

Center for American Progress



PANEL DISCUSSION:

“INCOME INEQUALITIES: CREATING PATHWAYS TO SUCCESS FOR LOW-INCOME WORKERS”

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CHRISTIAN WELLER: (In progress) panel today. Thank you all for coming. Thank you all. Welcome to everybody at the Center for American Progress and our panel on income inequality. This is our second panel on inequality issues. This is part of a multiyear effort at the Center to discuss trends in inequality, both domestically as well as internationally, and to consider – to consider policy solutions. Sorry. I almost slipped into Social Security. (Laughter.) That's been part of my life more than I care to think about it.

When we come – as progressives, we believe that it is important to consider inequality for both moral issues, as well as economic issues. More equality is an issue of fairness. It's an issue of opportunity to achieve the American dream, but it's also a matter in particular when it comes to income inequality. If we have more equality, we also have stronger growth and we have more stable growth. People basically have to borrow less money and lower-income people have to borrow less money, feel fewer economic stresses, and we ultimately get a more stable economy. I think there are other benefits, but those are just a few.

The goal of this discussion today is twofold. First, we would like to inform the public and inform the debate. We would like to provide solid information from preeminent experts in the field on income inequality and income mobility. Let me just give you a few snapshots of what's going on with inequality. More and more income is concentrated at the top. The share of income that went to the top 5 percent of households rose from 16 percent of total income in 1980 to 22 percent the last few years. At the same time, the income share of the middle 20 percent, which we considered the middle of the middle class, fell from 17 percent to 14 percent. The top is pulling away from the middle class, so the stratosphere is getting higher.

Well, the top 5 percent of income – the top 5 percent of families had about three times as much income as the middle-class families in 1980. They nowadays have more than four times as much. And, importantly, breaking into the middle class has gotten harder over time. In the 1970s, about half of all families in the bottom 40 percent at the start of the decade moved up over the decade. In the 1990s about 40 percent did, so it has gotten harder to move up. If you are a child born into a family at the bottom 20 percent, you only have a 7 percent chance to reach the top 20 percent as an adult. If you're born into the top 20 percent, you have 42 percent chance to stay in the top. So clearly there is something going on in terms of solidifying inequality that we have in terms of the mobility.

There are many other dimensions that we will address today. One is pension benefits coverage; others are race and gender inequalities, access to education and employment opportunities. And I'm very happy to say that we have three good friends and three experts here who will help us sort through all the data.

We also want to focus on policy solutions. And I urge all of us, the panelists and the audience, to think about creative ways to think beyond just the minimum wage and education. What are other alternatives, what are other policy measures we can think of to really level the playing field?

With that, let me introduce briefly our panelists and then we'll hand it over to them. First, we have Dr. Heather Boushey. She's an economist at the Center for Economic and Policy Research here in Washington. Her work focuses on U.S. labor markets, social policy, and work and family issues. Before joining CEPR in 2003, she worked as a research economist at the Economy Policy Institute. She's also a research affiliate with the National Poverty Center at the University of Michigan.

Heather will be followed up by Professor William Rodgers III. He's a professor of public policy and the chief economist for the Heldrich Center for Workforce Development at the Edward J. Blaustein School of Planning and Public Policy at Rutgers University. Now, try to fit that one on a business card. His research examines issues in labor economics and the economics of social problems. From 2000 to 2001, Professor Rodgers served as chief economist at the Department of Labor. He's also senior – is a research affiliate at the Gerald Ford School of Public Policy at the University of Michigan, and I'm happy to say he's also a member of our academic advisory committee for the economic policy group at the Center for American Progress.

Our third panelist is Professor Harry Holzer. He's professor of public policy at the Georgetown Public Policy Institute. Professor Holzer's research has focused primarily on the low-age labor market, and particularly problems of minority workers in urban areas. Before coming to Georgetown University, Professor Holzer served as chief economist for the Department of Labor. He's also a senior fellow at the Urban Institute, senior affiliate at the National Poverty Center at the University of Michigan, a national fellow of the Program on Inequality and Social Policy at Harvard University, and a research affiliate of the Institute for Research on Poverty at the University of Wisconsin and Madison. He's also a member of our academic advisory committee at the Center for American Progress.

