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BLUE PRINT



ISSUE #2 / FALL 2015
DESIGNS FOR A NEW CALIFORNIA
IN PARTNERSHIP WITH
UCLA LUSKIN SCHOOL OF PUBLIC AFFAIRS

RICH AND POOR

The Causes and Effects of Economic Inequality

EDITOR'S

NOTE

BLUEPRINT

A magazine of research, policy, Los Angeles and California

PRESIDENT OBAMA HAS DESCRIBED ECONOMIC INEQUALITY AS THE “defining challenge of our time.” Pope Francis calls it the “root of social ills” and has bemoaned an international economy that “seems fatally destined to suffocate hope and increase risks and threats.” Inequality animated Karl Marx and preoccupied Franklin Delano Roosevelt. It is at the center of modern American politics and almost certainly will play a significant role in the coming campaign for president.

It was Christ who observed that “you always have the poor with you,” and many have treated poverty as a sad but immutable condition. Importantly, however, it is not static, at least not in this country or region. American inequality decreased in the 1950s, only to explode in the 1970s and '80s and to expand yet again during the recent recession.

Los Angeles once was home to thriving middle-class industries: aerospace, for example, and auto manufacturing. In those days, inequality here was less severe. But these industries declined, and today Los Angeles is a staggeringly unequal place, home to more than 500,000 men and women working at minimum-wage jobs and as many as 40 billionaires. If traffic weren't so grinding, it would take less than half an hour to drive from Bel Air to South Central. One recent study (highlighted in our Infographic) concluded that Los Angeles was among the American cities with the largest gap between the richest and poorest residents.

Those same jarring notes ring across larger California. This state has one of the biggest economies in the world, and it is a source of enormous prosperity. California has two of the world's largest ports and two of the world's busiest airports, not to mention its entertainment industry, Silicon Valley, abundant farmlands and popular tourist destinations.

Yet it is uncomfortably stratified. In California, whites make almost twice as much money as blacks. Asian Americans can expect to live an average of almost 87 years, more than 12 years longer than African Americans. Nine out of 10 whites and Asian Americans hold high school diplomas, but only 60% of Latinos do. (These findings come from “A Portrait of California, 2014-2015,” a powerful assemblage of data on the current state of our state.) Incomes are rising for Californians, but not equally; even as the economy recovers, we are becoming more unequal — not less.

This, the second issue of Blueprint, is devoted to exploring and understanding the ramifications of that inequality. Research featured here looks at the role of wages — in Los Angeles, a new minimum wage will begin phasing in next year — as well as the impact of inequality upon health, education and some of L.A.'s most struggling communities. We look, too, at a provocative proposition: Perhaps we should not be overly concerned with inequality but rather should focus on economic growth.

Blueprint is still a young magazine, but as we publish our second issue, our ambitions are clear. We are tackling the big questions that confront this state and region and focusing on smart, cutting-edge research into those questions. We're not so much about solutions, although some solutions do suggest themselves from this research. We are more about conversations.

I hope the pieces contained here will start some of those conversations, as policy makers and others who care about society consider inequality and how it shapes neighborhoods and destinies. Few questions more define our history; few are more important to consider and address.

Thank you for being part of Blueprint and for participating in this crucial discussion.



JIM NEWTON

Editor in chief

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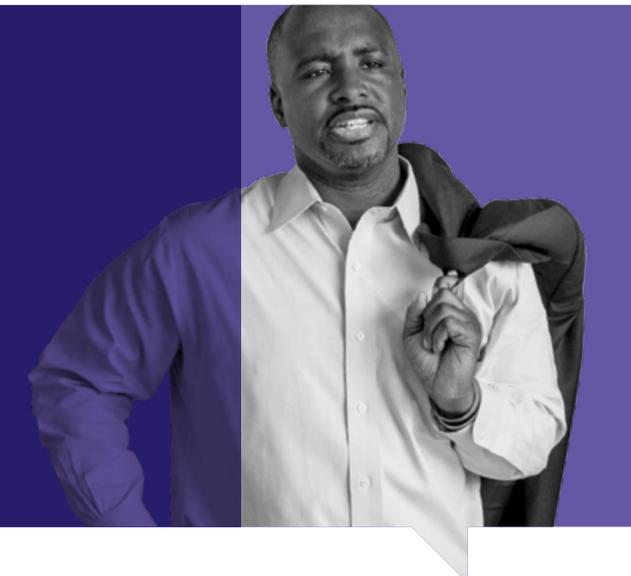
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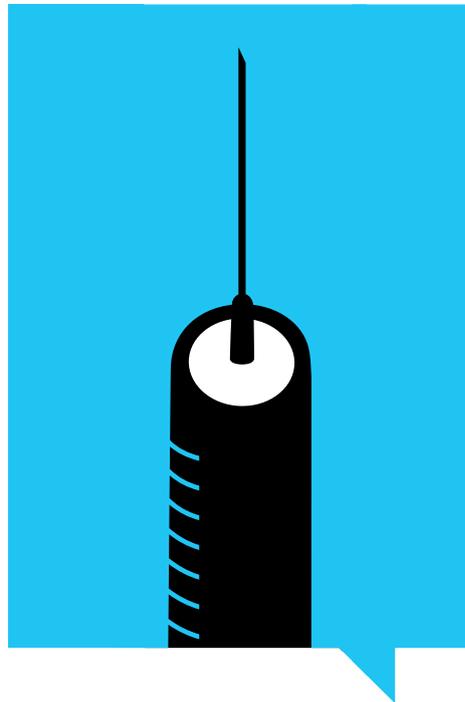
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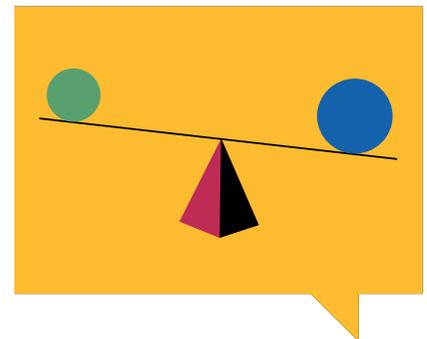
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LEAPSCANS AND SUNDAYS

LIFE AT MINIMUM WAGE: LOTS OF JOBS, NOT MUCH SLEEP

Inside the compact offices of the Los Angeles Restaurant Opportunities Center, workers are scrambling. It's graduation day for a fine-dining class at ROC, where restaurant workers learn skills needed to get better jobs in the industry. There's still a lot of work to be done.

"I'm really exhausted," said staff member Zumi Mizokami, sinking his lean frame into a plush club chair away from a burst of activity outside. "I'd much rather be horizontal."

To live in Los Angeles on minimum wage is to work not one but many jobs. It is always being tired.

About 567,000 city residents earn the minimum wage of \$9 an hour, according to a recent study by the Institute for Research on Labor and Employment at UC Berkeley. Although that amount is higher than the federal minimum of \$7 an hour, the so-called "living wage" for a single adult in Los Angeles — the amount needed to support that person — is about \$12, so even a single person making the minimum wage often is obliged to work more than one job.

"I'm lucky I don't have a family, and I don't have a ton of other responsibilities," Mizokami said. But many workers do. About 25% of minimum-wage workers in L.A. are age 20-29, according to the IRLE study. Almost half of all minimum-wage workers are supporting children.

In June, Los Angeles Mayor Eric Garcetti signed into law a measure that will incrementally raise wage minimums within the city to \$15 an hour by 2020. The first increase won't come until July 2016, when the hourly wage will hit \$10.50 an hour. For Mizokami, that's better than nothing, but it's little — and a little late.

"It would be different if this was happening next month," he said. "That would change people's situations drastically. But it's going to take a long time."

At 28, Mizokami already has 11 years of restaurant experience. After graduating from UC Santa Cruz, he briefly held a salaried job at Minority AIDS Project, but was laid off when government funding for the organization was cut. He then turned to minimum-wage restaurant jobs, bringing in tips when he worked as a server. But, he said, it's time for him to move up to the "back of the house," the kitchen.

"It's really hard to live on minimum wage," he said. "I had one restaurant job last year. ... My check every week was about \$360 and my rent was close to \$700, so the amount that you have left after you pay your rent is for food and bills, and that's pretty much it."

He shook his head. "So that's what minimum wage is to me: You're making food in a restaurant — you're selling \$29 entrees — but you can't afford to dine at that restaurant."

So Mizokami economizes. He doesn't get cable TV. He doesn't pay for Internet service. He shops at thrift stores, eats at work, mends his own clothes. He does replace parts on his bike, but that helps him save elsewhere.

"I've been saving up for a car for maybe the past three years," he said. "It would probably increase my opportunities, but it's so expensive — insurance is really high, gas is really high, plus all the expenses having to do with driving."

He bikes. It takes him about half an hour to get to his restaurant job or to his other jobs as a clerk at an adult store in West Hollywood and a cook at the farmers market in Hollywood. He recently gave up the farmers market job because his work schedules conflicted.

The restaurant business can be grueling. While Mizokami is grateful to be learning new skills, the treatment of workers can be abusive, with chefs who regularly curse, yell or otherwise are disrespectful to their workers. But he's determined to improve his situation.

"I like to push myself and I like pressure, but I don't like being disrespected," he said. "I stay because I'm there to learn, and what I'm learning here I can't necessarily learn other places."

Mizokami, who identifies as transgender, also faces other challenges. "A lot of people in my community have a hard time finding jobs because they're trans," he said. "There is a lot of discrimination, and it's hard to get hired at places where it's free of harassment."

He dreams of someday starting his own food services business — perhaps co-owning a cooperative with an alternative business model — "one that is supportive of the craft and supportive of the labor and the workers."

But those dreams have to wait. For now, it's back to work.

— Lisa Fung

WHEN NOT VOTING MAKES SENSE

The political year of 2015 in California will be remembered in part for its hand-wringing over voter turnout. Elections in Los Angeles plumbed new lows in participation, and other parts of the state weren't much better. Today, a city council race in America's second-largest city can draw less than 10% of registered voters — and remember, that's a percentage of those who bother to register, not of eligible voters or of all residents. And don't even mention school board campaigns.

This causes good-government types to despair. Low turnout, they say, enhances the power of special interests, shapes the field of candidates and issues, and is generally dispiriting: It is, indeed, hard to watch citizens shrug over a right so hard-won. This is, as leading political consultant Ace Smith said recently, "something everyone should be losing sleep over."

What if, however, low turnout is a rational response to a campaign or government in general, rather than a rejection of democracy or an expression of voter irresponsibility? Rarely, after all, does one person's vote make a difference. Moreover, the choices that campaigns offer frequently fail to create much excitement, and many races are so dominated by one candidate that they don't generate any incentive to vote.

Consider three recent Los Angeles mayoral elections. In 2005, then Councilman Antonio Villaraigosa challenged incumbent Mayor James K. Hahn, a stark choice that generated a rough-and-tumble campaign and produced solid turnout: Roughly a third of L.A.'s registered voters cast ballots. Four years later, Villaraigosa ran for re-election against Walter Moore, a hapless neophyte. Sensing that the race was a blowout, 80% of those registered to vote took a pass. Who could blame them? Four years after that, City Council President Eric Garcetti and Controller Wendy Greuel, both moderate liberals, struggled to identify where they substantively disagreed. Unsure how to distinguish between them, three out of four registered voters stayed home.

The lesson of those races: Sharp differences and hard-fought campaigns generate interest and turnout. Blowouts and a lack of distinction between candidates tend to leave voters indifferent.

One solution to low turnout, at least locally, is structural. For generations, municipal elections have occurred in odd-numbered years, when there weren't other races to draw voters to the ballot. Switching dates to coincide with state and federal campaigns would piggyback local elections onto more interesting contests.

Both cycles have advantages. Odd-year races allow the media to cover campaigns more fully, because that cycle gives news organizations an opportunity to devote more reporters, space and time to local races that otherwise would go to state or national contests. Better coverage means that voters learn more about candidates and issues. Even-year races, on the other hand, increase turnout. A registered voter may not make a trip to the polls for a school board election, but he might come to vote for a president and stick around long enough to mark choices in down-ballot contests.

After weighing those options, Los Angeles voters this year approved a measure to move city elections to even-numbered years. (It goes without saying that very few people bothered to vote on that issue, too.)

What's missing in this debate, however, is a more satisfying solution: that government tackle big challenges and prove itself so meaningful that voters care who is in charge.

Imagine city government vigorously exploring ideas for rebuilding the middle class, or county government unveiling groundbreaking programs for the elimination of homelessness, paid for by a new local tax. Now imagine those subjects as election-year debates, with some candidates favoring

tax breaks for businesses, others an income tax on the wealthy, and still others in support of cutting existing services to keep the new tax rate low. Those are the issues and conflicts that animate voters and drive turnout — not because of what day the election is held but because they represent serious alternatives for confronting this region's problems.

A few months ago, Mayor Eric Garcetti, who has been a lukewarm supporter of the changed city election schedule, acknowledged that it probably will improve turnout. But Garcetti correctly identified the real issue: It's not how many people participate on Election Day, he noted; it's how many are engaged between elections and how active they are.

