Greater Good
Fall 2004

The wealthiest one percent of Americans now earns more after taxes than the bottom 40 percent. Its average after-tax income increased by 200 percent between 1979 and 2000. During the same period, the bottom fifth of Americans saw its income rise by just nine percent.

Long before John Edwards spoke of “two Americas,” Robert Reich was one of the most prominent critics of these growing inequities. In recent years, Reich, who served as Secretary of Labor in the first Clinton administration and is now a professor of social and economic policy at Brandeis University, has written widely about the challenges middle-class Americans face in a new, globalized economy.

Reich’s writings and lectures stand apart from those of other critics who focus on inequality. He doesn’t settle for easy condemnations of outsourcing or offshoring, nor does he think such effects of globalization can be easily undone. At the same time, he rejects the idea that rising inequality means that for a variety of reasons, those who have resources—and political power—are not taking steps to ensure that large numbers of others in the same society have opportunities to better themselves, and have the resources they need to become full-fledged members of that society. Wide inequality suggests that we may not be living in the same society any longer. In fact, it could be argued that we’re drifting into sep-
arate societies: one very rich, one very poor, and one a middle class that’s increasingly anxious and frustrated.

**GG:** How did this happen? Is it a new phenomenon?

**RR:** It’s happened before in the United States in the 1880s and 1890s, the so-called Gilded Age. Inequality of wealth and opportunity were extreme. In happened again in the 1920s—not quite to the same degree as the 1880s and 1890s, but inequality was very wide in the ‘20s. It is happening now for a third time.

Now we can have an interesting debate about cause and effect—that is, is inequality the effect of dwindling empathy and a reduction in social solidarity? Or is inequality somehow causing it, to the extent that people who are very wealthy no longer come in contact with people who are poor and no longer feel the empathy that comes from contact. It’s probably both.

**GG:** So what are some of the broader factors contributing to widening inequality today?

**RR:** Well, technology and globalization are the two major structural causes. The more technologically sophisticated our economy becomes, and the more globalized, those people who are well-educated can take advantage of technology and globalization to do continuously better. Those who are not well-educated and lack social connections find that technology and globalization reduce their economic security, replace their jobs, and condemn them to a fairly menial existence.

**GG:** If we’re not part of that group, why should we care about inequality?

**RR:** In very narrow, selfish terms, we might care because those of us who are well-positioned might not want to bring up our children in a society that is sharply divided between rich and poor. That kind of society has a very difficult time coming to decisions, because the winners and the losers are so clearly differentiated. Democracy itself can be undermined. Violence, crime, and demagoguery can result. In other words, it may be increasingly unpleasant and dysfunctional.

The experience of living in a country with a lot of disparities of wealth, income, and opportunity may be unpleasant. And that society as a democracy may be increasingly dysfunctional.

**GG:** With changes in wealth resulting from broad technological shifts and globalization, what can people do on a local or individual level to address growing inequality?

**RR:** Many things. There are many public policies at the federal, state, and local levels that can reduce inequality without necessarily reducing the benefits of technology and globalization. I teach an entire course about these policy areas. They range from improved education, job training, and early childhood education all the way through the earned income tax credit, minimum wage, macroeconomic policies, and many others.

There’s no magic bullet. But it is important that the United State becomes more aware of what is happening and why widening inequality poses a danger. We don’t have to be economic determinists and throw up our hands and assume it’s inevitable. There are steps that can be taken.

**GG:** Are there policy steps that can be taken to address dwindling empathy in particular, that would in some ways motivate people to care more about inequality in the first place?

**RR:** Yes. We know from history in this country and elsewhere that empathy is related to facing common challenges. The more people feel that they are in the same boat, the more they empathize with one another. Do we face a common challenge today? Of course. Terrorism. Global warming. An aging population. All of these and many others are common problems we face. The art of leadership is the art of enabling people to understand their commonalities and to build empathy upon that sense of commonality.

**GG:** And do you see that art practiced by our public leaders today?

**RR:** Not nearly enough. Public leaders today—that is, elected officials—tend to be too dependent on public opinion polls. And public opinion polls only register where people are right now. You can’t lead people to where they already are, because they’re already there. The essence of leadership is leading them to where they’re not, but where they could be.

**GG:** So if people aren’t in a position right away to be public leaders or effect policy change, what do you hope will change in their consciousness? What could they start to do tomorrow?

**RR:** I hope they have a sense of their own power, and their capacity to inspire others. Too many people in this country today are discouraged, if not cynical, about the possibilities for reform and progressive change. And yet the climate is ripe for it. People are waking up to some of the large problems—the social inequities in this country and around the world—that are beginning to haunt us. If we do nothing, they will simply get worse. An individual working alone has limited capacity, obviously. But individuals coming together—in their communities, in their neighborhoods, in their small societies—and linking up with others in other communities and neighborhoods can accomplish a huge amount.

—Jason Marsh is a co-editor of Greater Good.