

# Inequality's Dead End— *And the Possibility of a New, Long-Term Direction*

by Gar Alperovitz

"There are many signs . . . that we may be at the beginning of a long struggle like that which preceded the New Deal—a struggle at the grassroots and in the state and local 'laboratories' to develop something new on the ground. . . .

And though there is great pain in the fading of traditional strategies, it is in fact that very pain that is forcing a new possibility—one that is also gathering momentum as more and more people realize that the old direction is fading."

IT IS EASY TO BE DISTRACTED BY WHAT PASSES FOR economic news these days, focused as it is on short-term fluctuations and assurances of recovery and revitalization. The simple truth, however, is that year by year, decade by decade, life in the United States is steadily growing ever more unequal.

Statistics illuminating this historical trajectory are easy enough to come by. For a start, the income of the top 1 percent has more than doubled in the past two decades, from roughly 10 percent of all income in 1980 to more than 22 percent in 2012.<sup>1</sup> Meanwhile, wages for the bottom 80 percent of

American workers have been essentially stagnant in real terms for at least three decades.<sup>2</sup>

The growing gaps in income inequality are matched or even exceeded by gaps in wealth. Emmanuel Saez and Gabriel Zucman have recently demonstrated, for instance, that American economic life is as unequal now as it was at the outset of the Great Depression. Wealth—and with it, political power—is concentrated more and more in the hands of the richest of the elite.<sup>3</sup> From 1962 to 2010, the top 5 percent of Americans increased their share of national wealth from 54.6 percent to 63.1 percent, while the bottom 40 percent's nearly insignificant 0.2 percent share actually declined to a negative 0.9 percent, as mounting consumer debt outpaced stagnant wages.<sup>4</sup> The top 400 *individuals* have more wealth than the bottom 180 million Americans taken together.<sup>5</sup>

At the same time, for over four decades the percentage of Americans in poverty has remained essentially unchanged. Per the Census Bureau's 2014 report, 45.3 million Americans live below the

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poverty line.<sup>6</sup> The poverty statistics also reveal the enduring racial disparities that undergird the American economy, with African Americans and Hispanics more than twice as likely to be living in poverty as non-Hispanic Whites.<sup>7</sup>

It is encouraging that our national conversation has at least begun to acknowledge the problem posed by increasing economic inequality, thanks in part to activists who popularized the rhetoric of the 99 versus 1 percent, and to scholars like Thomas Piketty, whose *Capital in the Twenty-First Century* provides an irrefutable account of the inexorable processes driving inequality. It is less clear, however, that our national political conversation has confronted the magnitude of the problem—to say nothing of the corresponding magnitude of the necessary solutions. In fact, what is called for is nothing less than transforming the underlying institutions that are producing the outcomes we see—in short, one way or another, transforming the system over time, beginning, as always (and as we shall see), in local communities where the pain is greatest.

### Our Era in Historical Perspective

When we look beneath the surface of the latest headlines, what we find are deeply rooted political stalemate, long-term economic stagnation (masked by minor upticks and high dropout rates from the labor market that make official unemployment figures look better), and, of course, ongoing social decay. As always, there are exceptions here and there, but in community after community pain and resignation continue to grow. The possibility of ambitious and successful national policy action at a scale necessary to address the deeper problems—a “war on inequality,” as it were—is remote, given a legislative system mired in deadlock.

Many people hope, or assume, that one day “the pendulum will swing,” and a burst of new progressive politics will develop that is capable not simply of token gains but also, critically, of *altering the trends*. To understand both how unlikely this is and the depth of our challenge, it helps to be a historian—in many ways, the liberal moment of the twentieth century was an aberration, an unusual development largely created by major crises: an unprecedented

Depression opened the way to the New Deal, and a world war created a postwar boom that interrupted the “normal” dynamics of the political economic system.

Chance also played a role: had a Democrat been in office and blamed for the Great Depression when it hit, not only would there have been no New Deal, we probably would have reversed even the modest reforms of the late 1920s. The post–World War II period was also exceptional, marked by abnormally high rates of economic growth—in part fueled by wartime savings and in part made possible because our major European and Asian competitors were (temporarily) sidelined by the war’s destruction.<sup>8</sup> This was the era when everything seemed possible—for a while.