Actively engaged citizens, not indifferent voters or people at the polls to cast votes in higher-profile races, are what really could make a difference in both turnout and, more importantly, the quality of California democracy.

— **Jim Newton**



TAKING ON POVERTY

Ananya Roy spent the summer in the hills overlooking Bellagio, Italy, watching fishing boats float out into glittering Lake Como — and thinking about poverty and inequality.

The first director of the Institute on Inequality and Democracy at UCLA Luskin was in residence at the Rockefeller Foundation Bellagio Center, a prestigious academic retreat where attendance at the after-dinner talks is mandatory and the dress code frowns on jeans. Roy used her time there to continue work on a book about poor people's movements around the world.

While recent studies from the Pew Research Center and the United Nations have found that the share of people living in dire poverty worldwide has fallen in recent years, the income of most families has inched up just slightly. Moreover, the gap in living standards between the richest and poorest countries has barely narrowed and, as Roy emphasizes, poverty and inequality remain very much gendered, hitting poor women hardest. Their incomes and often their lives remain far more precarious than men's. "The world did not make as much progress in reduction of maternal mortality rate as we'd hoped," she noted as an example. "Women do not have to die when they give birth — and yet they do."

Roy, 45, who speaks in complete paragraphs with a lilting Indian accent forged in her Calcutta childhood, arrived at UCLA in August after 16 years as a professor of city and regional planning at UC Berkeley.

Roy sees empowerment and activism as part of the solution to global poverty and inequality. She points to several countries that adopted painful austerity measures beginning in the 1980s, slashing government spending on education and health care. But revolts against those policies in Argentina and South Africa, for instance, "led governments to realize that they had a



social debt to their people as well as a financial debt to other governments," she said. "That pressure led to a new set of democratic policies."

The same thing can happen in the United States, Roy believes, where debates about inequality have focused on the vanishing middle class. The question is not just about whether we Americans can reduce the concentration of wealth and power "but about who has a voice in our democracy, who can shape the future."

Roy's goals for the new Institute on Inequality and Democracy are both ambitious and provocative: to understand "the corrosive effects of the warehousing of wealth and power on civic life, and ... to undo such inequality through new frameworks of redistributive policy and democratic politics." Roy was drawn to Los Angeles, the city author David Reiff once termed "the capital of the Third World." Roy sees it as a "wonderful microcosm" in which to think about these issues and experiment with solutions. The Justice for Janitors campaign for higher pay in Los Angeles during the 1990s, she noted, is an important model for her of how "some struggles can be quite effective at the local level."

At Berkeley, Roy was both an international academic celebrity and an occasional thorn in the administration's side. Her undergraduate course on global poverty regularly drew 700 students with a waiting list of 300; thousands have viewed her TED Talks and follow her Twitter feed. In even casual conversation, she weaves in references to the economist Joseph E. Stiglitz (also featured in this issue of Blueprint), feminist and civil rights advocate Audre Lorde and the poet Adrienne Rich, all of whom she credits as deeply influencing her work.

Roy sees activism — and sometimes insubordination — as the duties of a teacher. She joined the student protests over UC budget cuts and tuition hikes that began in 2009, then, following tense negotiations with former Berkeley Chancellor Robert Birgeneau, helped defuse what could have been a violent clash with local police. "My Berkeley students didn't think of themselves as powerful. But I wanted my students to think about the power they have," she said. "So I try to make them think about how ideas make change and to make them accountable for their ideas."

She takes inspiration from Audre Lorde's widely quoted line, "We may never be able to dismantle the master's house." But, Roy added, "Perhaps the tools of the master's house can help us rebuild the world."

— Molly Selvin

REMINISCENCE: THE FIRST DAYS OF THE MARRIAGE REVOLUTION

The right to marry a person of one's own sex is now recognized by the United States Supreme Court as a constitutional guarantee, mandated by the 14th Amendment's promise of equal protection under the law. But just 10 years ago, even in California — even in San Francisco — no gay couple had ever been legally married. What would become a roaring, fast-moving civil rights issue that crested in the Supreme Court's landmark ruling this year began as a collaboration between San Francisco Mayor Gavin Newsom and Assessor-Recorder Mabel Teng.

It was February 2004, and Newsom had just returned from George W. Bush's State of the Union speech a few nights earlier. In that speech, Bush emphatically expressed his opposition to gay unions, arguing that the "nation must defend the sanctity of marriage." Angered, Newsom told Teng he wanted San Francisco to take the opposite tack.

Teng was surprised. "He had campaigned for transportation," she recalled in a recent interview. "He was going to fix Muni (San Francisco's notoriously dysfunctional above-ground rail system). He was going to fix homelessness. I was looking at him like: 'Are you serious? You're really going to do this?'"

San Francisco City Hall in those days had only 10 computers to process marriage licenses. On a very busy day, clerks might see 50 couples. The "take a number" ticket dispenser maxed out at 99. But on the morning of Feb. 12, some 400 eager couples, drawn by Newsom's promise that the city would begin issuing same-sex marriage licenses, lined up, spilling down the granite steps and out onto Polk Street. Fittingly, Teng's team found rolls of tickets in every color of the rainbow.

At 11:06 a.m., Mabel Teng performed the first ceremony — between lesbian rights pioneers Phyllis Lyon and Del Martin. Teng was so nervous that she mixed up their names even though she knew the couple well. The formalities took but a few minutes before Teng pronounced them "spouses for life." It was the first of many hundreds of weddings that Teng would perform over the next four frantic weeks.

From the beginning, San Francisco officials knew they were racing against time. The state did not authorize gay marriage in 2004, so eventually Sacramento was sure to step in to shut down the city's boisterous experiment. "I knew they were coming. I knew they would stop us," Teng said. So she and her office rushed to marry couples as quickly as possible. She organized a small army of volunteers: city workers who pitched in on their own time.

"We had to train as many people to conduct marriages as we could," she said. "We had to find every corner in City Hall, every alcove in the rotunda, all the floors, even my office." All told, Teng and her staff married 4,037 couples. It ended with Lisa Honig and Dale Schroedel, still clutching pink tulips, receiving the news of the court order that halted San Francisco's ebullient moment.

For that month, though, San Francisco City Hall was transformed into a raucous wedding chapel. Florists delivered truckloads of free bouquets. Thousands of handfuls of rice were tossed aloft. Every few minutes, cheers echoed through the building and trickled out onto the sidewalk. "For those 29 days," said Teng, "City Hall sounded like the happiest place on earth."

Ten years later, what was then a novelty is now the law of the land. Teng is proud of the role she played in launching this chapter of civil rights history, and she's gratified to see it enshrined in the Constitution itself. For many, that series of events has been stunningly swift, a rapid swing in public opinion hard to imagine a decade ago. Not for Teng. As she said: "It's about time."

— *Zachary Slobig*





PHOTO BY DAVID SPRAGUE

A NEW LEADER
FOR AN OLD PROBLEM

CONFRONTING POVERTY IN LOS ANGELES' POOREST NEIGHBORHOODS

WRITTEN BY
JIM NEWTON

AS LOS ANGELES GRAPPLES WITH ITS PLACE AS A NATIONAL LEADER IN INEQUALITY, the Eighth City Council District is a source of particular concern. Once a hub of African-American culture, it is now roiled by demographic change. The jazz clubs on South Central Avenue are a distant memory, and the Eighth District has become home to many of the city's poorest and most crime-ridden neighborhoods.

The district has its strengths. Commerce is brisk along Crenshaw Boulevard and Vermont Avenue. Baldwin Hills is prosperous. The Los Angeles Memorial Coliseum, just outside the

district line, is a magnet for entertainment and tourism, and a new rail line promises to ease traffic and facilitate movement.

But the Eighth District also sweeps through threadbare neighborhoods along the edge of Watts. Twenty-two years after the acquittals of the Los Angeles Police Department officers who beat Rodney King triggered rioting that devastated a number of these communities, investors remain wary of bringing in new money. Areas that are bustling are still pocked by empty spaces.

For the past 12 years, responsibility for this district has rested with Councilman Bernard C.

Parks, the former LAPD chief who ran for office after Mayor James K. Hahn refused to reappoint him to a second five-year term as the city's top cop. Under Parks' watch, the district showed signs of growth and prosperity. According to Parks, the Eighth is the only council district to emerge from the recession with six consecutive years of job growth.

Parks was termed out this year, and his replacement, Councilman Marqueece Harris-Dawson is, to put it mildly, quite different — a politician with a different style, different allies and even different looks. Parks feuded with

Supervisor Mark Ridley-Thomas; Harris-Dawson wrote a college paper about the supervisor. Parks is tall, lean and wry; Harris-Dawson is barrel-chested, softer spoken and quick to chuckle.

Most pointedly, Parks championed government frugality and antagonized organized labor, which spent heavily to defeat him in a county supervisor's race against Ridley-Thomas. Harris-Dawson, by contrast, is an unabashed believer in government spending and a friend of labor, which backed him in his campaign for the City Council. "The investment in the Eighth District is public," he told me recently. "MTA, the city, the school district. That's real ... Public sector jobs are what is going to happen."

So different are the two that the Los Angeles Times referred to Harris-Dawson as "the anti-Parks," although the newspaper managed to endorse both of them at different times. When Harris-Dawson was elected last March, the L.A. Weekly pronounced it a "lurch to the left" for a council that doesn't have much room to its left. (It includes just one Republican, Mitch Englander. Moreover, Parks, tough as he is on spending, would be a liberal on most other city councils.) Lurch or not, there is no denying that Harris-

Dawson brings a background likely to let him view issues of development, growth and inequality quite differently than Parks.

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Harris-Dawson grew up in Los Angeles, and his family story mirrors that of many African Americans who found their way to this city in the 20th century. Arriving from Louisiana, his grandfather landed a job with the Post Office, studied at USC and saved enough money to buy and rehab a few apartment buildings. And here he raised a family of his own, including Harris-Dawson's father, who became a minister. When Harris-Dawson was a young boy, his parents, fearful of violence in local schools, moved to the San Gabriel Valley to raise their children in peace.

"That was the old economy," Harris-Dawson said, when people could get a job with the government, work hard, save, invest and rely on a pension to carry them through old age. Rarely did anyone make a fortune, but government work supported a solid place in the middle class.

After graduating from high school, Harris-

Dawson headed for Morehouse College in Atlanta and returned with a taste for activism: "I always thought of myself as an activist who needed a job."

He landed at the Community Coalition. Founded in 1990, when South Los Angeles was under increasing stress from drugs and an aggressive and often hostile police force, the coalition brought together black and Latino activists determined to build safer neighborhoods and to demand attention from elected leaders. Karen Bass, a personable and driven organizer with a health background, was the group's animating force. She hired Harris-Dawson, and when she left to run for the California Assembly, become its first African American woman speaker and then campaign successfully for Congress, Harris-Dawson took her place.

At the Coalition, he fought to fund local schools and limit the number of liquor stores in poor neighborhoods. Running the Coalition, he said, gave him broader work experience: Now he was not only involved in community development but he was also responsible for a small, nonprofit business. He had to worry about pensions, supervising a staff, building for the future.



PHOTO BY DAVID SPRACUE

ELECTED IN 2015, HARRIS-DAWSON BRINGS A NEW PERSPECTIVE TO THE EIGHTH COUNCIL DISTRICT IN LOS ANGELES. HE WANTS PUBLIC SECTOR JOBS TO LEAD THE DISTRICT'S RECOVERY.

Under Harris-Dawson, the Coalition thrived, said Bass — the “doubling of the budget, the purchase of a new building, the renovation.” Indeed, she described the new headquarters as “symbolic of his leadership,” ambitious in scope, attentive to detail. Construction concluded earlier this summer, just in time for Harris-Dawson to move to City Hall and take up his new duties.

.....

The Eighth District is at a juncture that is both symbolic and real.

Harris-Dawson and I met in a newish restaurant at the edge of the Baldwin Hills Crenshaw mall, and our lunch was a reminder of the new forces gathering around him. The restaurant, Post and Beam, is chic and elegant in a part of town not known, at least lately, for refinement and sophistication. As we talked, a lawyer from Bet Tzedek, an organization that offers free legal services to low-income residents, dropped by our table. So did a labor organizer. They had recognized Harris-Dawson, and they greeted him warmly, sharing ideas for projects and ambitions for South Los Angeles — ambitions that center on jobs and the role of government.

Ten days later, I was invited to a movie theater in the same mall. Supporters of Parks had gathered to wish the councilman well and take in a two-hour documentary about his life. The audience included former police officials, lawyer Gloria Allred and former councilman Richard Alatorre. The film highlighted Parks’ struggles with labor and his efforts to bring business and prosperity to the Eighth District. It was an affectionate and appreciative farewell — and decidedly a gathering of the old guard.

Indeed, the Baldwin Hills Crenshaw mall itself illustrates the duality of the district at this moment. It is bright, clean and safe. A train stop is being built, and it will bring growth. Numerous people hold jobs in these stores, which bustle with shoppers. Yet the mall tenants do not suggest bounty. They include a DB Shoes, a Footaction, a Foot Locker, a Kids Footlocker, a Payless ShoeSource, a Shoe City — in all, a dozen or so of the stores sell shoes, and they don’t specialize in Manolo Blahnik. There also is a Walmart, welcomed by shoppers in search of low prices but a bane of labor, which says it exploits workers. This is not the Beverly Center.