With that, let me turn it over to Heather. Thank you very much.

HEATHER BOUSHEY: Thank you, Christian. It's a pleasure to be here today and to see so many folks out here on this sort of almost rainy day to talk about inequality. Let me see if I can – here we go. So there's the title of my talk, "The Dismal Economy."

You know, on Friday the Bureau of Labor statistics released their new data on employment and earnings, and one of the things that we kind of highlighted last Friday was the fact that wages today are lower in inflation-adjusted terms than they were back in 2002. So over the course of this recovery, we really have seen no wage growth and, in fact, we've seen some decline in wages. And I think my colleague here, Bill, will be talking about that in a moment.

Then on Sunday, I went downstairs, got my *New York Times* and opened it to find a big section on CEO pay and was shocked to learn that CEOs earned nearly – on average nearly \$10 million last year, about 250 times the average worker’s wage, and I was really struck – because we were going to be talking about inequality this Friday – how vast the difference is between the rich and the poor here in the United States, and how little sort of connection there appears to be.

Now, what I’m going to talk about over my comments today is to give you an overview of inequality in the United States. As Christian has sort of given you some bullet points on inequality has been growing here in this country since – oops. Wait. Hold on. Oh, no. Wait. Am I going too – I’m sorry. Now I’m totally messed up. Yeah. There we go. Sorry. Inequality has been growing since the early 1970s. It slowed, but did not reverse course during the late 1990s when the unemployment rate was very low and we saw some strong economic growth. And then over the course of this recession and recovery, we’ve seen a resurgence of inequality. And over that time period as well, we’ve seen that the progress towards equality in both the gender and racial inequality has stalled as well. So I think all of us are going to talk about those in great detail. What I’m going to sort of do is paint the broad brush of what this has looked like and the broader trends.

And I want to note a couple of things before I start that I’ll come back to in my conclusions. Now, it didn’t always used to be this way in the United States. It didn’t used to be that we had this growing gap between rich and poor. There was always a gap, but it didn’t always used to be growing, and it’s not the case in other advanced economies. So I want to underline the fact that this is a choice. This is a social choice and it’s not – what’s gone on in the United States is unique.

And then the second thing I want to note is that inequality isn’t only about wages and income. We economists like to talk about things that are easy for us to measure, things that are very scientific and that we have good data on, and those are income and wages. But some of the effects of inequality and other trends that have gone on point to greater inequality and access to benefits and in particular healthcare, which I will talk about sort of near the end of my talk. And it’s important to note that that’s going alongside of inequality, so as people have less money to spend, they’re also facing increased costs in terms of paying for their own benefits.

Now we’ll look at the first slide. There we go. So to start off, it didn’t always used to be this way. I wanted to start off with sort of the good news, which was that in the post-war period between 1947 and 1973 economic growth benefited people across the income distribution, so that families in the bottom fifth saw their income grow about as much as families in the top fifth. And, in fact, families in the top 5 percent, the above the 95th percentile, saw their income grow slightly less than families at the bottom. So we sort of see this picket fence of growth where growth is distributed relatively evenly across groups, and where everyone is benefiting. As the economy was growing and productivity was increasing, everyone was benefiting.

Now, that is just simply not what has happened since 1973. And this is sort of the staircase chart. What we've seen is that families in the bottom fifth have actually seen their income in inflation-adjusted terms fall while families in the top fifth have seen their income grow by 1.1 percent. Now, one thing to note is that the growth rate in income overall is much slower. Even families at the top are seeing slower growth in the second period than in the first period, but the growth – the benefits of growth are highly unequal and unevenly distributed.

Now, part of how we know that this is not a necessity, that it doesn't always have to be this way, is that in the late 1990s when unemployment got down to below 4 percent, we saw that people across the income distribution saw their incomes rising again so that families at the bottom actually saw their income growing faster than some other families. What you do see is that there still is some pulling apart, families at the top are still getting ahead a little bit, but that the strong labor market was really key to changing the growth in inequality to sort of sustained inequality. I think it's important to note, however, that this did not mean that the late 1990s reversed the inequality that we'd seen since 1973. The growth just stopped, so we still have a much more unequal society today than we did back in the 1960s, but the growth stopped during the late 1990s.

