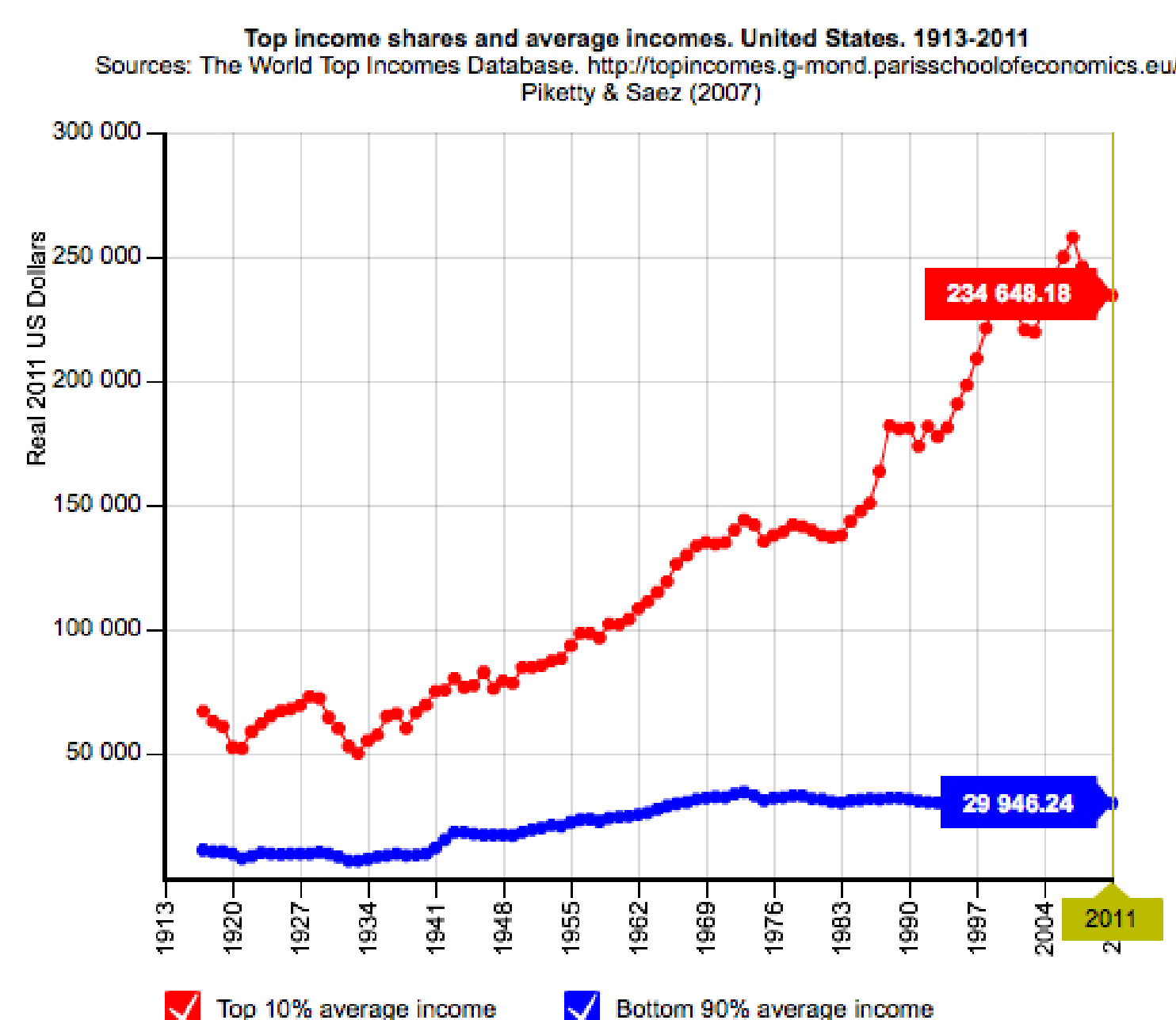


Introduction

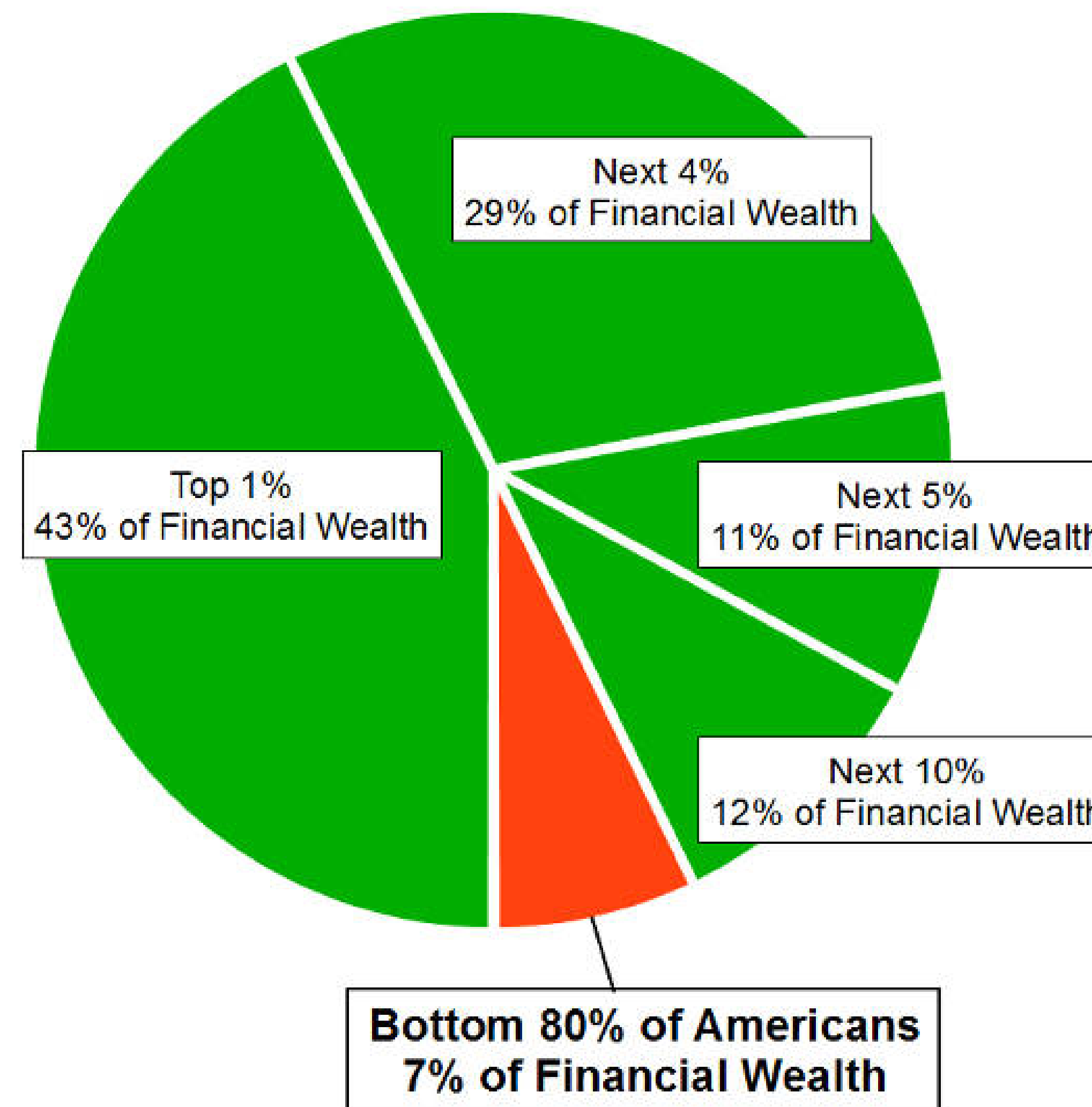
Income inequality in the United States has increased dramatically, particularly since the late 1970's. This is significant because while the U.S. economy has grown by roughly nine times since the late seventies and productivity increased by around 133%, worker hourly compensation has increased by less than 16%. Meanwhile, the income of the top 1% of Americans has grown two to three times in this same timeframe. While there is some debate in the economic community as to the implications of this trend, it is widely regarded as problematic and ultimately dangerous for the economic health of consumers and the state of the economy overall.

Income Inequality Numbers

- The top 0.1% of Americans own as much wealth as the bottom 90%
- Families in the top 0.1% earn more than 184 times the income of those in the bottom 90%
- The Gini coefficient (or index) which quantifies the level of inequality in countries around the world rates the U.S. at .42, indicating higher levels of inequality than in other industrialized nations, which tend to average slightly below .30 (0=perfect equality, 1=perfect inequality)
- In 1986, the Gini coefficient for the U.S. was .377, illustrating a clear increase in American income inequality
- The average income for a family in the top 1% is \$1.3 million, while the average income for a family in the bottom 90% is about \$31,000



