Century has required raising taxes to provide and guarantee these benefits and protections.

Figure 17 shows the difference between European countries and the U.S in the Growing Inequality Era. The Top 1% in Europe and U.S. controlled about 10% share of national income. By 2015 in the U.S. this share rose to 20% while it rose to 12% in Europe. Conversely, in 1980 the Bottom 50% share of national income in Europe stood at just under 24% and fell to 22% by 2015. However, in the U.S. the Bottom 50% share of national income fell from 20.5%
in 1980 to 13% by 2015. This rich got slightly richer in Europe and almost twice as rich in the U.S. Clearly, the political economy in Europe outperformed that in the U.S. in ensuring the Bottom 50% of the population did not get run over by the Top 1%. The rich get rich and poor get poorer trend in the U.S. is inimical to any vibrant democracy and there is mounting evidence American democracy is losing its soul and the nation’s economy dominated by feudal capitalism is benefiting the rich and well-connected but not most workers and families.

A Pew Research Center study found the average hourly wage in the U.S., seasonally adjusted, was $2.50 in 1964; this would be $20.27 in 2018 dollars. Whereas the purchasing power of the average hourly rose in the Shared Prosperity Era. The Pew report found “After adjusting for inflation, however, today’s average hourly wage has just about the same purchasing power it did in 1978. Workers and families have been treading water and fewer and fewer lower income households are able to remain in the middle class or are making it to the middle class.

This shows workers were reaping real monetary gains for most of the Shared Prosperity Era but that management, business owners and investors and not workers have been getting most of the monetary gains after 1980 in the Growing Inequality Era. Some might plausibly contend it was the rapid rise in energy prices during these energy crises that started the Growing Inequality Era. If it was the rapid rise in energy prices, then why did growing inequality continue once energy prices came down considerably by the early 1980s? If it was high energy prices, why did the economy not return to the Shared Prosperity Era path one energy prices receded?

Figure 18 shows U.S. median family income grew more rapidly in the Shared Prosperity Era at an inflation-adjusted rate of almost $888 per year; during the Growing Inequality Era it increased $429 per year. In the earlier era there was a higher percentage of households with only one adult working while in the second era there were more households in which two adults were working. This is not surprising since wage stagnation characteristic of the Growing Inequality Era required a second adult to work full or part-time if the family’s economic status was to be maintained.

Lagging wages and greater economic insecurity no doubt contributed to the average age of marriage for men and women rising more in the economically insecure Growing Inequality Era than in the more secure Shared Prosperity Era. U.S. Census Bureau data reveal the average age of marriage for men rose 1.9 years and for women 1.7 years from 1950-1980 while age for men rose 4.5 years and for women 5.1 years from 1980-2015.
Figure 19 reveals why gender pay inequities are compounding the economic problems faced by many workers and households. Single mother and married mother as primary provider households were 10.8% of households in 1960. This percentage grew to 40.4% by 2011. Although the gender pay gap for women has been lessening, it still places a huge economic burden on female-headed households. Much of the reduction in the gender pay gap for women is attributable to women graduating in higher rates from college. In 1966 women comprised just under 40% of all college graduates but by 2020 they will constitute 60% of college graduates. This growing gender graduation rate from college discrepancy also explains in part why the inflation-adjusted wages for men have even worse in the Growing Inequality Era.

If the job market is creating jobs, many of which do not offer hourly pay high enough to support a living wage, then working two jobs or 60 or more hours a week may be the only option. This is not a good option in a 21st Century democracy.
Ineffectiveness of Political Response to Growing Inequality in the U.S.

Figure 20 reveals in comparing poverty rates before and after taxes and transfer payments all countries achieve some reduction in poverty. The U.S. poverty rate before was 28% and after had dropped to 17%. Before taxes and transfer payments, eight of the other countries had poverty rates higher than the U.S.; however, after taxes and transfer payments their poverty rates ranged from 4 to 9% lower than the U.S. This indicates whatever measures the U.S. has taken to reducing poverty have not been as effective as the policies adopted in other countries. When it comes to reducing poverty, American taxpayers do not receive a return on their tax dollar comparable to what taxpayers in other developed countries receive.