Now, the last chart I want to show you on this theme of blue charts and income distribution is what's happened over the past few years. So as the economy has moved through the recession and the current recovery, we've seen inequality start back up again. And, in fact, we've seen very significant declines in real family income for families at the bottom over the past three years. Just a little side bar, 2003 is the latest data we have on family income. We have to wait until August to get the 2004 data, so I apologize for that. But there's nothing in the wage trends to indicate that wages have been growing or that inequality probably hasn't been increasing in 2004 as well, and I think that we'll hear more about that in a few minutes.

But as we've looked at this growth in inequality, one of the things that kind of jumped out at me as we were looking at these – this data earlier in the year is that for the first time ever, families at the 80th percentile earn more than twice than families in the middle, so it took us a long time to get there. This is the highest level since the 1960s, but we have seen a growing inequality since the labor market started to slow.

Now, I want to make the case that a big part of this growing inequality has been the poor performance of the labor market. Since the recession started four years ago in March of 2001, the economy has gained only a net 415,000 jobs. So on net we've added about 100,000 a year, which isn't really true because we lost jobs for many years, and we've only started to see job growth in the last year or so, but that we're far below where we would have that – where we were. If we had the same rate of employment among Americans as we had back in 2000 during the economic peak, nearly five million more people would be employed today than they – than are actually employed. And this kind of higher unemployment or higher lack of employment, I should say, really does have an

effect on how people think about wages and how people, especially at the low end, feel free to bargain over their wages.

It's also important to note that this growth in inequality has been accompanied by economic growth and by increases in productivity. Productivity rose by about 4 percent last year, but as you can see, workers at the bottom and even workers in the middle have seen none of those gains, nor have we seen the gains from overall economic growth.

So I want to end on just three sets of comments about what this means and how we should be thinking about it. And the first, just to kind of go back to one of my earlier points, that the United States is unique. This is one of my favorite charts when talking about inequality to kind of get a sense of how different we are than everybody else. The United States has higher income inequality and wage inequality than any other advanced Western country, and that has been the case for many years now. We've also seen more rapid growth in inequality. So we're different, and so there's something special about the way that our economy works that creates this inequality that also provides an opening in thinking about policy, because obviously if it's just happening to us, there might be something that we can do about it to change it. It's not necessarily something that has to be occurring.

And the second thing I want to leave you with is that inequality is not just about income and wages. And I won't show you any charts on wages, but the trends for wages are very similar, but it's also access to benefits. And this chart shows the access to employer-provided health insurance from any source, either your own employer or a spouse or family member's by wage level. As you can see, the first two columns are low-wage workers and then high-wage workers who get health insurance from their own employer. Only about a third of low-wage workers get health insurance from their own employer. And this is full-year insurance, not part year, but that this person had health insurance full time in the preceding year.

When you go over to the right two sets of columns, you see the share of low-wage workers who actually get health insurance from a spouse or family member doesn't really bump up their total coverage all that much. It's still the case that low-wage workers are about half as likely to get employer-provided health insurance relative to high-wage workers.

Now, I'm not going to – we don't have time to sort of get through all of the trends in this, but it is the case that this has been changing. It's now harder for low-wage workers to access health insurance, so along with falling wages, people are having to spend more out of pocket and to sort of think about getting these benefits on their own, which is another form of inequality. If you have wage distribution broadening, as well as a lack – a lowered access to resources in the social safety net, it's sort of another hit to the inequality that you can't measure with just income and wages alone, so it's important to bear in mind the strong role that social policy plays here.

And then – yes, great. And then I’m going to just skip this next chart and go to the last one. Well, if I can. There we go. And then finally, the last thing I want to note about the U.S. economy is to touch on something that Christian said. One of the things that you might hear about inequality that people especially argued over the 1980s and ‘90s as economists were talking about it was that it’s okay that inequality is going up because the United States has the most mobile economy in the world. It’s that when you’re just looking at the cross-section, that just means that more people are coming in and then people can just move up the job ladder or move up into a higher-income category. And that we now have a lot of longitudinal data that shows that this simply is not the case. This figure just looks at inequality within the United States, intergenerational mobility, and it looks at that – that small red type at the top says where sons in the bottom 25 percent in the early period were in the second period. So sons who were in the bottom quarter of household income between the 1950s to ‘87, where were they in the ‘60s to ‘90s – 1950s, 287, first period, second period, versus the ‘60s to ‘98? And you can see that it’s less likely that sons were moving up over the second period.