Parks worked hard to bring this district through recession. Harris-Dawson stands poised to take it from here.

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Where, then, will he take it?

Harris-Dawson considered that question between bites of gourmet pizza. He is a gentle

listener, thoughtful enough to mull over a question before leaping to an answer yet new enough at politics to be occasionally impolitic. As he talked about the role of government in job creation, he at one point noted: “This is where I still have some faint hope in capitalism,” a sentiment not often uttered by more seasoned elected officials.

He is determined to elevate the Eighth District in citywide conversations about economic development, and he gently mocks more precious attempts at growth and neighborhood improvement. “Silicon Beach? Bike lanes?” he asked wryly. “That’s not our front burner.”

There is also a stubborn pride in Harris-Dawson’s approach to economic development. He’s tired of feeling that his part of town is peripheral to the life and health of the overall city. He wants the Eighth to be “in the middle” of the conversation about where Los Angeles is headed.

Still, he likes Mayor Eric Garcetti and was gratified when the mayor won approval for a city minimum wage, although Harris-Dawson complained that even after ramping up gradually from the state minimum of \$9 an hour to \$15, it will still be too low. Increases are better than nothing, he emphasized, but he would prefer sharp, quick increases instead of the modest, incremental ones approved by his new colleagues.

That is typical of Harris-Dawson: He welcomes progress, but he’s impatient for it and frustrated by those who are content to wait for change. Piece-meal solutions underwhelm him. He argues that Los Angeles does not do enough to take advantage of its economic size and strength.

The problems of the poor are present and immediate, he said. The Eighth District’s infrastructure is woebegone. Sidewalks need repair. The electric power grid needs upgrading. Harris-Dawson’s solution: “Rebuild it all.”

That would mean jobs, including jobs for city workers who lost positions during the recession, when a generous pay hike and a sudden crash in city revenue combined to leave Los Angeles in perilous fiscal shape. That time, Harris-Dawson argues, has passed, and this is the moment for Los Angeles to begin rehiring. Moreover, he wants the city to hire its own residents, an extension of the idea of “local hire” sometimes embedded in city contracts.

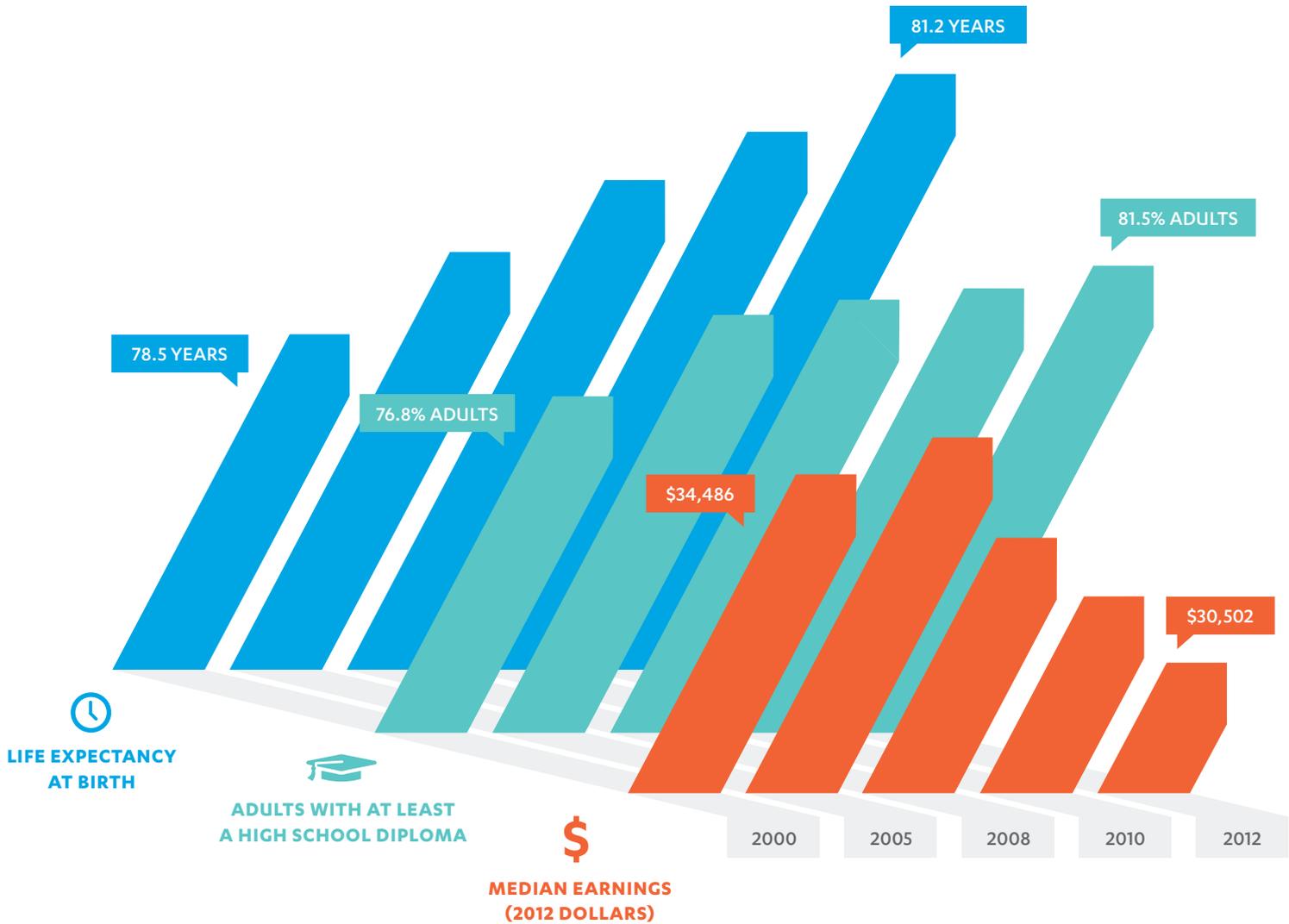
There is risk in that, of course. Mayor Antonio Villaraigosa came to regret lavish pay raises he approved for city workers, and Harris-Dawson may regret efforts to rebuild the municipal workforce if another downturn pinches city finances. For the moment, however, his focus is on his district and the need to put its people back to work.

On that point, he is blunt. “I don’t care who spends the money,” he said. “I just care that my people get it.” ▀

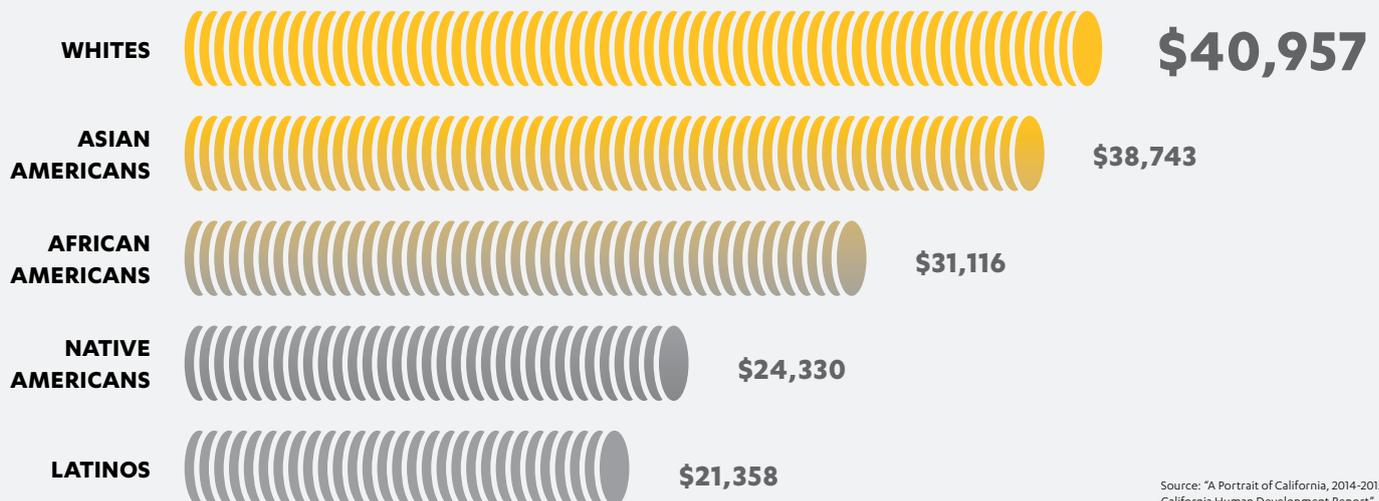
**“I ALWAYS
THOUGHT OF
MYSELF AS AN
ACTIVIST WHO
NEEDED A JOB.”**

INEQUALITY IN CALIFORNIA

Since 2000, Californians have increased their life expectancy, and more today hold high school diplomas than 14 years ago. Incomes, however, have dropped, and glaring gaps separate the state's rich and poor and its ethnic groups.



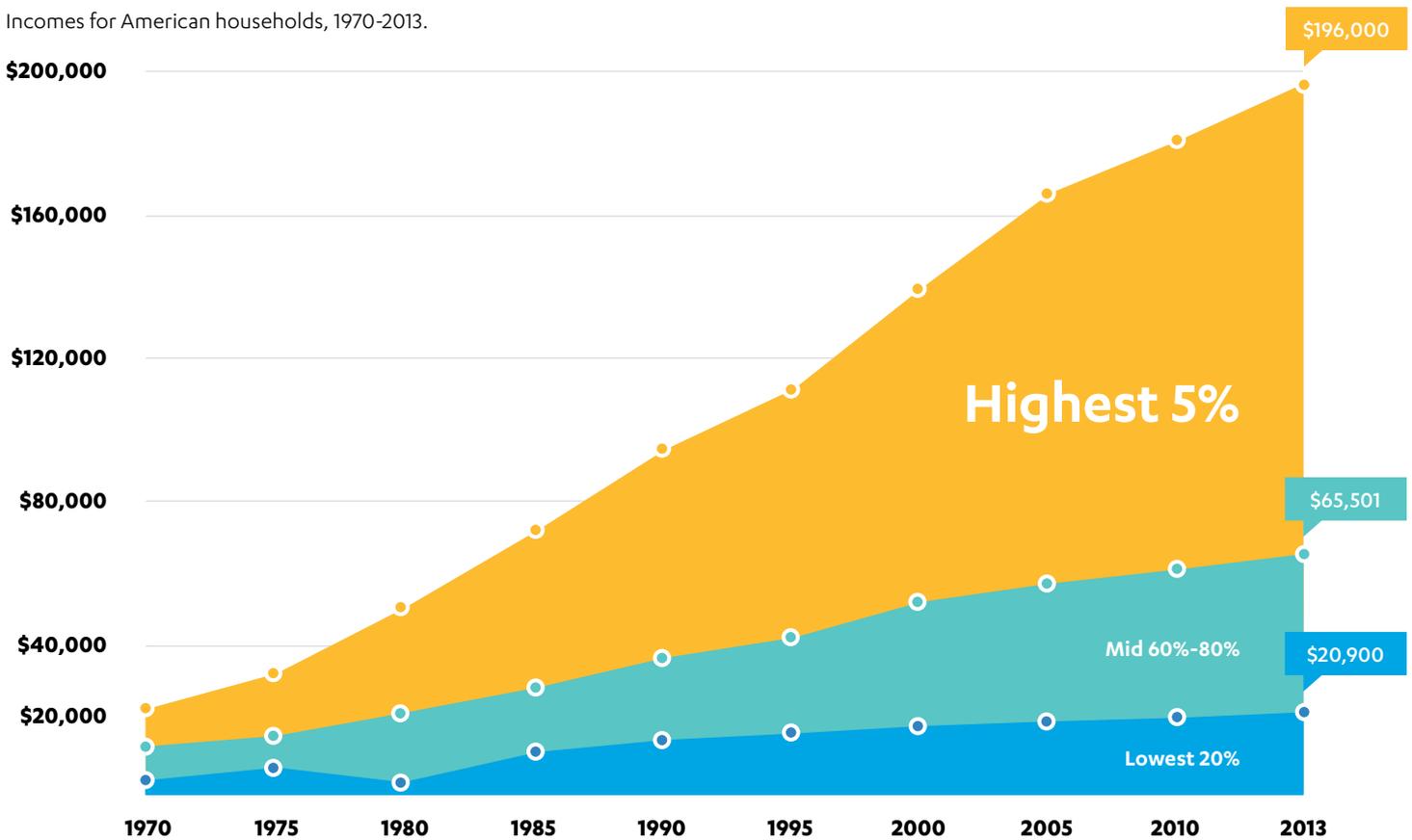
MEDIAN EARNINGS BY RACE



Source: "A Portrait of California, 2014-2015: California Human Development Report"

INEQUALITY IN THE UNITED STATES

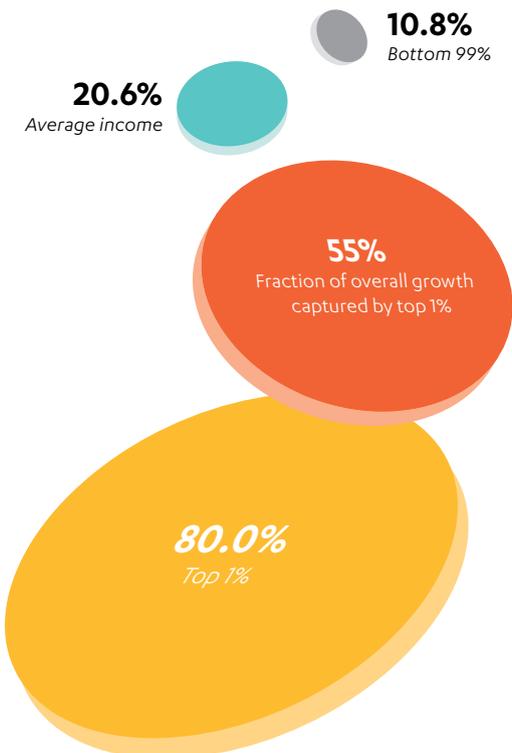
Incomes for American households, 1970-2013.