The middle decades of the twentieth century—from roughly 1933 to 1968—were also notable because of the presence of a labor movement strong enough to push back against the power of concentrated public wealth, both on the shop floor and, above all, in politics. Organized labor—the institutional heart and muscle of progressive politics in most nations—is now at a historic nadir in the United States, down from a postwar peak of 34.8 percent of wage and salary workers in 1954 to just 11.1 percent in 2014. The picture is even more dire when we look at the private sector, where just 6.6 percent of workers currently belong to a union.<sup>9</sup>

It is important to understand just how essential labor was in structuring the progressive political possibilities of the mid-twentieth century, and how much it will be missed at the level of the system as a whole. The great liberal economist, the late John Kenneth Galbraith, described labor’s role in reducing inequality through what he called the theory of “countervailing power.” The political power as well as the economic advantages enjoyed by corporations, he pointed out, were offset by other institutional powers. Labor unions, for Galbraith, were by far the greatest check on the corporation in all its dimensions, economic as well as political. As labor’s capacity to meaningfully push back at the systemic level dwindled, the famous liberal economist lost faith, writing (in 1980) that he could no longer find a meaningful source of such power.<sup>10</sup>

Scholarly studies confirm the role of labor in the old liberal politics. The late Seymour Martin Lipset and Gary Marks, for instance, found that “variations in state effort, social policy, and economic inequality correlate with the extent to which the lower classes of a society wield political power. . . . Closely associated with social democratic participation in government is lower-class economic power exercised through trade unions.”<sup>11</sup> John D. Stephens and associates summarized in 1997 that “various studies have shown a close relationship between social democratic governance and/or union strength and workers’ rights, codetermination, egalitarian wage policy, and unemployment.”<sup>12</sup> And in 1992, the preeminent Danish scholar Gøsta Esping-Andersen showed that the “political efficacy of social democracy,” like liberal politics, was “contingent on trade union strength or cohesion.”<sup>13</sup>

### The New Historic Reality

In other words, in the absence of crisis and—give or take an exceptional moment—without the power of unions, we are unlikely to move the needle on the progressive agenda when it comes to substantially altering the dynamics of the economic system in the direction of more equal outcomes. This historical judgment should in no way diminish the profound respect due to the people on the front lines of work being done by unions today. Struggles around the minimum wage and the rights of fast food and Walmart workers—as well as the nontraditional labor organizing happening in sectors like domestic work and among immigrant laborers—are courageous and necessary.

Nor does it mean that nothing at all can be done. It’s possible, for instance, that efforts to raise the minimum wage to \$15 per hour might succeed in a few more cities and states. It’s much less likely, however, that we will be able to win a national \$15 per hour minimum wage anytime soon. And it’s all but impossible to imagine a federal law that would mandate a minimum wage of \$21.16, which is where it would be if it had kept pace with economic growth since 1968.<sup>14</sup>

We have—regrettably—left the era in which I came of age politically, working as legislative director for the great liberal senator and

environmentalist Gaylord Nelson. This was an age in which it was possible not only to elect a broadly liberal government but also to expect such a government to have a reasonable chance of passing programs capable of addressing problems at the appropriate scale. There is little indication today that, even if elected, Democrats employing traditional liberal strategies of regulation and redistribution have the capacity to alter most of the deteriorating long-term economic, social, and environmental trends we face. Whether or not we elect a nominally progressive government, whether or not we see more populist rhetoric around inequality worked into party platforms, the fact remains—given the configuration of institutional power in our current system—that inequality is likely to continue to increase, high levels of poverty, including child poverty, are likely to persist, discrimination against women and minorities is likely to continue, corporate tax rates are likely to remain low, and (even allowing for slight recent improvements) incarceration levels are likely to remain a staggering monument to an unequal America.