Now, this is also true if we look across countries. The United States has actually less economic mobility than other advanced Western nations where we’ve been able to do similar kinds of studies that look across countries. So it’s just important to bear in mind that this is not just a cross-section in time, but it’s about people’s ability to move up over time.

And with that, I’m going to move on to Bill.

MR. WELLER: Thank you very much, Heather. And next we have Professor Bill Rodgers.

WILLIAM RODGERS III: Good afternoon. If I pause as I’m talking or answering a question, it’s not – it’s partly because I’m a little jet lagged. I was in Holland for the last few days. But also, it was my second trip back and I’m getting better at my Dutch. I’m to the point where I’m dreaming in Dutch and I’m even thinking in Dutch, so if – I may answer you – it’s in Dutch. Fortunately, they’re similar to English.

What I want to talk about is basically a pulling from about four or five papers that myself and Richard Freeman have been working on for the last few years, and literally each month when a new set of data comes out, we feverishly go through and update all of our work. And as these papers are getting longer, it takes even longer to update them.

And in my time, I want to touch on four main items, and it would also be good, too, if you have the handouts; you can look at the charts for some of the specific estimates that we generate. But basically, I want to touch on four items. One, I want to provide a characterization of the recent or the current jobs recovery, okay, because as Heather said, it seems to be playing a key role in describing – or playing a key role in what’s happening to American workers. And then second, talk about – or ask the question and provide you our view on why has the recovery been so weak. And then

third, what have been its consequences? And then finally, what does the future have to hold? Okay.

Let's – a quick characterization of the economy here. What I have for you, and it's – I think you probably have seen this chart in other venues, but it's basically showing you the months since the start of the recovery, and we're plotting employment growth or cumulative employment growth on the payroll survey. But we're also plotting it by the various recoveries that we have experienced over the last 30 to 40 years. And the quick point that should jump out at you is, that lower line, that's the current recovery. Okay. As of last Friday, starting from November 2001, we've only added two million new jobs compared to the previous recoveries where at 41 months into the recovery we are between – at or between a little more than four million to ten million new jobs.

What does that mean? That averages out to around 50,000 new jobs since the beginning of recovery, and then the administration likes to talk about August, I think, 2003 as being a key turning point for them. Well, if you average since then, that's only 160,000 new jobs. Right? And the press is getting a little bit better about always showing you or putting that average growth rate in the context of what do you need per month, right, just to keep you – keep our heads above water, and that's 150,000. So what – so the implications of that are, the economy is not able or has not been able to readily reabsorb many of those young people who are now slightly older, and even older workers who lost their jobs during the recession; but not only in the recession, during this recovery. And as we're talking about before we started, you know, many people still want to focus on the unemployment rate and our view right now is that in a particular economy like this, we need to be focusing and really talking about the employment population ratio or the share of the civilian population that is working. Okay.

That's a quick – and if you – back on the characterization. If you look across industries, you know, people like my business economic friends – they want to talk about, well, this is – you know, we shouldn't expect to be back to the late 1990s, because this was a – it was a dot com bubble driven and, you know, that is true, but when you look across industries – look across states in the United States, you know, this lack of growth cuts across many, many sectors. So it can't be solely pinned on the dot com bubble.

Why is the jobs recovery been so weak? Okay. Well, there's a lot of explanations that have been offered, and one of the pieces that – I'm just trying to respond to one of Christian's questions that he gave to us – Christian's questions that he gave to us is that we try to catalog all the explanations that are out there in this one piece that we – that's coming out in the New York Federal Reserve's policy review this spring.

And the first answer in terms of that question, we say we reject that it's productivity growth. There are certain groups who want to argue or tell you that it's, you know, it's rapid productivity growth, you know, we're pushing workers more, and to do more in the same amount of time or even less amount of time.