Source: U.S. Census

REAL INCOME GROWTH BY GROUPS 1993-2014

(NATIONAL FIGURES)



Source: "The Evolution of Top Incomes in the United States," by Emmanuel Saez, UC Berkeley.

INEQUALITY IN LOS ANGELES



In 2013, the **50 wealthiest people** in Los Angeles had a total wealth of

\$127 BILLION

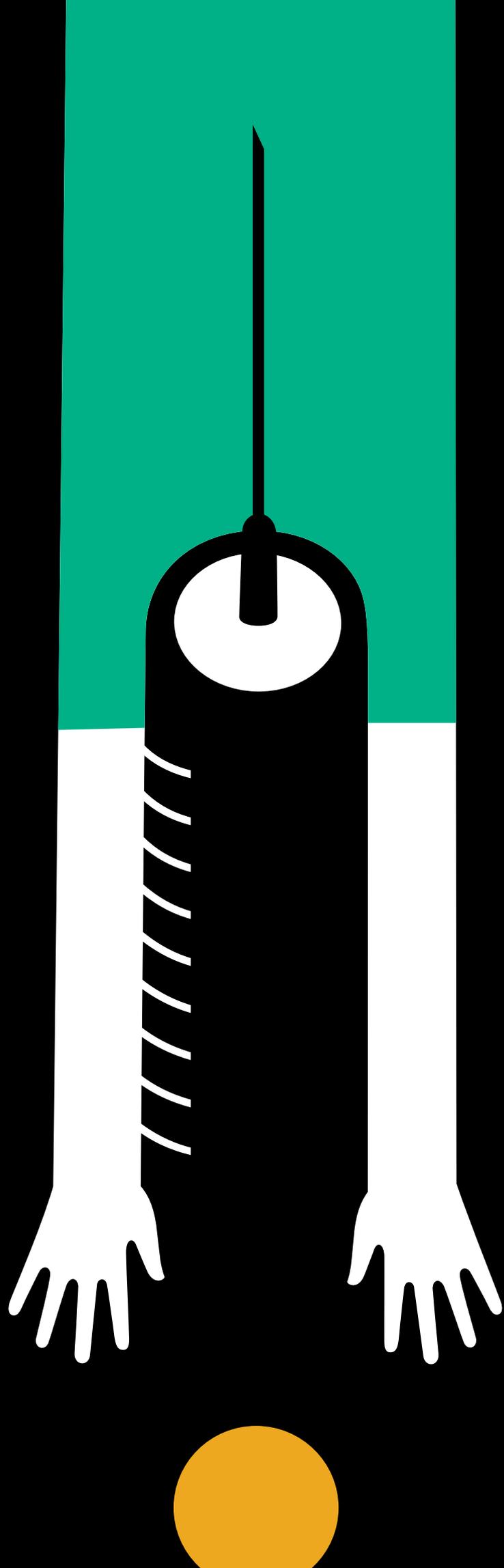
That is equal to the total income of 2.275 million Los Angeles workers in construction, manufacturing, trucking, retail, entertainment, health services, restaurants, professional services, banking and real estate.

Sources: Goetz Wolf of UCLA Urban Planning and the Los Angeles Business Journal

AMERICA'S "LEADERS" IN INEQUALITY

City	Population	Household income 20 th percentile	Household income 95 th percentile	2012 Ratio
Atlanta	443,768	\$14,850	\$279,827	18.8
San Francisco	825,863	\$21,313	\$353,576	16.6
New York	8,336,697	\$17,119	\$226,675	13.2
Chicago	2,714,844	\$16,078	\$201,460	12.5
LOS ANGELES	3,857,786	\$17,657	\$217,770	12.3
Baltimore	621,342	\$13,522	\$164,995	12.2

Source: "All Cities Are Not Created Unequal," by Alan Berube, Brookings Institution. Link: <http://www.brookings.edu/research/papers/2014/02/cities-unequal-berube>



WEALTH



HEALTH

WRITTEN BY
ERIKA HAYASAKI

LIFE WAS ROUGH FOR MICHELLE MARTINEZ, a 33-year-old mother of three. She and her family had moved in with her parents, who were paying \$800 a month to rent a three-bedroom home in Eagle Rock. Then the landlord died and left the house to new owners, who raised the payments to more than Martinez, her partner or her father and mother could afford.

Martinez and her partner had already lost their own home in Commerce because their jobs ended. It wasn't fancy work, cleaning air conditioning units six days a week, but it had paid enough to live on. Now they were struggling to find something else. Her partner took buses around Los Angeles, where he stood at pick up sites for day laborers along with as many as 40 other men looking for work. In July, Martinez went to the emergency room at LAC+USC Medical Center. She had not been able to eat for five days because her throat was inflamed. She was running a fever, and she could hardly get out of bed. The diagnosis: tonsillitis.

Financial pressures were taking a toll. “It’s probably why my body is breaking down,” Martinez said, sitting in the waiting room at County/USC on a recent afternoon. Long lines snaked toward the door, filled mostly with low-income patients waiting for treatment or prescriptions. “It’s stress-related.”

Linda Rosenstock understands. She is a professor in the UCLA departments of Medicine, Environmental Health Sciences, and Health Policy and Management. Rosenstock knows that health problems for people in Martinez’s financial situation can stem from poverty and income inequality. The social and economic conditions of the poor can even shorten life spans, Rosenstock has found, based upon her assessment of peer-reviewed research. Ill health is the shadow consequence of unequal distribution of wealth, particularly in the United States, which has the greatest income inequality of any democracy in the developed world.

“THERE ARE VASTLY DIFFERENT PROPOSALS ABOUT WHAT TO DO ABOUT [INEQUALITY], BUT IT IS VERY CLEAR THAT BOTH SIDES OF THE AISLE ARE REALIZING THEY HAVE TO TALK ABOUT THE ISSUE.”

— UCLA PROFESSOR LINDA ROSENSTOCK

California is near the forefront of this disparity. An analysis of Census Bureau data by the Corporation for Enterprise Development shows that the top 20% of earners in California have an income of at least \$124,936 — in contrast to \$23,980 for the bottom 20%. That puts this state among the top 10 with the largest gaps between rich and poor.

Lack of resources affects every aspect of wellness throughout a person’s life, from gestation to death, Rosenstock said. The harm goes beyond being deprived of basic health care.

Rosenstock has been aware of inequities in health and social class since the 1990s, when she served as director of the National Institute for Occupational Safety and Health. “It was clear even back then,” she said, “that workers, for several decades, had been facing added pressures of growing income inequality, with wage stagnation, decreased availability of out-of-pocket expenses [and] decreased resources ... for health care premiums. I became fascinated with this as an issue through the lens of workers.”

She realized that lower- and middle-income workers faced pressures that could impact physical and emotional conditions — pressures that upper-income people did not have. Lower-income workers, for example, often endured meager pay; lack of health benefits, such as paid sick leave; and a need to juggle multiple jobs to survive. But it wasn’t until the 2008 recession that most of the country became concerned about these disparities. “Those ... issues began to get worse,” she said, “and started to receive more attention from economists, policy makers and politicians.”

Rosenstock and other researchers decided to examine health and income imbalances more closely, an effort that resulted in a recent *American Journal of Public Health* article, written by Rosenstock and Jessica Williams of the Harvard School of Public Health. Findings showed that lower-ranking civil service employees experienced sharp increases in cardiovascular disease, and that working long hours in general (more than 40 hours a week) under high stress or on irregular shifts contributed to illness. Little control over work life, job insecurity and lack of social support led to increased depression, anxiety, obesity and rates of mortality, including suicide.

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On another corner of the UCLA campus, Ninez Ponce, associate director of the Center for Health Policy Research, was doing work that supported Rosenstock's research. Ponce found that income inequality might increase susceptibility to preterm births. By comparing wealthy neighborhoods with areas of economic hardship in Los Angeles, Ponce and her team determined that increased traffic-related air pollution and lack of financial resources corresponded with a greater likelihood of premature births, particularly during harsher winter months.

Ponce, born to Filipino immigrants and long passionate about issues of inequality, recently published a study in the journal *Health Affairs*, which showed that income disparities also might influence early treatment options for breast cancer. Women in lower socioeconomic areas, she found, were less likely to be screened with a Gene Expression Profiling test, which helps women decide whether they would benefit from chemotherapy. The test costs up to \$4,000. The women Ponce studied were insured and did not have to pay for the test, but they still did not get it as often as higher-income women.

"That surprised me," Ponce said. Was it a provider issue? She is uncertain about the reason. But the disproportion is significant. "Now we have the Affordable Care Act, but having access to care is not going to erase these class disparities," she said. "It's important now, because we can't just feel good and think, 'Oh, we've dealt with un-insurance. Now it's done.'"

Additional recent studies have reinforced Rosenstock's findings that income inequality affects health. At the University of Wisconsin Population Health Institute, for example, researchers performed "health checkups" in 3,000 counties to rate states on personal care, clinical care, environment, socioeconomic status and mortality. They found that counties with larger numbers of ailing residents also had higher rates of smoking, crime, teen births, physical inactivity, preventable hospitalizations, early deaths and children living in poverty.

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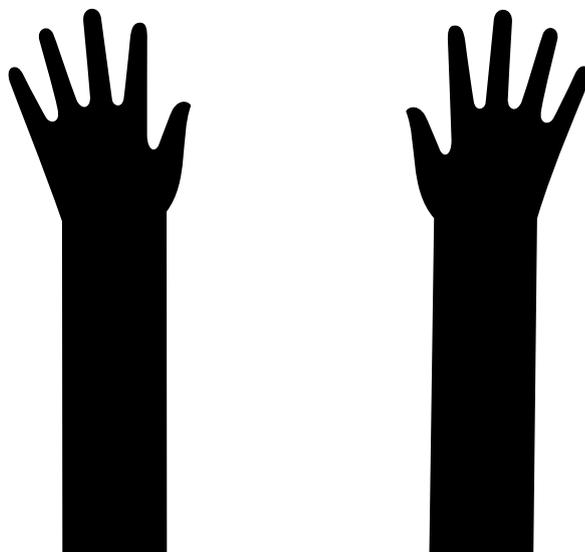
In California, Michelle Martinez was worried that she might have to move again. She also was concerned about her partner. He felt guilty because he could not support the family. He suffered from gallstones. She had Medi-Cal, but he needed \$175 in fees under insurance obtained through the Affordable Care Act for his treatment. Despite his condition, he took freelance plumbing jobs. Sometimes he went two weeks without work. Martinez also worried about her sons. All three were anxious. They had panicked when she was admitted to County/USC. Her mother was the only person in the family with a steady job, but she took over caring for the boys while Martinez was hospitalized. One had developed a nasty cough.

Research shows that children, too, can suffer from income-related illnesses. The National Scientific Council on the Developing Child recently issued a report detailing the "toxic stress" that inferior socioeconomic conditions place upon the young and their still-developing neurological systems. Harm, the report said, can come from substandard housing, overcrowded living conditions and exposure to violence, all of which "can have an adverse impact on brain architecture," impacting regions affected by fear, anxiety and impulsive responses.

Income inequality is no longer an issue that politicians can ignore. A recent Gallup Poll showed that two-thirds of Americans — 75% of Democrats and 54% of Republicans — are dissatisfied with the way income and wealth are distributed in the United States.

"There are vastly different proposals about what to do about it, but it is very clear that both sides of the aisle are realizing they have to talk about the issue, because it's very much on the public's mind," Rosenstock said. Income inequality and its effects on health remind her of climate change 20 years ago.

"It didn't mean a lot to people personally until we started to talk about how it might affect your health. Then it grabbed more attention, and I think this will be on a parallel course. We're in that moment now." ▶





COUNTERPOINT:

INEQUALITY IS NOT THE PROBLEM. GROWTH IS.

WRITTEN BY
JON THURBER

UCLA ECONOMIST LEE E. OHANIAN DOES NOT REGARD INCOME INEQUALITY AS THE CRITICAL PROBLEM OF OUR TIME. Though he acknowledges its effects on society, he sees it as a distraction from the greater public policy issues surrounding the nation's overall economic well-being.