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. is currently implementing. These policies in some cases have aggravated inequality or had little positive impact. Figure 21 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 $32,000 value of public goods and services (public education and training programs, police and fire protection, 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. The after-tax income and value of public goods and services ends up being $4,000 higher in the average OECD country than in the U.S. even though the household in the U.S. pays $8,000 less in taxes. 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 the taxes they paid.

One of the possible benefits from paying lower taxes in the U.S. is Americans may be able to save more each year and acquire greater wealth because they are not paying higher taxes. Figure 22 indicates although the U.S. is often called one of the richest countries in the world median per adult wealth of just over $50,000 in the U.S. is exceeded by sixteen of nineteen other advanced countries. Seven of the countries (Australia, Italy, Belgian, Japan, United Kingdom, Switzerland and Ireland) have median per adult wealth two times higher than in the U.S.

Figure 23 reveals the ravages the Growing Inequality Era has had on savings and household debt. In the 25 years between 1982 and 2007, the personal saving rate fell from 12% to less than 1% and household debt as a percentage of GDP rose from 64% to 133%. Figure 18 showed the plateauing of inflation-adjusted real hourly wage which would account for the decline in personal savings and rising household debt as the purchasing power of many households stalled or declined.

Had the U.S. been adopting policies and passing legislation like
OECD countries were enacting, workers and families in the U.S. would be better off today and have a measure of economic security denied them because the political system has failed to respond in an appropriate way. Republican administrations were in charge for the first 12 years of the Growing Inequality Era. The eight years under Democrat Clinton, which included a tax increase, saw strong economic growth, job creation and even a surplus. Republican Bush II’s eight years saw puny monthly job growth, erased the surpluses under Clinton, produced huge deficits and debt and left the Great Recession economy in shambles for Democrat Obama upon taking office. With Trump soon completing two years in office, Republican presidents have been in charge 22 of the 38 years since 1980 and Democratic presidents 16 years. In their 16 years Clinton and Obama averaged 2.42 million jobs a year. For the 20 Republican years under Reagan, Bush I and Bush I the average was 1.03 million jobs a year. Job growth in Trump’s first 20 months has been 482,000 thousand less than Obama’s first 20 months.

Reverse Decisions the U.S. Made in the Growing Inequality Era

It is bad enough politicians have not been able to enact new legislation and public policies to alleviate the economic challenges facing workers and families in the Growing Inequality Era; this is a political sin of omission. Unfortunately, politicians persisted with policies which on their face are making the situation worse; this is a political sin of commission. What can be done?

Phase-Out 2017 Tax Cuts and Jobs Act and Replace with More Progress Tax System

As Figure 24 shows, marginal income tax rates were higher for all five incomes on the graph during the Shared Prosperity Era when all income groups were experiencing high and comparable gains in income (see Figure 1). It is also clear from the graph those making $60,000 to $250,000 were receiving the largest marginal tax rate reductions. It is not surprising that lower marginal rates, especially for the wealthy, are precisely the kind of public policy which contribute to income inequality. If the tax rates for wealthier individuals are being reduced, it doesn’t take a genius to figure out that tax will likely be shifted to other sources (other income taxpayers, property taxes, sales tax).

Abandon Cut Taxes for the Wealthy Trickle-Down Economics Enacted Under Three Republican Presidents—Reagan, Bush II and Most Recently Trump

These trickle-down fiascos, all promulgated under Republican president, have probably contributed more to extending and worsening the damage in the Growing Inequality Era has wrought on workers and families than any other policies. As Figure 7 reveals, the largest two percentage increases in the federal debt followed Reagan’s and Bush II’s trickle-down tax cuts. Trump’s most recent trickle-down tax cuts, as Figure 7 reveals, are destined for a similar fate. Fool me one, shame on you. Fool me twice, shame on me. Fool me thrice, shame on you and me.
Before Trump’s third bite at the rotten apple of trickle-down economics, Figure 25 demonstrates Clinton and Obama’s tax increases were followed by stronger job growth than after Bush II’s second bite at the rotten apple of trickle-down economics. What makes Trump and fellow Republicans so impervious to the evidence? The answer is rather simple: they are doing the bidding or the large corporate and billionaire donors and the media doctrinaires/indoctrinaires, many financed by dark money for corporate and billionaire donors who cheer them on.