We – Richard and I – feel that that’s a circular argument, particularly in light of the dramatic fiscal stimulus we’ve had, the dramatic low interest rates that we have had. They’re unprecedented, so the quest – and so we see it as a puzzle here. You know, why in the presence of all this stimulus – low interest rates and lowest interest rates – we haven’t seen it be large enough to kick up GDP growth? And it’s circular because that – this productivity story, right, which shifts out the aggregate supply curve, if I can be talking technical jargon for a moment, right – and at the same given price, we can do – produce more. So that – it’s a puzzle to us that we don’t understand.

So we’ve looked at other issue – other explanations. One is, we think we’re getting possibly less bang for our fiscal buck. One, the tax cuts of 2001 and 2003 were – in dollars values were shifted or tilted more towards higher-income households who have a lower propensity to spend. Okay.

The other explanation that we find for evidence is if you look at the type of fiscal stimulus and we’ve shifted from a surplus to a really sizable budget deficit and we all know this, but when you do compare it to previous recoveries it jumps out at you as being very, very unique. Well, and if you dig into those numbers, you find two things: One is where we’re spending, right – the government expenditures are going, then that presumably has – doesn’t have as big a job multiplier effect; and then, two, if you drill down to what’s going on at state and local level, we found that – we’ve seen there’s sort of a double whammy going on. One is expenditures have been cut at state and local levels, but also for many of these groups that we were concerned about or we talk about, that’s also translating into job loss, or job loss and then services are cut. That’s the double whammy; so it’s loss of jobs and services are cut.

Okay. The third area that we’ve identified is – and again, many of you know, too, is our performance in the international arena. Now, when I first started to work with this, I thought we would be focusing a lot on the trade deficit, but what jumped out at us is there’s actually over this period time and compared to previous recoveries, there’s been a dramatic drop in foreign-direct investment to the United States from Europe to the U.S. And we have to infer that we think – and my wife who is an economist is in international economic development, she agrees with me and she doesn’t think I’m talking too all out of kilter, but that those are funds that are going to Asia in investments.

And then fourth, the data in terms of trying to do our analysis of comparing to previous recoveries isn’t as good, but we are – do believe or are convinced that there is some role that the rising cost of healthcare has played in terms of creating less incentives for employers to generate jobs. And then there’s just a side bar to show you, the unprecedented shift in the fiscal stimulus where we compare it to previous recoveries; again, at similar points in time.

What would have been some of the consequences of this lack of job growth? Well, typically when we do these analyses we think that the recession is going to be the period in which less skilled workers, minorities, less educated workers, women, you know, will bear the brunt of an economic downturn. Well, that hasn’t happened in this

period – that the prospects of having 41 months of subpar growth or below-average growth historically have translated into the losses occurring not during that recession period from 2000–2001, but since 2001. And that’s what I’m showing you here on the far left are the adults – blacks and whites. And then looking at new entrants, these are people who have no more than ten years of experience, and then the third group is a group called out-of-school youth. These are individuals who have no more than a high school degree. They’re not enrolled in school. And so the progression is going from people with the most skills and experience to the least skills.

And what you should see is two things: one, the grey bar, that’s showing you the gains, the relative gains that they made during the expansion. And then the red bars are showing you the losses that have been incurred during the recovery. And that these younger people, people with less skills, less experience relative to the adult population are – they’re not faring as well. And this is shifting to the employment population ratio, sort of share of these groups that are employed. Yep.

And a similar story you get for females. And you can go back. I just want you to sort of get these mental pictures. And then as Heather said, we’re also – when looking at the wage data. We’re seeing a similar picture and it’s fascinating. You have to add in the 2004 data with the CPS, which we’re using here, to get the stagnation, particularly the final tolls of the weak economy. That was male and then female.

So the conclusion is today the ‘90s gains appear to be very fragile, especially for employment, and the recession and weak recovery have led to an erosion in the gains for African-Americans and women, and particularly the less skilled.

What does the future have to hold? The bar – the chart there does a little bit of a forecast where we take the 5 percent – 5.3 percent forecasted national unemployment rate and utilize a statistical relationship between that and youth employment over the last 30 years, and we generate some estimates of what the experiences for these out-of-school youth would be. And basically it’s not a pretty story that – and then actually the actual February figures are even at a lower rate than what I had forecasted for 2005 for young whites and young blacks.