Not that he's immune to the hardships of people on the lower rungs of the economic ladder. "There is no doubt that the poorest Americans struggle mightily, and that too many Americans are poor," he has written.

He's heard the arguments from populist economists that the American economic system is fundamentally unfair. But he has also noted that these critics have not provided any good criteria for determining economic fairness or unfairness, and has bluntly argued what some seem afraid to acknowledge outright: "There is always some inequality in any vibrant economy."

Ohanian, a professor of economics and director of UCLA's Ettinger Family Program in Macroeconomic Research, is interested in more fundamental issues

that he believes should be the basis of the public policy debate. His focus is the vitality of the overall economy. To that end, he sees the question of "equality of opportunity," which gives workers on every rung of the economic ladder a chance to succeed, as the bigger concern.

He's alarmed by the 35% decline of entrepreneurship in the U.S. since the 1980s — most of that, he said, coming since 2009. When entrepreneurship drops, job creation drops, dragging economic growth with it. He looks at the slowing growth in productivity — which over the last few years is below its historical average — and sees potential problems in job creation and investments in technology.

That leads Ohanian to a very different emphasis than that of some of his counterparts. "Americans," he wrote in the August / September 2012 issue of the Hoover Institution's Policy Review, "should care about the well-being of the nation as a whole rather than whether some people earn more than others."

As that suggests, inequality per se does not especially bother Ohanian: Indeed, he said he wouldn't mind seeing income inequality double if it meant there was more entrepreneurship and that those on the lower rungs of the economic ladder were doubling their incomes.

“AMERICANS SHOULD CARE ABOUT THE WELL-BEING OF THE NATION AS A WHOLE RATHER THAN WHETHER SOME PEOPLE EARN MORE THAN OTHERS.”

Ohanian, who is also a senior fellow at the Hoover Institution at Stanford University and an adviser to the Federal Reserve Bank of Minneapolis, has continued to probe questions of growth and equality in an updated version of his 2000 paper, published in the journal *Econometrica*, “Capital-Skill Complementarity and Inequality: A Macroeconomic Analysis.”

In the introduction to that research, Ohanian and his co-authors wrote that “the relative quantity of skilled labor has increased substantially [in the postwar period], and the skill premium, which is the wage of skilled labor relative to that of unskilled labor, has grown significantly since 1980.”

Drawing on 35 years of data, Ohanian methodically points to the causes and conditions that he argues have led us to where we are today.

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One of the starting points for Ohanian’s analysis is to note that there is no agreement on the terms of the debate itself. When it comes to inequality, he said, “There is no systematic gauge or measure, and statistics differ by how it’s measured.”

Some studies, for example, look at household

income, others at individual income. Some that focus on the poor include only cash income and don’t include the value of financial assistance from non-cash transfer payments — benefits supplied through Medicare, Social Security or other similar assistance programs. At the other end of the spectrum, some studies of income disparity fail to account for capital gains or retirement benefits or health insurance, all of which often benefit wealthier Americans more significantly than the poor. The variety of measures, he said, “makes it hard for the layperson to get a sense of what [income inequality] is and how it has changed” in the last 50 years.

He also contends that there is no real evidence that income inequality is a threat to the overall economy. He cites countries — Pakistan, Spain, Italy and, of course, Greece — that have more income equality than the United States but far more serious economic problems.

By turning the discussion from inequality to growth, Ohanian identifies a different set of issues that he argues should be on the public policy table: how to keep up with the changing role of technology in the world; foreign competition and the role of American workers in the global marketplace; and the failure of the U.S. education

system to prepare students to be competitive with their counterparts in other countries.

Technology, he said, is the primary reason for the increasing income gap in the United States. For several decades after World War II, he said, technology was the great leveler in American society, providing good jobs for American workers. In the 20th century, American income inequality reached its low point in the 1950s, when technological change was rapid and standards of living increased dramatically.

But sometime around the late 1970s, technology’s economic impact began to change. It went from being an equalizer to a factor that became “complementary to people who were highly trained [and] highly skilled.” And, in that transition, less-skilled workers were left behind.

Ohanian cited, for example, longshoremen working in the ports of New York and New Jersey. About 50 years ago, he said, there were several thousand workers and they handled about 20% of the cargo those ports handle today. This was basically manual labor, not highly skilled, and was practiced by a lot of brawny guys wearing knit caps. They were highly unionized and made middle-class incomes.

Now the number of longshoremen working in those ports has dropped to a few hundred and, for the most part, the workers are college educated with high computer skills, which they use to program and operate computer-controlled cranes that move vast cargos on and off ships.

At the same time, whole industries such as the textile business have largely disappeared from the American scene because it is cheaper to do business overseas. Much of the production is now coming out of Thailand, Vietnam or Mexico, where companies can find a cheaper workforce.

And though raising the minimum wage, as the city and county of Los Angeles are in the process of doing, may seem like a good idea for helping the poor, Ohanian questions its viability as economic policy. Pointing to the once-vibrant textile industry as a case study, he argued that companies will find ways around these mandated pay raises for their less-skilled workers.

"We want all people to be worth \$15 an hour, but not everyone has that value," he said. "How long will it take McDonald's to develop an Uber-style app that allows customers to do their own ordering?" And once it does, will McDonald's still need to staff its counters with \$15-an-hour workers?

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Ohanian was raised in Los Angeles. He attended public schools here before going on to UC Santa Barbara for his bachelor's degree and the University of Rochester in New York for his master's and Ph.D. He grew up with the same assumption shared by many of his generation: What a worker earned at the age of 25 could be doubled by the time he or she reached 50. That

is no longer true. Without a college degree, the factor of income growth for a modern American worker from 25 to 50 is perhaps 1.3 instead of 2, he said.

Ohanian blamed much of the change on the K-12 education system, which is just not responsive to the realities of what American children need in order to be competitive in the world. For nearly a generation, math and science test scores have dropped dramatically in the United States. The Organisation for Economic Co-operation and Development's Programme for International Student Assessment test released in 2012 — which focused on mathematics with reading, science and problem-solving minor areas of assessment — ranked the United States in 36th place, well below Vietnam, Iceland and Slovenia in test scores.

Only one state in the nation, Massachusetts, seems to be doing an adequate job teaching children math and science, Ohanian said. But it is still two years behind Shanghai, which was at the top of the PISA test, he noted. Fixing the educational system would, he's written, "do more to reduce income inequality and increase prosperity than any other public policy fix."

And if these educational problems aren't fixed so that American workers can be more competitive, Ohanian wonders if we may face a time when there is a permanent underclass in this country: We "have to give low earners a message of hope."

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To those who see the system as rigged, depriving the poor of any real hope; to those who contend that fairness demands redistribution — higher

taxes on the rich, more support for the poor — Ohanian has a warning: "Fair share is in the eye of the beholder."

It is tempting to make a Bill Gates or an Eli Broad commit more of his wealth or income to taxes. But, as Ohanian points out, their entrepreneurship in starting new industries or transforming old ones has created tens of millions of jobs, while their philanthropic work, at home and abroad, has enriched culture, promoted scientific research and raised standards of living. Taxing them more heavily would not necessarily produce a better life for those their efforts have assisted.

And when he thinks about higher taxes and a less competitive workforce, Ohanian cites the example of Greece. For years, Greece has been the recipient of billions of dollars in capital loans, but lenders supplied that money with little oversight. Much of this influx of funding, which could have gone to encouraging entrepreneurship, fixing infrastructure, developing business and retraining the workforce, was merely consumed or directed to pensions with little thought for the country's future. Greece, an ancient center of shipbuilding, now is mainly reliant on tourism. And how much growth can it expect there?

For Ohanian, the contrasting model is Ireland, which has had its own economic struggles over the past decade. But Ireland, he argues, has been able to draw new industries, including pharmaceutical companies, "on the basis of having favorable tax laws and a highly trained workforce."

There are fewer working people in Europe today than there were in 1955. The hours worked by adult Europeans overall have declined 35% since the 1950s, Ohanian's research has concluded. In those days, entrepreneurship was encouraged, and growth was steady. It started to decline, he argues, as rising taxes and government regulation made Europe a less hospitable place to do business. That led to a stifling of entrepreneurship and a loss of jobs.

"The first dictum of taxation is 'Don't kill the golden goose,' and Europe did that," he said. The result: "Europe has had no successful startups in the last 30 years," he said — at least no startups that could be compared with the likes of Amazon, Microsoft, Oracle or Starbucks.

All of which brings Ohanian back to his central point: A healthy economic model encourages entrepreneurship, even if that means tolerating a certain amount of inequality. The United States should encourage immigration by making it attractive for smart young people to come to this country and stay. And it should resist the temptation to punish the rich. Instead, the goal should be to lift all boats, even if yachts are lifted faster than dinghies.

"Get 1,000 startups going and if you're lucky, one of them will be the next Microsoft," he said. "But you have to throw a lot of seeds and hope they sprout." ▀

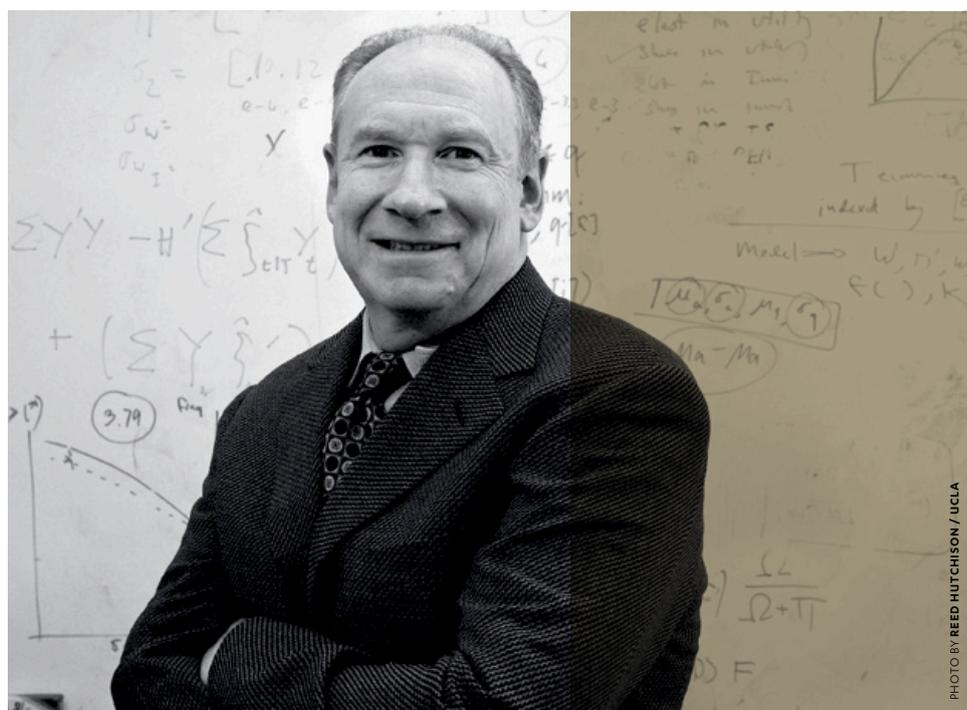


PHOTO BY REED HUTCHISON / UCLA

LEE E. OHANIAN OFFERS A DIFFERENT TAKE ON INEQUALITY. IT IS GROWTH, HE SAYS, THAT MATTERS MORE THAN EQUALITY, AS GROWTH CAN ALLOW ALL PEOPLE TO PROSPER. HE ARGUES FOR IMPROVED EDUCATION AND SUPPORT FOR ENTREPRENEURSHIP.

W A G E S

U N I O N S

A N D T H E E N D

O F T H E M I D D L E C L A S S

WRITTEN BY **TIM RUTTEN**

IN HIS STORIED 18TH-CENTURY TEXT “The Wealth of Nations,” the Scots founder of modern economics, Adam Smith, mused: “A man must always live by his work, and his wages must at least be sufficient to maintain him. They must even upon most occasions be somewhat more; otherwise it would be impossible for him to bring up a family, and the race of such workmen could not last beyond the first generation.”

At least since then, economists, philosophers, politicians and policy makers have been asking the question: Does a stable society depend on an average person’s ability to earn a “sufficient” wage?

Chris Tilly and his colleagues at UCLA’s Institute for Research on Labor and Employment, which he directs, are bringing the tools of contemporary social science research and quantitative analysis to bear on that question. In study after study, they have put a human face on the world of work that so often seems a puzzle composed of interlocking ideological abstractions. In the process, they’re helping to move the debate back to the realm of “moral philosophy,” which Smith mined for his seminal economic insights.

Tilly’s work over the past decade has drawn attention to what he calls “the erosion of the boundaries between work and private life.” While many analysts have cited this process as a burden to white-collar workers, Tilly found that “retailers started demanding 24/7 availability of their prospective employees back in the 1990s.” Nowadays, he explained, such demands are standard throughout the retail sector.

Recently, that kind of finely grained research has made the institute — and Tilly in particular — a go-to media voice in the debate over raising the minimum wage. “Today there is a widespread sentiment across the country,” he said, “that people from the middle class downward just aren’t being paid enough. A lot of people are being screwed. When you study support for increases in the minimum wage, it’s a majority sentiment, even in the red states.”