American Pie Chart

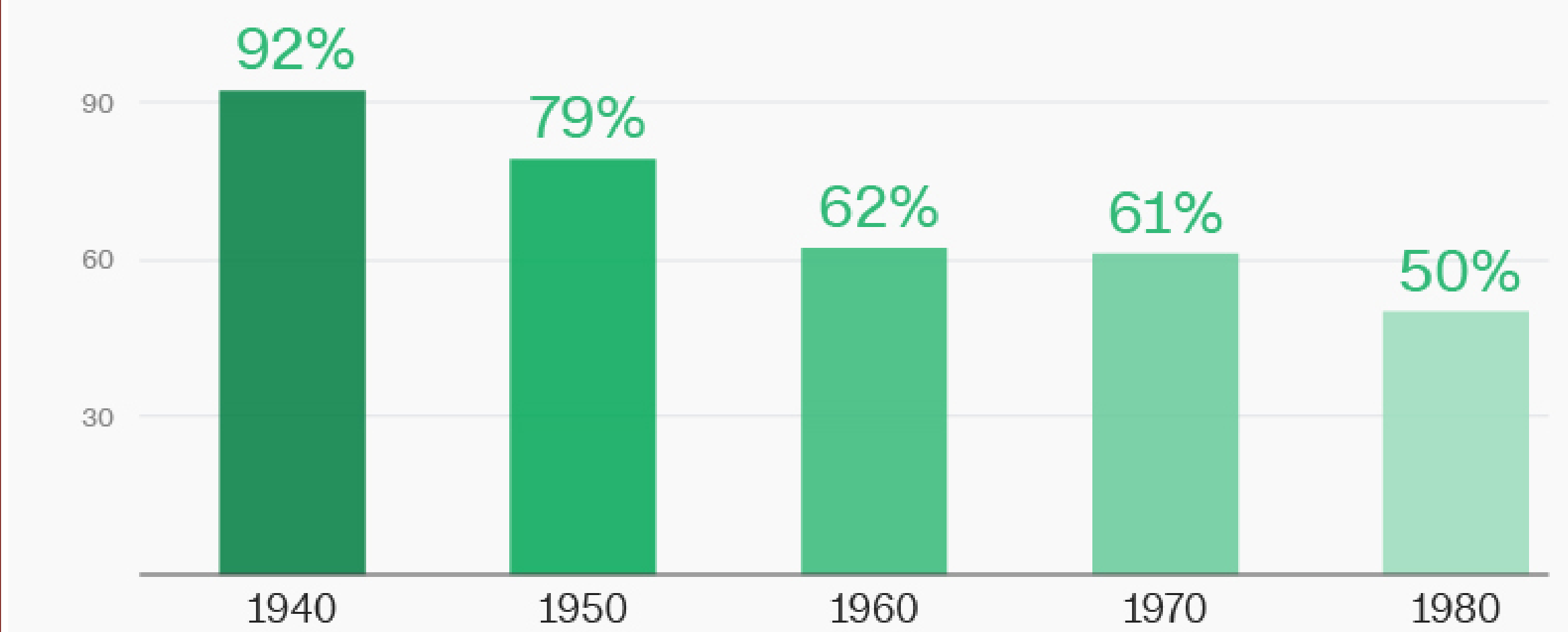


The above images on the left and right attempt to personify income inequality through cartoons. On the left, we see the richest 1% and Wall Street flourishing and continuing to grow wealthier, while a low income earner seeks a higher minimum wage. This graphic satirizes this situation, as the wealthy claim that they would not be able to afford a raise in the minimum wage to just \$10 an hour, though the facts show this to be untrue. On the left, the weight of a single wealthy person is far greater than a whole crowd of non-wealthy people, who represent the lower 99% of the population. In the middle, a photo shows a wealthy urban development and a poor shantytown pressed up against each other, an image becoming increasingly common in urban environments around the country and the globe.

Why is this bad?

- Stagnant earnings for the bottom half of the American population
- The end of the "American Dream": Millennials have 50% chance of earning more than their parents, vs. people born in 1940's with a 92% chance of making more than their parents

It's getting harder for Americans to get ahead
Percent of children born in that year who earn more than their parents



- The wealthy gain more control over society and the lives of the poor
- Undermines the fairness of political institutions
- Undermines the fairness of the economic system itself – lack of fair opportunities and workforce readiness
- Workers contribute to national income but do not have access to their fair share of what they have helped to produce

What Can be Done?

- Tax reforms
- Minimum wage reforms
- Fund early childhood education to make it accessible to all
- More and better apprenticeship programs, get employers involved
- Encourage higher savings rate and lower cost of building assets; access to low-cost financial services and home ownership, and automatically enroll workers in a retirement plan