The fact that so much evidence is readily available to undermine Republican claims regarding the efficacy of the policies they support shows how ineffectual the Democratic Party is in amassing evidence, developing a compelling narrative and shaming the media into routinely citing this evidence when specious claims are made by either party. Figure 26 reveals public support for cutting federal spending disappears when it comes to specific programs and shows for the 18 federal programs only two programs (unemployment aid and aid to the world’s needy have more favoring a decrease in spending higher than the percentage favoring an increase. For not one of the 18 programs are those favoring a decrease in spending a higher percentage than those favoring an increase in spending or
have spending remain the same. This makes it easy for any politician to favor cutting government spending
but more politically dicey when it comes to cutting specific programs.

The presumption Republican politicians make is deficits and debt are caused by too much
government spending. A simple fact is the government cannot spend a dime which has not been
approved by the actions of a legislative body and signed by the chief executive, the president at the
national level and governors in the states. It is more accurate to say legislative bodies and chief
executives do a poor job of setting taxes at a level required to cover expenditures. This is like an
employer hiring a worker at a promised $15 dollar per hour job but when it comes to pay the employee finds
she made only $11 per hour. On taking her concern to her employer, he says sorry I did not budget enough
for the $15 per hour wage.

Cutting taxes, always music to taxpayers’ ears, is easy duty for legislators. Raising taxes is another
matter and for this reason yearly deficits have been the norm. In the 73 years since 1946, only six years have
federal revenues exceeded federal expenditures. Too many taxpayers are easy marks for con men and con
women masquerading as earnest politicians who say taxes are too high and should be cut.

Since other developed countries have raised taxes over the years to provide 21st Century standards
treatment for workers and families, it is not reasonable to assume the U.S. will ever be able to provide
such standards for its workers and families without more government involvement in the form of wiser public
policies which will require a higher level of taxation.

Public Policy: Raise Wages and Fringe Benefits for Workers Most Adversely Impacted by the Growing
Inequality Era

For the good of the country, it is time to heed Louis Brandeis’ sage advice, “We can have
democracy in this country, or we can have great wealth concentrated in the hands of a few, but we
can’t have both.” The concentration of wealth in the U.S. has reached a level not seen since before the
Stock Market Crash in 1929. Whereas most other developed economies and democracies, as revealed in
Chapter 4, have adopted public policies and passed national legislation to mitigate the adverse impacts of
growing income inequality and to provide 21st Century economic security and benefit standards for workers
and families, the U.S. has been missing in action. To have any hope for success, a Shared Prosperity Plan
for the 21st Century must have broad public support. If it can be shown how this plan will help all Americans,
but especially those who have languished and fallen behind in the Growing Inequality Era, broad public
support is likely.

Public Policy: Increase Wages

Since real wages have been stagnant or declining for so many workers and families in the Growing
Inequality Era, increasing wages and worker benefits must be a high priority in the Shared Prosperity Plan
for the 21st Century. Modern 21st Century societies must find a way to ensure that as many workers and
families as possible can earn a decent living in the average work week, work month and work year.

Public Policy: Raise the Real Minimum Wage to Where It Was in 1968

Increasing the minimum wage is an important first step in assisting more households in moving
toward a living wage, but only a first step (Figure 27). As Figure 28 shows, the real minimum wage was at its
highest in 1968. The average hourly wage in the U.S. in December 1968 was $3.11. The 1968 minimum wage
of $1.60 per hour was 51.4% of the average wage. Today’s minimum wage of $7.25 compares with the July
2018 average wage of $22.67; the minimum wage today being only 32% of the average wage. The $1.60
minimum wage in 1968 is the equivalent of $11.60 in September 2018. The national minimum wage should
be increased from $7.25 to $15.00 per hour as quickly as possible. It could be raised $2.75 immediately and $1 every six months after until the $15 goal is reached.

Raising the minimum wage will have a secondary impact of nudging wages above the minimum wage higher. Raising the minimum wage in this fashion will go a long way toward reducing poverty and benefiting local Main Street economies by putting more billions of dollars of disposable income in the hands of those most in need who will spend this money in ways that stimulate local businesses.