If we can no longer assume that the pendulum will swing back to traditional liberalism (and its traditional institutional power base), self-evidently either a new direction anchored in a different power base will be built or there will simply be no way forward. The real option on the table involves building what amounts to a new kind of economy—a “next system,” if you like—that is constructed, institutionally, from the ground up, in ways that both produce more-equal outcomes directly and also begin to build new institutional power to help support a new progressive politics.

This is a huge and agonizing long-term task, the magnitude of which most have yet to confront. Nobel Laureate Paul Krugman recently reminded us, however, that this, in fact, is how serious change occurs: “If you read histories of the New Deal, you know that it . . . didn’t spring out of nowhere. . . . We had a progressive movement and a lot of proto New Deal programs building for quite a long time.”<sup>15</sup> Put another way, the experiments that went on in the state and local “laboratories of democracy” not only built the power base of the New Deal but also developed its programs in preliminary form in connection with

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labor law, social security, welfare programs, and many others—so that when the time was right, a new program was ready.

In our own time of “prehistory,” we have two choices: either to assume nothing of trend-altering significance can really be done, or to build a new long-term direction *knowing that almost certainly, important as they were and are, the institutions that empower the next progressive era will be different.*

### The Proliferation of New Approaches

There are, in fact, many signs that we may be at the beginning of a long struggle like that which preceded the New Deal—a struggle at the grass roots and in the state and local “laboratories” to develop something new on the ground that may also build up over time, both in numbers and, ultimately, at levels of scale different from that which can be achieved in local communities, but based on locally developed principles that can be applied at national levels. Strategies built, as the labor movement once was (though different in form), out of real needs and real frustrations on the ground.

This is a big task, and one the outcome of which cannot be known in advance. Accordingly, perhaps it may also help to remember that the modern conservative movement was relatively marginal in the 1940s, and that serious conservatives understood the necessity of a several-decade fight, beginning at the very bottom and working up.

What is encouraging is that, across the country, there are many signs that frustration is forcing exactly the kind of experimentation with new institutions that may one day become a significant part of the power base of a new politics and that may also suggest principles for larger national application—efforts that may also slowly help lay foundations for a long-term approach capable of reversing deepening inequality. Critically, at their core, these experiments involve a new principle, something quite different for the new era—at first locally, ultimately potentially nationally: *the idea that wealth ownership must be democratized both in theory and in on-the-ground practice, building slowly from experiments to larger scale.*

Essentially, a new strategic paradigm—the idea that democratizing ownership can begin locally—is

emerging around the nation. Especially important has been the expansion of worker and community cooperatives—an old form now exploding in relevance around the nation in communities that have been left behind and writhing in pain as national and international forces both turn their backs on locality and find it impossible to enact even modest policies of significant assistance.

Consider recent developments in the small Maine community of Deer Isle. When the owners of two grocery stores and a pharmacy decided to retire, it was entirely possible that those sixty-two jobs—nearly 5 percent of the island’s labor force—could have been at risk or eliminated.<sup>16</sup> Instead, a nonprofit economic development institute helped the town cooperatize the three businesses, creating the largest worker co-op in the state. Aside from the obvious benefits to the cooperative’s new worker-owners, such a conversion keeps wealth local rather than stripping it off into the maelstrom of private equity and transnational chain stores. Most important, beyond the immediate benefits, the effort has made democratic worker ownership of economic institutions a central part of everyday life for this community. It saved the jobs of friends and neighbors, and, in the process, began to normalize the idea that just possibly another kind of economy might not be impossible to imagine if other communities were to do something similar—and even perhaps if new principles of ownership were one day explored for larger efforts.

Just beneath the surface of most public reporting, in fact, an explosion of experimentation like this is going on in all parts of the country. It is also beginning to demand—and get—backing from larger institutions, and political backing as well. Such efforts include groups like Prospera, in San Francisco, and Cooperative Home Care Associates, in New York, that bring together women who do home cleaning and home health work, respectively; cab driver co-ops in several cities; food co-ops in most parts of the country; advanced manufacturing co-ops like Isthmus Engineering & Manufacturing in Madison, Wisconsin; and many, many more. (To get a sense of the range of activities in different parts of the country, see [www.community-wealth.org](http://www.community-wealth.org).)