Some of that sentiment has fueled the recent decisions — hotly debated — by the city and county of Los Angeles to adopt stepped increases in the minimum wage until it reaches \$15 an hour in 2021. Apart from the usual arguments that minimum-wage hikes hurt the very sectors that create jobs for the young and the working poor, some see a danger in a patchwork approach to the issue. During the debate over the county increase, Supervisor Mike Antonovich, who opposed the hike, argued, “It reduces a business’s competitive advantage, especially in unincorporated areas that are literally across the street from incorporated cities” with lower wage floors.

Many minimum-wage increases, including those in Los Angeles, are promoted as “living wage ordinances,” which they are not. A calculator developed by pro-living wage researchers at MIT sets the actual income required to support a family of four here at \$66,645 per year. Even when the local minimum wage reaches \$15 in six years, that still will leave that family \$4,245 short of a modest living income — and that assumes two working family members putting in 40 hours a week, 52 weeks a year.

Tilly, who supported both the city and county increases, acknowledges that, but says the “living wage” label remains a “powerful slogan” in a worthwhile cause.

Tilly attributes the breadth of concern over economic fairness to a largely unrecognized reality in America’s current distribution of wealth. “Most of the attention,” he explained, “goes to Occupy’s 1% simply because of the eye-popping concentration of wealth there. What’s really happening, though, is that every part of the wage scale is being pulled further and further apart from all the others. The 1% lives its life further from anyone else than at any time since the 1920s. What’s overlooked is that the top .5% is pulling increasingly beyond the other half of the 1% and the top .01% is leaving everybody behind at an unprecedented rate.”

Moreover, “That pulling apart extends right down the economic scale,” Tilly added. “The distance between median wage earners and the bottom 10% is growing almost as rapidly, and the gap between that 10% and those who are unemployed or unable to work because they’re disabled or have

to care for children and other family members is growing rapidly.”

The institute’s research projects are wide-ranging. Recently, for example, Tilly and his colleagues undertook a study of the actual impact of the film and television tax credits California has adopted in an attempt to arrest runaway production. The study found that some benefits may be overstated, but the credit “is likely providing an immediate economic benefit to the state. Furthermore, it is keeping productions in the state, which will serve to maintain California’s long-run dominance in the film and television industry.”

“A LOT OF PEOPLE ARE BEING SCREWED.”

Noting the significance of the industry to California’s economy, the researchers concluded: “It is important to maintain California’s status as an industry leader with a qualified indigenous workforce.”

Other projects currently under way include a look at the comparative retail working environments in the United States, Mexico and a number of other countries, including France. There’s also a study of how U.S.-China trade affects local American labor markets.

While the continued insecurities and strains of holding onto a middle-class life are frequently discussed by the current crop of presidential candidates, Tilly’s work focuses on the fact that the bottom 20% and 10% of the wage-earning workers “are doing much worse today than they were in the 1970s.” According to Tilly, the situation of so-called “contingent workers” — think dishwashers and carwash attendants — is even worse because of the failure to enforce the labor laws and safety standards already on the books. The unwillingness to enforce those rules, he said, perpetuates “a growing lawlessness that is going almost completely unchecked.”

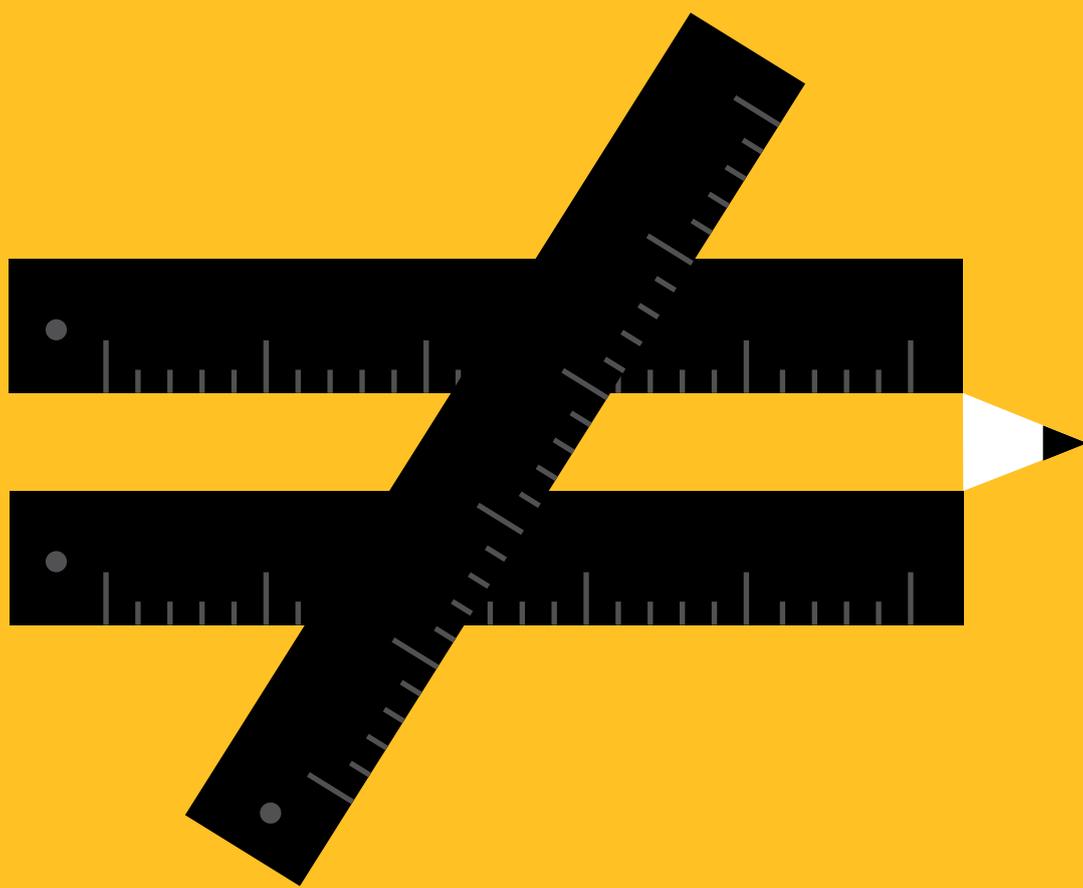
A significant contributor to these problems is the decline of unions. “They ... not only bargained for wages and hours,” Tilly said, “but [also] acted as watchdogs in the workplace, seeing that employers obeyed the law.” The institute issues an annual report every Labor Day on the condition of unionized labor; in issue after issue, it documents the declining membership in trade unions, now at its lowest level since the Great Depression.

Tilly argues that public-sector unions — which now account for the lion’s share of organized workers — “are the targets of the same sort of innovative and ruthless union busting that occurred in the private sector beginning in the 1970s.”

Unions also are among the strongest and most consistent backers of the minimum-wage increases whose benefits the institute’s research supports. Its studies have found that while lifting the wage floor does cause some job flight, that’s more than compensated for by the creation of new jobs made possible by low-wage workers’ increased buying power. Moreover, the research has found, as Tilly pointed out during the debate over the L.A. County increase, a higher minimum “will attract the most talented of the low end of the workforce.”

It is the moral implication of wages and working conditions that seems to flow so naturally from the work of Tilly and his colleagues. The decline of unions, he said, “is more than an erosion of wages and working conditions. It represents a serious loss of economic democracy.” So, too, the current concern for the working poor represents “sympathy without solidarity. It’s a sympathy for those who work but are poor, but it doesn’t extend to the unemployed or those who, for whatever reason, can’t work.

“We’re back,” Tilly said, “to that old distinction between the deserving and undeserving poor, when what we really need is a discussion about our responsibility to each other.” ▀



UNEQUAL

THE PERPETUATION OF POVERTY

SCHOOLS:

WRITTEN BY
KATHLEEN KELLEHER

THE LITTLE BOY STRUGGLED WITH DYSLEXIA. So, once, had John Rogers. Both were whip-smart. But that is where the similarities stopped.

Rogers attended Mar Vista Elementary School, tucked into a leafy West Los Angeles suburb of tidy homes a few miles from the Pacific Ocean. The youngster was at a summer camp in Inglewood. Rogers worked his way into Princeton University. The boy was being held back in elementary school because he could not read. Rogers never forgot him.



JOHN ROGERS' WORK HAS ILLUMINATED GLARING DISPARITIES IN THE EDUCATIONAL OPPORTUNITIES OF STUDENTS IN POOR NEIGHBORHOODS COMPARED WITH THOSE IN WEALTHIER ONES. INEQUALITY, HE NOTES, IS "HARD TO COUNT," BUT HIS RESEARCH ATTEMPTS TO DO JUST THAT.

In the first grade, John Rogers, now a top researcher at UCLA, had tried to read by interpreting stories through illustrations and photos. When his mother and his teacher — in her first year and just learning her craft — discovered his dyslexia, it was his mother who worked diligently to help him overcome it. Later, as an instructor at the Inglewood camp during a summer break from college, Rogers could see that the youngster in his charge was extraordinarily bright, but it was also clear that he had very few of Rogers' advantages. The kid was flunking.

"The juxtaposition of this young boy's life to my own focused me in on how our educational system plays out in ways that are fundamentally different based on the neighborhood you grow up in," Rogers told me. "I became more immersed in trying to understand these systems ... and make a difference."

For the past 17 years, Rogers, director of UCLA's Institute for Democracy, Education and Access (IDEA), has devoted his academic research and writing to inequalities in education, community organizing for school reform and analyses of education policy and opportunity in learning gaps. His work is driven by a desire to understand what causes inequities and how parents can act together to change policies and build support for improvement.

A key factor, he decided, was time. Specifically: How many hours do teachers spend instructing students? How many school days each year are students engaged in valuable learning? In California public high schools, how much of the time set aside for academic instruction is actually spent teaching academics? Does it differ in varying socioeconomic communities?

Rogers quantified minutes spent on academic instruction and looked closely at whether economically poor students in underperforming high schools were getting less time than their more affluent peers. He wanted to know how economic and social inequalities shaped teaching in public schools. He also wanted to know how learning inequalities began to shape life beyond school.

In *Brown v. Board of Education*, the Supreme Court demanded equal opportunity in schools, Rogers said. "One of the things the court spoke about was the intangibles. In other words, inequality is hard to count. To some extent, this work on time aims to make tangible what is seemingly hard to explain."

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To learn how time for academic instruction varies among high schools, Rogers and Nicole Mirra, a UCLA postdoctoral scholar, surveyed a demographically representative sample of some 800 California teachers during the 2013-14 school year. Their report, "It's About Time: Learning Time and Educational Opportunity in California High Schools," showed significant differences.

Their study compared: 1) low-poverty schools, where 25% or less of students receive free or reduced-price lunches; 2) low- and mixed-poverty schools, where 50% or less of students get such lunches; and 3) high-poverty schools, where 75% to 100% of students receive them.

The comparison showed that teachers at high-poverty schools spent nearly 10 fewer days every year instructing academic classes than teachers at low-poverty schools.

The study also showed:

- > Teachers in high-poverty schools were more likely to report that academic instructional time was eroded by problems with school facilities, lack of access to technology and libraries, classroom lockdowns, standardized test preparation, teacher absences and uncertified or insufficiently qualified substitute teachers.

- > Three to four times more students at high-poverty schools than at low-poverty schools struggled with economic and social stressors, including unstable housing, hunger and lack of medical and dental care. On any given day, students at high-poverty schools faced a 39% chance that life problems would decrease their time for academic learning — in contrast to a 13% chance for students at low-poverty schools.

- > Teachers at high-poverty schools suffered more class-time interruptions caused by unplanned events, such as the arrival of transfer students and phone calls from the front office. For some, these disruptions consumed up to 30 minutes a day of class time. Teachers at high-poverty schools also

spent more class time counseling students with emotional and social problems, advising them on colleges and careers and discussing community problems and societal inequities.

"I'm trying to push my students toward academic excellence in the time that we have," one teacher said, "but with so many pressures to handle, and with the combination of traumas that my students are exposed to and are constantly experiencing, sometimes ... (it becomes) overwhelming."

These findings show something important: Inequality in learning time is hurting some of California's most vulnerable students.

That, Rogers said, is indefensible.

No one, he said, would tolerate an education system that, as a matter of policy, forces economically deprived students to stop learning two weeks before an academic year ends — or that sends poor students home 30 minutes before classes let out.

Indeed, unequal learning time is at the heart of an ongoing class-action lawsuit filed last year by the American Civil Liberties Union against the California Department of Education. The lawsuit asserts that the state's high-poverty schools fail to address factors that reduce actual learning time.

This, the ACLU says, denies students the equal education they need to succeed.

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In his book "Learning Power: Organizing for Education and Justice," published in 2006 by Teachers College Press, Rogers argues that understanding inequality is not enough. Researchers, he wrote, must not only document inequality in education but also must work to bring change.

They must offer examples of policies and institutional practices, he said, and inspire the "agency of everyday people" to act by joining efforts to end inequality in public schools, so lower-income students get the same opportunities to learn and achieve as their more affluent peers. "Change demands an energized politics," Rogers said, "led by communities that too often experience the ill effects of inequality."