**Public Policy: Make a Living Wage an Important Goal of U.S. Economic Policy**

The living wage should be based on cost-of-living differences across the country. The MIT Living Wage Calculator can provide and good beginning. “A living wage is the minimum income necessary for a worker to meet their basic needs. Needs are defined to include food, housing, and other essential needs such as clothing. The goal of a living wage is to allow a worker to afford a basic but decent standard of living.” (Wikipedia) One can think of the living wage as the wage which opens the door to the middle class for an individual and family. The idea is to get as many Americans to the threshold of the middle class and beyond as possible.

**Public Policy: Establish American Household Economic Assistance Fund (AHEFF)**

The major goals of this new policy are to: 1) provide assistance to households in greatest need; 2) reduce poverty; 3) replace and reduce a number of existing assistance programs and avoid their administrative costs; 4) help households achieve a living wage; 5) unleash a torrent of new disposable income to benefit Main Street economies across the nation; and 6) to demonstrate the nation’s commitment to making up for its failure to recognize and address income inequality sooner. Figure 29 shows how increasing the minimum wage to $15 per hour and an AHEFF payment for every household member would work, assuming the maximum payment is $500 a month ($6,000 a year) for each household member, with appropriate reductions per household member after five people, would work for 2 adult, 2 children households. Household 1 earning the current minimum wage of $7.25 per hour would move to a total income of $33,080 with the an AHEFF of $18,000 added to its $15,080 earned income. Household 2 benefits from the higher earned income of $31,200 owing to the higher minimum wage; its total income climbs to $49,200. For household 3 the adult...
is making $22 and the AHEFF payment because per person is reduced because only $12,256 is required to reach the living wage. Household 3 earns $30 an hour and no longer receives AHEFF assistance because its earned income exceeds the living wage. A $27.90 per hour would be required to totally phase out the AHEFF payment.

Given the hard-right swing of the Republican Party and with Republican legislators joined at the hip to their billionaire donors and media indoctrinaires, it is unlikely Republicans will be able to exercise sober judgment and contribute much to the task at hand. They still advocate policies far more likely to make income inequality worse. This leaves it to the Democratic Party to lead if something significant is going to be done to alleviate the economic challenges facing workers and families in the country. The Democratic Party should make a Shared Prosperity Plan for the 21st Century the battle cry for the 2020 election. Why?

If the nation can return to a shared prosperity path, Democrats, Independents, Republicans, Catholics, Protestants, Jews, Muslims, Buddhists, Hindus, people of other faiths, agnostics, atheists, people from big cities, suburbs, small towns, quaint villages, sleepy hamlets, rural areas, meat eaters, vegetarians, Coke and Pepsi drinkers, people in all walks of life, right-handers, left-handers, sport’s enthusiasts, couch potatoes, Virgos, Aires, Leos and other signs of the zodiac, climate science believers and deniers, boxer or brief wearers, conspiracy theory devotees, viewers of Fox, MSNBC and CNN, music lovers of classical, blues, jazz, rock, soul, hip hop, country, opera and countless other Americans, workers and families will be better off.
Shared Prosperity Plan for the 21st Century

John G Patterson  pattersj@charter.net

Figure 30 visualizes what the plan to return to shared prosperity looks like. It will require termination of policies which contributed to growing income inequality and give the highest priority to replacing them with wiser policies aimed at ensuring the benefits of economic growth are shared across the population the way they were in the Shared Prosperity Era.

Figure 30: Turning the Sow’s Ear of the Growing Inequality Era into a Sil Purse of a New Shared Prosperity Era for a Brighter Future for America

Figure 31 gives an example of new taxes and funds shifted from existing programs which could provide the funding necessary for the nation’s fight to reverse the ravages of income inequality in the last 40 years and fulfill the government’s role to “promote and protect the health, safety and general welfare” of
workers and families to meet 21st Century standards other developed countries are providing their workers and families. In anticipation of court challenges, it would be wise to specify programs new tax revenues will fund. Addressing the damages of income inequality are likely pass judicial muster more than just an additional tax for the general fund which can be used for many different programs.

Some funds should go for shoring up the middle class. A more progressive tax policy should also place a higher priority on tax relief for lower income and middle-class households while increasing taxes on the very wealthy and corporations.

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 public 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 evidence and opinions supported by evidence and not just regurgitating talking points and opinions at odds with readily available evidence.