Moreover, the movement has begun to find ways to generate larger institutional and political support. Thus, an increasing number of cities have begun to embrace models for economic development that explicitly call for democratized ownership of parts of the economy. In New York City, for instance, a coalition of grassroots community organizers and cooperative advocates secured \$1.2 million from the city's budget under new mayor Bill de Blasio to support worker-owned businesses in low-income communities.<sup>17</sup> In Madison, Wisconsin, a similar measure has passed, earmarking \$5 million over five years to support cooperative development.<sup>18</sup> And the city council of Austin, Texas, voted to acknowledge explicitly the positive impact of local cooperatives and support their development.<sup>19</sup> Viewed in developmental terms, what is interesting is that existing cooperative businesses have reached the point at which they can begin to make political claims on money earmarked for economic development—democratized ownership is providing an institutional platform for further steps to democratize ownership.

Other new and existing economic forms and strategies include community-owned land trusts to lower housing costs (as in Burlington, Vermont, and hundreds of other cities); the proliferation of social enterprises that use profits for social goals; and, all across the nation, “B corporations” (businesses set up explicitly in ways that allow them to pursue social and environmental goals in addition to profits). Also important are new municipal uses (and threatened uses) of eminent domain, as in the Dudley Street Neighborhood Initiative in Boston and in more recent struggles over housing in Richmond, California, Newark, New Jersey, and elsewhere.

The larger goal, broadly speaking, is to move past faltering, traditional, after-the-fact redistributive efforts backed by labor—which left the capital structure of the economic system entirely intact—and on to a new model that directly begins to create democratized and *inherently* redistributive ownership as a critical element in the economic system.

## Larger Institutional Support

Citywide efforts with a larger, more systemic focus have also arisen. For instance, before his tragic

recent death, Mayor Chokwe Lumumba was preparing an ambitious strategy in Jackson, Mississippi, to combat economic inequality in the heart of the Black Belt by building a “solidarity economy”—one that connected community and cooperative enterprises to municipal procurement. (The effort remains underway, led by the organizers behind Lumumba's grassroots electoral victory.) In Richmond, Virginia, the Office of Community Wealth Building, aimed at developing comprehensive strategies to combat deeply entrenched economic inequality, has been launched by Mayor Dwight C. Jones (and is headed by Thad Williamson, cochair of the Maggie L. Walker Initiative for Expanding Opportunity and Fighting Poverty, whom the mayor appointed director of the Office of Community Wealth Building).

This kind of work—reorienting economic development toward the construction of worker-owned and other community-based alternatives—can go hand in hand with more traditional efforts to win gains through government regulation of corporate activity, like the fights for \$15 per hour or for paid sick days. Indeed, groups like National People's Action and the United Steelworkers have now explicitly acknowledged that traditional community, workplace, and political organizing can be meaningfully complemented by “new economy” work that can institutionalize gains in a durable way.

Major nonprofits like hospitals and universities are also getting into the game, recognizing that—unlike for-profit corporate entities oriented toward a global market—they have an intrinsic investment and interest in the places they call home. In Cleveland, Ohio, a group of hospitals and universities (including the world-famous Cleveland Clinic), concentrated geographically on the city's economically depressed east side, have recognized that a situation in which their institutions exist as an island of relative privilege in a sea of poverty is neither tenable in the long term nor consonant with their civic mission as nonprofit entities. To that end, they've begun an ambitious effort to deploy their existing assets to address deep-seated inequalities. One particularly impressive effort involves the Evergreen Cooperatives—a complex of linked cooperative

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businesses owned by workers from the surrounding low-income communities and established to create green jobs (and democratized ownership) by capturing procurement dollars from the “anchor institutions” as they make their supply chains more sustainable.