Will the labor markets of the tightness we saw in the ‘90s return? It depends, but when you look at those factors that I’ve put up there in terms of the monetary policy where that’s going, in terms of the fiscal policy where that’s going, in terms of issues around globalization and the responses to that, healthcare costs, right. Those are all to me moving in the direction that, you know, that we’re not going to see as strong a growth. And see, even the private-sector forecasters are forecasting for this remainder a year, 167,(000), 170,000 new jobs.

So what we feel – what we found with the 1990s, the great boom being a wonderful experiment to show how good the economy can be to help pull in people, it also showed the challenges that still remain; that there’s still – the economy has a limitation in terms of its ability to reduce or remove or lessen some of the structural

challenges that many households and families face. And this evidence I share with you today shows that even though there was a long sustained boom, it appears you don't need too much to begin to unravel or to pull back on those gains.

And so if we are going to address inequality, if we're going to address access to capital, to jobs, we're going to have to, one, I think be very confident about or push on – this is my contribution to the policy suggestions is, you know, we need to be pushing back and talking about monetary policy. We need to be pushing back and talking about fiscal policy, right, and because that's the box in which we live – which we operate. But there also has to be accompanied with the various micro-types of policies and solutions that I'm sure Harry will talk about.

So thank you and it's great to be here for my first time and seeing – meeting Cassandra, and we share a lot of emails and phone conversations, but let me stop there and turn it over to Harry. Thank you.

MR. WELLER: Well, thank you very much, Bill. That was definitely a first that we had a panelist step out. Thank you very much. It's always time for new experiments.

MR. RODGERS: It's like mixing – like teaching – you know, sort of –

MR. WELLER: Next we have Professor Harry Holzer.

HARRY HOLZER: Thank you. Well, I'm going to shift gears a little bit. I'm going to talk about some results for a new book that I just published called *Moving Up or Moving On: Who Advances in the Low-Age Labor Market*, co-authored with my colleagues Julia Lane and Frederik Andersson, just published by the Russell Sage Foundation. And the focus here is a little – is more specific and a little narrower. Heather and Bill painted sort of the broad portrait of trends in the overall labor market in broad context. What we do in this book is given that context, what happens in terms of low-earners over time, and do those low-earners manage to advance over time, how much do they advance and who advances and why?

It turns out that if you look at all the research that's been done on poverty and on labor markets, there's surprising little evidence that follows low-earners over time, partially because the data simply haven't been there until very recently, What you really need to follow folks over time is large longitudinal data sets over many years, and also ideally where you can follow not only the workers, but who their employers are and how their employers have changed, and those data haven't been available until very recently.

There is a new data set, however, that we used for our analysis called the LEHD data that the Census Bureau has put together, and these are basically based on state level unemployment insurance earnings records; you know, the states collect quarterly earnings records from employers and so a set of states have been turning those over to the Census Bureau. The Census Bureau then does some recalculations, links them with other survey data, and we have this new data set.

What we did in our analysis is we took prime age workers, age 25 to 54, with low annual earnings. We defined low annual earnings as consistently earning less than \$12,000 a year. We had data on five states, and you see the five states listed. Simply, those were the first five states available for which the data were available, but it's a nice group of states, because it covers all the different geographic regions, and demographically diverse states, and industrially as well. We looked over a nine-year period, 1993 to 2001, and the idea was quite simple. We take the first three years and say, okay, let's identify the folks who are persistently low-earners, the folks that really look like they're stuck at the bottom of the labor market for at least three years. Then we follow those same folks over the next six years and see who manages to rise above that low level of earnings and who doesn't. And for the folks who manage, what enables them to do that? What are their personal characteristics and also the characteristics of their jobs?

So I'll briefly summarize what we found. The first bullet point really is the punch line of the book: that advancement of low-earners depends not only on their personal skills, which, of course, are very important and no one's denying that. But it also depends a lot on their employers and on the jobs that they have access to and on the employer's human resources policy, how they pay, how they train, how they promote or don't promote in many cases, and that that creates the overall opportunity set that a lot of people face in this labor market.

