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Barbell society a worry for future

By Jim Nowlan

President-elect Donald Trump faces a real conundrum in trying to meet the expectations of his white, high school-educated supporters. They want a bigger slice of the economic pie, while Trump's fellow 1 percenters want to see their taxes cut.

The incoming chief executive cannot satisfy both aspirations in our very slow-growth economy, where wealth re-allocation is almost a zero-sum game. That is, to provide more for the low-skilled means taking something away from the wealthy to do it.

I am fascinated by this age-old conflict between labor and capital. That is, who should have how much of our overall wealth, and why?

Since the 1970s, more wealth has been going to the 1 percenters who control the capital, and relatively less to those who catapulted Trump's campaign to the presidency.

As a result, the 16 percent of us with \$100,000 or more in income pay 80 percent of income taxes, according to the Pew Research Center.

Indeed, the top 3 percent alone, with incomes over \$250,000, pay more than half of all income taxes. After all, that's where the money is.

I worry about a barbell-like division of society, with the very comfortable double-professional couples and the super-wealthy at one end, and the minimum-wage single moms and low-skill workers at the other.

And thus, fewer people in the middle, where in the 1950-70s we used to think most of were situated.

The result of a barbell society would, I fear, both dampen demand for goods and services and also increase political tensions.

The matter of “fairness” has always been a toughie to define satisfactorily.

On what basis should wealth be allocated? On the value that one adds to society?

If so, most wealth should probably go to the Edison, Ford, Salk, Steve Jobs-types among us, the tiny sliver on the far right-end of the bell-shaped curve of intelligence, the true creators.

Yet if they had all the wealth, who would buy their products?

Should most wealth go to the CEOs and Wall Street money changers, whose incomes and wealth have shot up astronomically in recent years, even though the productivity they oversee has been rather flat?

Or should more go to the stereotyped white male high school graduate who cannot look forward to the good-paying factory job of the sort his father might have had?

First, I think we should expand significantly the Earned Income Tax Credit, which rewards people for low-wage work.

Second, service workers need to increase their bargaining power. This is where job growth, hard to out-source overseas, is occurring.

The “alt(ernative) labor movement” generated mass protests at McDonald’s and elsewhere this past year. The efforts apparently contributed to boosting minimum wages. This activity may be a vehicle to increase bargaining leverage in the future.

After all, we are talking about a battle over wealth, and nobody wants to give up what he has. It has been thus throughout human history.

Third, citizenship comes with obligations. That is, people receiving government benefits have a responsibility to contribute something, to add value to our society.

I think part of the resistance from the uber-wealthy to paying huge tax bills is that they feel the largesse extracted from them by governments is being wasted.

They fear their hard-earned money will go to those who are not contributing much if anything to society. Worse, they often think such spending on the poor will increase their dependence on the wealthy.

I have written in this space before that if a person needs government support, he should be required to give back something, somehow. Get some job training; volunteer in the community.

I am perched in rural Illinois, where white poverty is growing, and I see it. I sense there are just enough slackers among the poor to taint perceptions from above about all those below who are receiving government benefits.

So, in return for all being required to contribute at least something to society, I say keep the taxes where they are on the 1 percenters, who might then be a bit less resistant to their high taxes.

We need to develop strategies to rebuild a strong middle class, rather than be split into a barbell society.