As Ted Howard, executive director of the Democracy Collaborative writes, nonprofit hospital and university “anchor institutions represent an enormous economic asset that can be leveraged for community-benefit. . . . Anchor institutions nationally represent more than \$1 trillion in economic activity (6 percent of the GDP!) that is rooted in our communities. Activating these resources in a way that is a win-win for both the institution and the community can be a powerful strategy for every community.”<sup>20</sup>

It's not just hospitals and universities; community foundations, with their ability to focus long-term philanthropic capital locally, have also emerged as a potentially powerful driver of new forms of democratized community economic development. The Vermont Community Foundation, to take just one example, has for the last decade devoted 5 percent of all assets—including donor-advised funds—to investments that benefit the state as a whole.<sup>21</sup> Much of the foundation's work has focused on developing more robust local ownership of Vermont's food system—for example, by supporting legislation that created Vermont's Farm to Plate Initiative (and then funding that initiative's ten-year plan to increase economic development), and by launching the Vermont Farm to School Network, which will establish local food-buying programs in all Vermont schools by 2020.

Undoing the rampant inequalities in wealth produced by an entirely market-based system with little regard for place or community requires institutions capable of sustaining development over the long haul. Cities, hospitals, universities, and community foundations can step—and increasingly are stepping—into this role by buying from worker co-ops, providing patient capital and key funding for technical assistance, and helping convene broad groups of stakeholders to develop new visions for the local economy.

## The Next System

As this trajectory is amplified in many parts of the country, it is also beginning to be possible to think about larger and longer-range developments that might draw upon the institution-changing lessons that are being learned in the state and local “laboratories.” And though there is great pain in the fading of traditional strategies, it is in fact that very pain that is forcing a new possibility—one that is also gathering momentum as more and more people realize that the old direction is fading.

The hopeful efforts emerging around the country point toward new possibilities and a larger project, and prepare us culturally and intellectually: *if we want to fight inequality, we need to think about the system as a whole in ways that democratize the ownership of wealth over time.*

Inklings of recognition of this larger, longer-term imperative are beginning to emerge as activists are also coming to understand that in order to ensure equitable and sustainable outcomes it may ultimately be necessary to “displace” some of the largest corporate powers in our economy—especially given their increasingly direct role not only in economics but also in politics. One early inspiring example can be found in Boulder, Colorado. Here, in a process stretching back over a decade, residents and council members began to understand that an effective and speedy transition to renewable energy was unlikely so long as a corporate conglomerate, Xcel Energy, continued to run the local electric utility with 60 percent of the city's energy coming from coal.<sup>22</sup> When the company's twenty-year franchise came up for renewal in 2011, activists put municipalization—in which the city would form its own publicly owned utility—on the ballot. Despite Xcel outspending municipalization supporters by more than ten to one (more than \$1 million in total), the measure passed.<sup>23</sup>

As we might expect, corporate power doesn't go quietly when you try to displace it, and Xcel attempted to undo the municipalization push at the polls in 2013. Again, the corporation far outspent local activists.<sup>24</sup> But, in a striking display of enthusiasm for making the energy sector public, city residents voted overwhelmingly in favor of continuing the municipalization, winning by a more than two to one margin—68.6 percent to 31.3 percent.<sup>25</sup>

Elsewhere, recognition is also growing of the undue influence that private corporate finance—tied to Wall Street rather than anchored to Main Street—has on our communities. Most Americans understand that regulation can only go so far and that it has a tendency to unravel in the face of corporate pressure—as the recent successful efforts by Citigroup to roll back key provisions of the Dodd-Frank legislation amply demonstrate. Again, starting at the local level, “public banking” and related strategies seek to transform the current system toward one in which banking is managed as a public utility rather than a global casino where taxpayers pick up the tab for private losses.