Now, that raises the question, then, what are the good jobs and who are the good employers and where do you find them? Of course, some of it has to do simply with the sector of the economy. And this is not a particularly new story. If you're a less-educated worker, meaning if you have a high school diploma or less, there's certain sectors of the economy that are better to work in than others; that it is better to be in construction or durable manufacturing or the transportation sector or wholesale trade or even specific parts of the service sector, like financial services or health services. Those are the relatively high-wage sectors to be in. But even within those broad sectors, there are some key differences across subsectors. For instance, if you take the healthcare sector where there are a lot of jobs now, and there will continue to be for a long time. Very simply, the same job pays a lot better in hospitals than in nursing homes on average. If you look in the retail trade sector, which generally is a very low-wage sector, it's better to work in a supermarket or a department store, rather than in a restaurant or a small retail trade outlet. At least that was true before Wal-Mart.

But even if you look within the very narrowly-defined sectors, you see a lot of differences across employers. You know, employers basically make choices about whether or not they want to compete on a high-wage, high performance, high productivity basis or on a low wage, low cost basis and the evidence seems to suggest that more employers have shifted towards the latter form of competition in recent years. But that has a big effect on which of these low-earners advance. Very simply, if you're a low earner and you can get yourself a job at one of these higher-wage employers, your chances of breaking out of poverty-level earnings are much greater.

Another issue has to do with is it better to stay at one job and try to climb the ladder or is it better to try to move around, try to jump, and our data was quite clear on average it's better to jump, that there's returns to selective job mobility if that leads to employment at a better firm, and that has implications for policy as well.

And of course, the big problem is that a lot of low-earners, especially minorities, but not limited to minorities, lack access to those better firms. They don't have the credentials or the work histories to get those jobs, but there's other barriers, too. The jobs are often located far from where the low-earners live. The jobs – the good jobs are generally located in the more affluent suburbs. For instance, in D.C., it's on I-270 corridor, the 355 corridor. Folks lack transportation in those areas. They lack information about those areas. They lack informal networks that connect them to those jobs. And, of course, there's good old-fashioned discrimination in many cases. But there are ways out of this dilemma, as we're pretty clear in our data, and one of them is a temp agency.

Now, temp agencies often get a bad rap and are blamed for low wages and low benefits and temporary jobs. On the other hand, we find that those kinds of third-party intermediaries sometimes successfully connect workers to better firms and better jobs than they would find on their own. They can overcome employer bias, they can overcome the transportation problems, the information problems, and connect people to better jobs. And so once the period of employment for the temp agency ends, these folks actually do better than do workers – comparable worker without those access.

So what does this say about policy, broadly speaking? To me, it suggests sort of broadly a three-prong strategy if you want to increase the opportunities for low-earners to advance over time. First of all, for a given set of better jobs that exist you want to improve the access that low-earners have for those jobs and there's a set of strategies you can do to do that. Secondly, of course, you want to try to create more high-wage jobs and do what you can to encourage employers to take that higher road. And finally, you need a broad range of supportive policies to make all that happen. Let me just sort of talk for about a minute or so about each of those three prongs.

How do we improve access to existing jobs? Well, if you take this example of the temps – and the temps really represent this broader category of third-party intermediaries in the labor market. We think those intermediaries at the local level can play a much more proactive role and a much more positive role by identifying in any given local labor market what are the growing sectors, but especially the higher-wage growing sectors in any local labor market and the higher-wage growing firms and try to target job placements at those firms. And to the extent that we help provide people with education and training, at a minimum trying to make sure that the education and training is relevant – is integrated with the job opportunities that are available. Training people for jobs that don't exist is not a great strategy, and sometimes we've done a little too much of that.

And also, we can plan for people to have a sequence of good jobs. Let's face it, a lot of folks first entering the labor market after a long time out of that market may not be ready for a high performance, higher-wage employer. Maybe they just need to get their feet wet with – in a sort of work-first strategy, develop some job readiness skills, some basic work credentials and then move after a while to a second or even a third job where they can advance, and we can create strategies to make that happen across different employers.