Two weeks of lost learning every year can put high school students at a serious disadvantage when it comes time to apply to college. It costs them the academic power to compete. "Unequal schooling," Rogers said, "is both cause and effect of unequal power relationships."

About 80% of students who enter California high schools in the ninth grade graduate four years later, according to the California Department of Education. This is a marked improvement from a decade ago, Rogers says, but for low-income students, English-language learners and students attending schools in high-poverty communities, the graduation rates are lower.

Fewer than half of the 70% of students who graduate from high school in the Los Angeles Unified School District complete the courses required for admission to University of California and California State University schools. "I do believe that the state's goal should be to graduate all students ready for college," Rogers said. "This is what California's parents expect."

Reaching that goal will not be easy. In March, the LAUSD learned that three-quarters of its 10th graders taking the college preparatory courses were not on track to graduate because they were not getting C grades. A later analysis found 53% were not likely to meet the requirements. At a Board of Education meeting in June, members decided to allow the students to pass the college prep courses and graduate with D grades. But students who get the Ds will nonetheless be ineligible for admission to UC or Cal State universities.

Rogers argued at the board meeting that students should have access to the college prep curriculum nonetheless. He told the board that it should provide students the tutoring and uninterrupted learning time it would take to perform well in the classes. Monica Garcia, who represents LAUSD District Two, which has both high- and low-performing schools, credits Rogers with keeping the board focused on maintaining access to the college prep

curriculum for everyone. "Today we are not debating whether or not kids need access and successful completion of these courses," said Garcia. "There is agreement on that." While no one is satisfied with current reality, she said, "All trends are pointing in the right direction."

To reduce the inequality in academic time that harms economically disadvantaged students, Rogers said, a logical step would be to lengthen their school days and school years. Teachers, he said, should ensure that the learning time is rich, engaging and protected from disruptions. Support for such remedies, he said, needs to come from the communities where affected students live.

Students in high-poverty communities also lose more organized after-school learning time than their more affluent peers, including time during summers. "A lot of what we talk about," Rogers said, "speaks indirectly to community schooling. It is shorthand for after-school programs, whole or extended learning time, creating health and other services on site."

.....

Thinking of schools as community sites has inspired Rogers and Joel Westheimer, a professor at the University of Ottawa, to begin additional research. It will examine how economic inequality and economic literacy are taught in high school. "There is almost no existent empirical work on what high school students learn about economic inequality," Rogers said. "We want to fill that gap."

Rogers and Westheimer have collected teacher surveys at a large number of U.S. and Canadian public and private high schools. They hope to determine how much attention economic inequality gets in class, what is being taught about it and what impact it has upon students. They also want to find out what kinds of schools are more likely to address the subject.

The hope, Rogers said, is to encourage students to use critical thinking when they encounter economic inequality and when they make decisions about allocating taxes and public resources.

"We hope to be able to provide educators with tools and frameworks that support meaningful and engaging lessons about economic inequality," Rogers said. "Ultimately, we believe that it is essential for our democracy to have young people prepared to engage difficult issues like economic inequality in an informed way." ▶

**"INEQUALITY IS
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AIMS TO MAKE
TANGIBLE WHAT
IS SEEMINGLY HARD
TO EXPLAIN."**

REFUSING TO ACCEPT INEQUALITY

Wall Street bonuses — not earnings, just bonuses — are estimated to total twice what Americans earn working full-time at the federal minimum wage. While big governments in the United States and elsewhere hesitate to raise their lowest limits, local authorities, nonprofits, religious groups and even some of the wealthy are taking measures to shrink income inequality.

DETROIT

The nonprofit Neighborhood Assistance Corporation of America, with funding from Bank of America, offers below-market, fixed-rate loans to people with low and moderate incomes so they can buy homes appraised at less than sale price in recession-ravaged Detroit. Money for repairs is included.

NEW YORK

New York Mayor Bill de Blasio went to the United States Capitol on May 12 and unveiled a 13-point plan to reduce income inequality. It included closing tax loopholes for the rich, mandating paid family leave and enacting a \$15-an-hour national minimum wage.

OXFAM

Oxfam International, a confederation of 17 organizations, finds innovative ways to lift people out of poverty. It creates cereal banks to feed the poor and helps farmers to market their crops, fishermen to increase their catches and disaster victims to rebuild their lives.

 OXFAM LOCATIONS

LOS ANGELES

On Labor Day 2014, Los Angeles Mayor Eric Garcetti stood in Martin Luther King Jr. Park and launched a campaign for a city minimum wage. Last June 13, he returned and signed a raise for hundreds of thousands of workers from the state minimum of \$9 an hour to \$15 by 2020. L.A. County followed suit.

BRAZIL

From the assets of 230 Catholic congregations, a religious order, the Missionary Oblates of Mary Immaculate, has placed \$7 million into First, a Brazilian fund that invests for both financial and social returns, to ease what Pope Francis calls “instances of profound social inequality.”



RESEARCH BY **NONA YATES**

ENGLAND

When Paul Polman became CEO at Unilever, headquartered in London, he froze his own pay, estimated last year at about \$10 million. "I am sometimes ashamed about the amount of money I earn," he said. "If you belong to [the] 2%, then ... put yourself to the service of the other 98%."

LONDON

In London, the Equality Trust collects, analyzes and disseminates research on income inequality to promote evidence-based arguments for reducing it. The trust practices what it preaches: Its top-to-bottom pay ratio last year was 1.71 to 1, and its top-to-median ratio was 1:29 to 1.

HABITAT FOR HUMANITY

Habitat for Humanity has helped 1 million families by building, renovating and repairing homes and other shelters in North America, Latin America, Africa, Europe, Asia, the Caribbean and the Middle East.

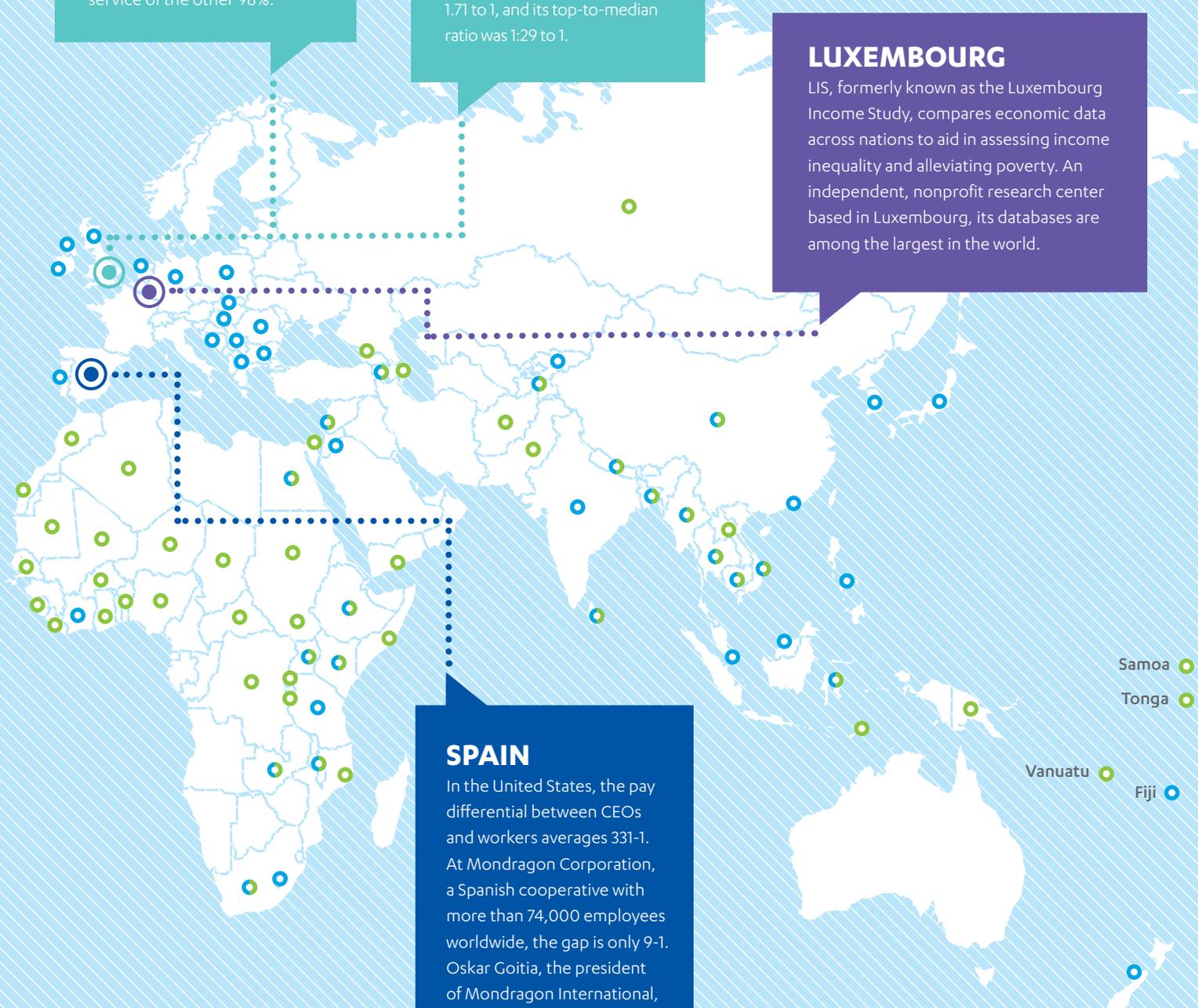
 HABITAT FOR HUMANITY

LUXEMBOURG

LIS, formerly known as the Luxembourg Income Study, compares economic data across nations to aid in assessing income inequality and alleviating poverty. An independent, nonprofit research center based in Luxembourg, its databases are among the largest in the world.

SPAIN

In the United States, the pay differential between CEOs and workers averages 331-1. At Mondragon Corporation, a Spanish cooperative with more than 74,000 employees worldwide, the gap is only 9-1. Oskar Goitia, the president of Mondragon International, said the company believes in "fair distribution of wealth."



Samoa 

Tonga 

Vanuatu 

Fiji 

**THE
CHOICES
THAT**

A
NOBEL
LAUREATE
REFLECTS

DIVIDE



PHOTO BY DAVID SPRAGUE

Columbia University economist Joseph E. Stiglitz won a Nobel Prize in 2001 for his work on how disparities in information shape markets. What makes him a favorite among Democrats, though, is his work on disparities in income. He has written two books about it: “The Price of Inequality” in 2012 and “The Great Divide” this year. A former adviser to President Clinton and to the World Bank, Stiglitz recently spoke by phone with Jon Healey, an editorial writer at the Los Angeles Times, about what is causing income inequality in the United States and what can be done about it. The following is an edited transcript of their conversation.

Blueprint: Since “The Price of Inequality” was published, we’ve seen a bit more growth. Has that changed the picture?

Joseph Stiglitz: Not in any fundamental way. The first three years after the end of the recession, 2009 to 2012, were particularly bad, with 91% of the gains going to the top 1%. Things have been a little bit better, but not in a way that would change the picture in any way.

BP: Yet there is, as you note in your book, a profound belief in the United States that a rising tide can lift all boats. Why isn’t that happening as the tide is finally rising?

JS: One of the dramatic ways in which the economy is different in the United States today from what it was, say, before 1980, and different from almost any other country, is that in the past when productivity from workers went up, wages went up commensurately. Since the late 1970s, the productivity of workers has doubled, but wages have stagnated. So the fact that productivity is going up is saying that the economy as a whole is getting more productive, and GDP is going up, but the fact that wages are stagnating is saying that workers are not participating in this. This is an example of where America is exceptional. Not in a good way. The fact that the economic forces at play are similar in all the advanced countries says it’s something about the policies we put in place and how that affects the way our economic system works.

BP: Is there some solution in having greater competition for labor? I’m thinking about what happened as we approached 4% unemployment in the late ‘90s, where you did see a narrowing of income inequality.

JS: I would say it’s almost necessary, but it may not be sufficient. We measure unemployment ignoring part-time workers who are part-time

involuntarily, people who have given up looking for a job, people who have gone on disability because they just can’t get a job. So the upward pressure on wages as the nominal unemployment rate has gone down has not been what you ordinarily would have expected.

BP: What about fiscal policy? The notion of redistributing income seems like an utter non-starter in this Congress. How should the case be made for doing that?

JS: Let’s begin by trying to create a fair tax system. It doesn’t make a lot of sense that the people in the top one-tenth of 1% pay lower tax rates on their reported incomes than those with lower incomes. Does it make sense that someone whose income derives from speculation in land pays lower taxes than somebody who works as a plumber? Speculating in land doesn’t create more land. The fact that you don’t pay taxes on capital gains until you realize the capital gains, that gives you an incentive to not realize them. It creates what’s called a lock-in effect, which distorts ownership. And with the “step-up basis” [a provision that allows heirs to pay taxes only on the gains made after an asset is inherited, ignoring increase in value from the time of purchase to the time of death], you could actually totally avoid paying the capital gains tax. Among the very top, where wealth is passed on from generation to generation, it’s one of the ways you get the perpetuation of inequality, the transfer advantage across generations.