Public banking campaigns in several areas seek to make sure that state and city deposits are deployed not to pad the margins of Wall Street managers but rather to benefit local communities. Santa Fe mayor Javier Gonzales, for instance, recently announced that the city was studying the creation of a public bank, noting that its existing provider of financial services, Wells Fargo, “take[s] city revenues, taxpayer dollars, and [uses] those dollars as part of a loan portfolio for folks outside of Santa Fe and New Mexico.”<sup>26</sup> In late January 2014, the Santa Fe City Council approved a \$50,000 contract with a local firm to investigate setting up such a bank.<sup>27</sup> Early in 2014, residents in more than twenty Vermont town meetings voted in favor of a proposal to turn the Vermont Economic Development Authority into a state bank.<sup>28</sup> Ultimately, the effort accepted a compromise in the state legislature, with the authorization of up to 10 percent of state cash balance (currently totaling around \$350 million) being made available for investment in local enterprise—more or less fulfilling what would have been one of a state bank’s most important functions.<sup>29</sup> The state of North Dakota, of course, has operated a highly successful publicly owned bank for almost a century.

We can also be reasonably certain that the economic crisis of 2007 to 2008 will not be the last time the market’s dramatic convulsions endanger livelihoods and strip wealth from communities. Who could have predicted that (albeit briefly) we would have de facto nationalized GM, Chrysler, and AIG? The efforts described above—the patient work of building alternative patterns of

noncorporate ownership at the neighborhood, city, and state level—both solve immediate problems and lay the groundwork for further transformations. The next time a crisis hits, perhaps we’ll think twice before giving publicly bailed-out corporations back to their stockholders rather than establishing a new form of public utility. If not the next time, the one after that, perhaps—after still more wealth-democratizing experience has developed at the state and local level.

In the wake of the police violence experienced in Ferguson, Staten Island, and many other cities, a newly energized activist movement has also begun to understand the link between building a new politics and building a new economy, in many cities and rural areas around the country. There are also important intellectual efforts to map out what a practical, long-term democratized system beyond both corporate capitalism and state socialism might look like. (I cochair The Next System Project with former presidential adviser and environmentalist Gus Speth, which has recently held major meetings on the question at Harvard and M.I.T, and which includes recent presidents of the American Political Science Association, the American Sociological Association, and the American Management Association.)

The crisis of inequality, in short, represents a tragic and painful failure of the old system and the old politics. It is also already proving to be a major stimulus both to build new institutions in the here and now and to begin to create a new, long-term, historically sophisticated politics. Such a politics would share the goals of the great progressive tradition but also steadily seek new ways and new institutional strategies to lay the foundations for a possible re-democratization—not only of politics but also of an economic system that powerfully shapes what can and cannot be done to achieve democratic and egalitarian outcomes.

#### NOTES

1. The income share (including capital gains) for the top 1 percent was 9.16 percent in 1973. In 1980, it was 10.02 percent. In 2012, it was up to 22.46 percent. See Facundo Alvaredo et al., “United States, Top 1% Income Share—Including Capital Gains, 1973–2012,”

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The World Top Incomes Database, accessed November 18, 2014, [topincomes.g-mond.parisschoolofeconomics.eu/](http://topincomes.g-mond.parisschoolofeconomics.eu/).

2. Real average wages for private production and non-supervisory workers in other sectors (accounting for 80 percent of employment) were \$18.74 an hour in 1973 (\$690.63 per week) in 2011 dollars. In 2011, they were \$19.47 an hour (\$654.87 per week). See Lawrence Mishel et al., “Table 4.3: Hourly Wage and Compensation Growth for Production/Non-supervisory Workers, 1947–2011,” in *The State of Working America*, 12th ed. (Washington, DC: Economic Policy Institute, September 2012), 184.

3. Emmanuel Saez and Gabriel Zucman, *Wealth Inequality in the United States Since 1913: Evidence from Capitalized Income Tax Data*, Working Paper no. 20625 (Cambridge, MA: National Bureau of Economic Research, October 2014), [gabriel-zucman.eu/files/SaezZucman2014.pdf](http://gabriel-zucman.eu/files/SaezZucman2014.pdf).

4. Edward N. Wolff, *The Asset Price Meltdown and the Wealth of the Middle Class* (Providence, RI: Brown University, 2013), 4, [www.s4.brown.edu/us2010/Data/Report/report05012013.pdf](http://www.s4.brown.edu/us2010/Data/Report/report05012013.pdf).