“DOES IT MAKE SENSE THAT SOMEONE WHOSE INCOME DERIVES FROM SPECULATION IN LAND PAYS LOWER TAXES THAN SOMEBODY WHO WORKS AS A PLUMBER? SPECULATING IN LAND DOESN’T CREATE MORE LAND.”



PHOTO BY DAVID SPRAGUE

JOSEPH E. STIGLITZ, SHOWN HERE AT THE LOS ANGELES PUBLIC LIBRARY LAST SPRING, ARGUES THAT INEQUALITY IS EXACERBATED BY POLICY CHOICES AND THAT IT CAN BE ADDRESSED BY THEM AS WELL.

BP: If you solve the tax portion of this, you still have the value portion — what people are paid for what they do. How do you address that?

JS: There are, again, many pieces to this. One, obviously, is minimum wage, stronger unions, stronger enforcement of labor protections. The second is very carefully thinking about the way we manage globalization, where we've effectively put workers in the United States in competition with low-wage workers with poor labor standards, bad environmental conditions, in developing countries. The third is the rules for corporate governance, which have the effect of allowing the CEOs to take a greater share of the corporate pie for themselves, leaving less for reinvestment — and less for workers.

Finally, antitrust is important, because monopoly power works on the other side. It increases the prices that consumers pay. It's very insidious, because they don't see it directly as lowering their income. But it lowers their income relative to the cost of living, and that's what they care about. Even if you have two or three firms in a market, it has the same effect. Market power, let me use that term. Market power [is being wielded] in a very large number of the sectors. That kind of market power raises prices.

BP: In the new economy, so much of what we're producing is intellectual property protected by copyrights and patents, which effectively confer monopoly power.

JS: That's right, and this has played into that. The extent is hard to ascertain. Where that's very big right now is in the area of drugs. It's a big issue with the new trade agreement that the president is trying to push forward. There you see it very explicitly, because one of the big battles in the trade agreement is between the generics and Big Pharma. The Office of the United States Trade Representative and the president are pushing for an agreement that increases the market power of Big Pharma at the expense of generics, the effect of which will be to raise drug prices and actually decrease innovation.

BP: The argument coming from the other side on minimum wage, and on a lot of these issues, is that the jobs pay what they're worth. They pay very little at the minimum-wage level because there's so little being added to the economy.

JS: I think that argument is not persuasive. Studies of what happens when you raise the minimum wage show that employment doesn't go down in the way that many people had thought. The better studies actually gave numbers that were very small, or even negative — [meaning] that

employment was promoted, because with people getting more income, they could demand more goods, and [that] actually helped employment. So what this showed is that the firms, when you raise the minimum wage, decided that actually, yes, it was worth the higher wage. Just go back to the story of Walmart and McDonald's. ... They raised their wage by a dollar. Did [workers] suddenly become 14% more productive? Obviously not. You could be sure that they [those companies] would not raise that wage if they were not making a profit at that margin.

BP: The idea of a monopoly in high tech is not seen necessarily as a bad thing. In fact, you have Peter Thiel saying monopolies are the only way to have lasting value.

JS: That was a view that was put forward, you might say in a more sophisticated form, by one of the great economists of the early 20th century, Joseph Schumpeter. He was one of the few economists who focused on innovation. His argument says that there's a succession of monopolists — you're a monopolist for a while, but then it's the competition to be the next monopolist that drives innovation.

My book with Bruce C. Greenwald, "Creating a Learning Society," looks at that question in some detail. And the answer is more mixed. Monopolies are not the major source of innovation, but they are very good at perpetuating their monopoly power. Probably Microsoft is the paradigm of this. They didn't even innovate their own basic operating system. They bought that. They then were very innovative in devising ways of gaining monopoly power.

The big innovations, like Real Networks, the browsers and the search engines, came from new entrants, not from the monopolists. And there's always a worry that the way monopolists treat potential rivals — the way Microsoft squashed Netscape — actually discourages innovation.

BP: There has been a movement to give shareholders more of a voice. Is that part of the solution? How else do you get a handle on corporate salaries and unrestrained compensation?

JS: I think giving shareholders more of a voice is very important. And the fact that the CEOs resisted so much is a hint that they are worried. In Dodd-Frank, there was a provision for disclosure of CEO pay or top management pay relative to median worker income or mean worker income. Again, no binding effect, just a disclosure. And it's been five years since Dodd-Frank passed, and the SEC has still not issued the regulations because of the strong opposition even to this mild disclosure.

Now there have been [other] proposals that have been put forward — for instance, that the tax rate of corporations be related to the inequality in corporate pay. I think those are interesting ideas.

BP: *There's almost a mystique that surrounds CEOs, like Steve Jobs or Mark Zuckerberg, who take a very small amount of money and most of their compensation in stock. Some great fortunes have been made purely on equity.*

JS: I don't think anybody minds the transparent issuance [of stock], particularly for those who are really contributing. But even Steve Jobs illustrates, somewhat, the dishonesty. He and many other people were caught backdating [increasing the value of stock options by retroactively tying them to a date when the shares were less expensive than the one on which the options were actually granted]. Backdating doesn't give you an incentive; it's just a transfer of money. There has been an enormous amount of hanky-panky going on in stock options.

One could design a good system of stock options. I would distinguish between new firms, which often are cash-short and don't have any other thing, and existing firms, like GE, where the problem is not lack of cash. The real issue here is a lack of transparency.

BP: *One last pulling-the-camera-back kind of question. To what extent does the effort to address inequality collide with the American notion that we're a country of opportunity, not a country of guaranteed outcomes?*

JS: I wish it were the case that America was the land of opportunity, but we have become one of the nations among the advanced countries with the least opportunity. In the United States, the life chances of young people are more dependent on the income and education of their parents than in almost any other advanced country.

BP: *One of the statistics you note that's even more disturbing is that a low-income person who does very well in school doesn't do as well in life as somebody who is a high-income person who does poorly in school.*

JS: Exactly. This means the deck is stacked against them.

BP: *Do we want to leave it on that downbeat note?*

JS: Well, I think that the final note of optimism, if I can, is that this is the first time I can remember that the issue of inequality has entered into the national political debate in both parties. There's now a general acceptance that this is a problem. It is a problem not only of inequality of outcomes but inequality of opportunity.

“THIS IS THE FIRST TIME I CAN REMEMBER THAT THE ISSUE OF INEQUALITY HAS ENTERED INTO THE NATIONAL POLITICAL DEBATE IN BOTH PARTIES ... IT IS A PROBLEM NOT ONLY OF INEQUALITY OF OUTCOMES BUT INEQUALITY OF OPPORTUNITY.”

BP: *It seems that some Republicans, particularly Tea Party-influenced Republicans, are thinking about government as a source of crony capitalism, in kind of the way that you do, and are looking at how government has created the means for people in power to keep power.*

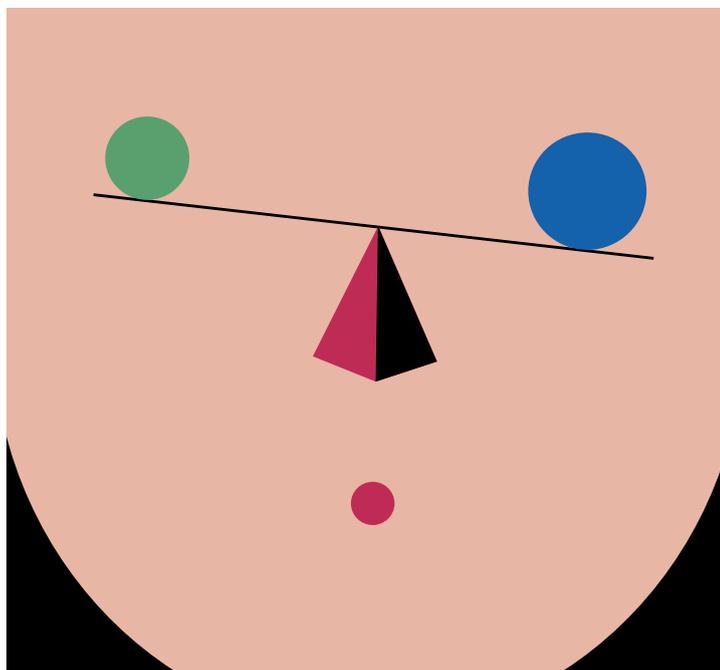
JS: That's right. There's a sense in which, I think, they were fueled by what I view as the really wrong way in which we saved the banks in 2009. They saw that those who had brought the country to the brink of ruin were the ones who did well. Ordinary people lost their homes and lost their jobs. They were promised “change you could believe in,” and instead they got the old kind of system. To me, on a lot of these issues, there is a common understanding going on between the left and the right. The question is how we fix it. ▶

CLOSING NOTE: Facing up to the Choices We Make

IS INEQUALITY INEVITABLE?

In one sense, the answer is clearly yes. As Lee E. Ohanian has emphasized in his provocative research, all societies feature some stratification. In fact, some inequality is probably desirable. It creates incentives to work, save and invent; prosperity is the reward for those who do, poverty the punishment for those who do not.

But not all inequality is natural or inevitable. The period following the end of World War II stands out in American history as one of economic growth but also of shared prosperity. The rich got richer and the poor got richer, but the poor got richer faster. American inequality shrunk; the middle class grew. Many factors contributed to this, not least a federal income tax system that would be regarded as confiscatory in today's flintier Washington. A single filer earning more than \$200,000 a year in the 1950s paid a 91% marginal tax rate (the threshold was \$400,000 for married couples filing jointly). The lawmaker who proposed going back to such a tax today would find himself in a Tea Party tempest.



Instead, many policy makers have resigned themselves to persistent inequality and an ever-widening gap between the richest and poorest Americans. Much of the work in this issue of Blueprint examines the scope of that trend, as well as its causes and effects. Leading this effort is Chris Tilly, who has shown with study after study that income disparities are growing across the spectrum, so the 1% are pulling away from the 99%, but the .5% also are pulling away from the 1%, and the bottom is falling farther behind. One cause: the decline of organized labor, which once was a powerful force for higher wages and workplace safety.

Inequality comes at a cost. The poor suffer greater health problems. For proof, consider the work of Linda Rosenstock and Ninez Ponce, who have demonstrated a connection between poverty and health issues, including premature births. At the same time, poorer children attend schools with inferior facilities and have their classes more frequently interrupted — findings that John Rogers has presented with remarkable clarity. In a society dedicated to the principle that all people should have an equal chance for success, America's poor are routinely denied that chance.

These are not abstractions. They are real problems, and they are particularly acute in Southern California. In 2015, Los Angeles Mayor Eric Garcetti, responding to the persistence of poverty and inequality, championed the creation of a municipal minimum wage. It goes into effect in January and will gradually increase over the next few years until it reaches \$15 an hour. That will provide some relief for the city's more than 500,000 minimum-wage earners, but it will hardly end inequality in Los Angeles, much less the nation.

The poor may always be with us, and honest people can disagree about whether narrowing inequality should rank above or below promoting general economic growth.

What research confirms, however, is that policy, not nature, shapes the contours of inequality. Policy makers, take note.

— *Jim Newton*



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Elizabeth Kivowitz Boatright-Simon

OFFICE MANAGERS
Oriana Luquetta and
Izabela Chmielewska

CONTRIBUTORS

LISA FUNG is a Los Angeles-based writer and editor who has held senior editorial positions at the Los Angeles Times and The Wrap. This is her second article for Blueprint.
lisa.fung5@gmail.com

ERIKA HAYASAKI is an assistant professor in the Literary Journalism Program at UC Irvine and author of "The Death Class: A True Story About Life" (Simon and Schuster). This is her second article for Blueprint.
ehayasak@uci.edu

JON HEALEY is an editorial writer and deputy editorial page editor for the Los Angeles Times.
jon.healey@latimes.com

KATHLEEN KELLEHER is a Santa Monica-based writer who has written for the Los Angeles Times, the Orange County Register, Arroyo and other publications.
kathykelleher@verizon.net

TIM RUTTEN is a longtime journalist and critic whose work has appeared in The New York Times, The Economist, the New York Review of Books, the Wall Street Journal and the Los Angeles Times.
timrutten@aol.com

MOLLY SELVIN was a staff writer for the Los Angeles Times for 18 years and is now a research fellow at Stanford University.
msevelin@stanford.edu

ZACHARY SLOBIG is an independent journalist and current Pulitzer Center Fellow based in San Francisco. His work has appeared in WIRED, NPR, the Los Angeles Times, Outside, GOOD and others.
zslobig@gmail.com

JON THURBER is a former longtime editor at the Los Angeles Times and is now a freelance writer and editor based in Pasadena.
Jon.Thurber2@gmail.com

NONA YATES owns the Yates Research Group in Marina del Rey.
nona.yates@gmail.com

FEATURED RESEARCHERS

LEE E. OHANIAN
ohanian@econ.ucla.edu

NINEZ PONCE
nponce@ucla.edu

JOHN ROGERS
rogers@gseis.ucla.edu

LINDA ROSENSTOCK
lindarosenstock@ph.ucla.edu

ANANYA ROY
ananya@luskin.ucla.edu

CHRIS TILLY
ctilly@irle.ucla.edu

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— **Jim Newton**

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SOMETHING TO SAY?

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