5. This statistic is based on data from 2009. That year, the four hundred richest Americans had a combined net worth of \$1.27 trillion, with the total net worth of all American households being \$53.1 trillion. Using Edward Wolff’s wealth breakdown estimates for 2009, the poorest 60 percent of American households had just 2.3 percent of the nation’s total net worth—or \$1.22 trillion. In 2009, there were 117.18 million households with an average of 2.57 people per household. Thus, the top four hundred individuals had more wealth than the bottom 180.69 million people put together. Since 2009, the Forbes 400 have increased their wealth by 34 percent to \$1.7 trillion, and while comparable data for the bottom 60 percent are not yet available, it is unlikely that they have seen a corresponding rise. Therefore, this statistic is likely highly conservative. For an overview of the methodology and expert analysis, see Tom Kertscher, “Michael Moore Says 400 Americans Have More Wealth Than Half of All Americans Combined,” *PolitiFact*, March 10, 2011, [www.politifact.com/wisconsin/statements/2011/mar/10/michael-moore/michael-moore-says-400-americans-have-more-wealth-/](http://www.politifact.com/wisconsin/statements/2011/mar/10/michael-moore/michael-moore-says-400-americans-have-more-wealth-/); for the 2009 Forbes 400, see Matthew Miller and Duncan

Greenberg, eds., “The Forbes 400,” *Forbes*, September 30, 2009, [www.forbes.com/2009/09/29/forbes-400-buffett-gates-ellison-rich-list-09-intro.html](http://www.forbes.com/2009/09/29/forbes-400-buffett-gates-ellison-rich-list-09-intro.html); for the 2012 Forbes 400, see Luisa Kroll, “The Forbes 400: The Richest People in America,” *Forbes*, September 19, 2012, [www.forbes.com/sites/luisakroll/2012/09/19/the-forbes-400-the-richest-people-in-america/](http://www.forbes.com/sites/luisakroll/2012/09/19/the-forbes-400-the-richest-people-in-america/); for Edward Wolff’s wealth breakdown, see Edward N. Wolff, *Recent Trends in Household Wealth in the United States: Rising Debt and the Middle-Class Squeeze—an Update to 2007*, Working Paper no. 589 (Annandale-on-Hudson, NY: Levy Economics Institute of Bard College, March 2010), [www.levyinstitute.org/pubs/wp\\_589.pdf](http://www.levyinstitute.org/pubs/wp_589.pdf); and for 2009 household data, see U.S. Census Bureau, Housing and Household Economic Statistics Division, Fertility & Family Statistics Branch, “Table AVG1. Average Number of People per Household, by Race and Hispanic Origin/1, Marital Status, Age, and Education of Householder: 2009,” *America’s Families and Living Arrangements*, January 2010, accessed October 24, 2012, [www.census.gov/population/www/socdemo/hh-fam/cps2009.html](http://www.census.gov/population/www/socdemo/hh-fam/cps2009.html).

6. Carmen DeNavas-Walt and Bernadette D. Proctor, *Income and Poverty in the United States: 2013*, U.S. Census Bureau, Current Population Reports, P60-249 (Washington, DC: U.S. Government Printing Office, 2014), 12, [www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf](http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-249.pdf); see also Peter Edelman, “Poverty in America: Why Can’t We End It?,” *New York Times*, July 28, 2012, [www.nytimes.com/2012/07/29/opinion/sunday/why-cant-we-end-poverty-in-america.html](http://www.nytimes.com/2012/07/29/opinion/sunday/why-cant-we-end-poverty-in-america.html).

7. DeNavas-Walt and Proctor, *Income and Poverty in the United States: 2013*, 12.

8. For a detailed analysis of the so-called compression of wages during the war years, see Claudia Goldin and Robert A. Margo, “The Great Compression: The Wage Structure in the United States at Mid-Century,” *Quarterly Journal of Economics* 107, no. 1 (February 1992). For details of the GI Bill, see “History of the GI Bill,” *Today’s GI Bill*, 2011, accessed October 24, 2012, [www.todaysgibill.org/todays-gi-bill/history-of-the-gi-bill](http://www.todaysgibill.org/todays-gi-bill/history-of-the-gi-bill).

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