The second idea is, okay, you know, we don't want to have a – we don't want to be playing musical chairs over a very limited number of good jobs. Is there – are there strategies where we can encourage more of these high-wage, high – higher-road employers to generate more jobs? And there's different strategies here. For one thing, you can try to force employers to pay a higher wage and higher benefits. You know, you can raise the minimum wage. You can mandate the provision of certain benefits. You can encourage collective bargaining. And certainly, I think most of us are at least somewhat sympathetic to those strategies, as long as they don't impose really high costs on employers, which can have adverse employment consequences. But as long as those costs are moderate, those strategies will raise earnings without reducing employment.

But secondly, you could also use carrots as well as sticks with employers. You can use subsidies and tax credits to firms – to the firms that provide higher wages and promotion opportunities or provide more training to less skilled workers. Certainly, in the case of training quite a few states went that route in the 1990s providing tax credits or other subsidies to firms that do more to provide more training to their low earnings, to their entry-level workers, and I think we could do more of that as well.

And finally, there are simply you can do more to enable firms to do this. There's various kinds of technical assistance; which, again, a lot of these third-party intermediaries provide, to help transform firms – firms that want to be more progressive, that want to reduce their turnover and improve their worker performance. There are forms of assistance you can provide to those firms, and certain industries like nursing homes you see a fair amount of that going on as well where a third party will come in to help to develop career ladders that may not exist at the nursing home or career lattices – lateral moves across firms. This will provide better employment opportunities, so there's a whole range of both carrots and sticks that can be provided to encourage firms to go this route.

And the federal government can play a positive role simply by – if it doesn't want to do this at the micro level, at a minimum the federal government could reorient some of its policies when it reauthorizes the Workforce Investment Act, when it reauthorizes TANF. It can create performance measures for how well states are doing in terms of providing these opportunities to low-earners and can use its dollars to reward states that do more of these activities and provide – get more outcomes.

But of course, finally, you need a wider range of policies to make all this happen. And of course, this set isn't new, but they really complement the strategy very well:

improving educational opportunities, everything from more Pell Grants, more access to community college for low-earners, better school-to-career programs, apprenticeships, internships, et cetera, especially as the baby-boomers begin to retire and employers will be in need of bringing in those workers. We could do more to supplement the wages and benefits offered in the private sector by expanding the earned income tax credit, and of course providing more healthcare and childcare, et cetera.

And finally, I think we need to do more. There are certain targeted groups that have very severe barriers to labor market performance. The one that often jumps out at me is low-income men with criminal records have a terrible time in the labor market. This is a large and quickly growing population that we need to be much more proactive in terms of providing them supports, drawing them back into the labor market, subsidizing the very low earnings that they face there, and seeing if they can get a foothold and then advance. It is possible to do these things, and maybe during the Q&A we can talk more about them as well.

Thank you.

MR. WELLER: Thank you very much. Isn't that nice how we went from the dismal description of Bill's to the more positive outlook that there are things we can do?

I have a few questions of my own, but let me ask one question in general for the entire – I mean, we covered a lot of ground and there's one question I have for the panelists. I mean, we're all economists, and, well – I should say, since I'm going to ask this for everybody else, my name is Christian Weller, since I forgot to introduce myself, and I'm a senior economist here. And the question I have is, where as economists we are used to the numbers, we are used to reading lots of numbers, understanding lots of numbers, and we know we have known for years that inequality is a problem – I mean, inequality has been rising. But what is – what can we do to break through with that as an issue? Like, how do we create an audience, how do we ultimately translate that into a broader movement to support the policies that we would like to see?

Any ideas? Responses from the panel?

MR. HOLZER: I'll take a crack first, as long as (laughter) – as long as other folks join me afterwards. I mean, and let's think about sort of why this hasn't happened already, and I think there's a couple issues. I think, quite frankly, Americans have a higher tolerance for inequality than folks in many of the other countries that Heather showed us data on. You know, we – and the creed of this country has often been opportunity rather than equality. And as long as all of the boats are rising there isn't as much concern that they're not rising at all equal rates. I think what has been happening in the last 30 years, and very much the last five years, is that a lot of the boats haven't been rising at all. And some of those boats have even been declining, and I think that creates a context where I think this message can resonate more.

Harping on that, the fact that if you look at adult male high school graduates, their real earnings have actually declined over a 20, 30-year period. That's never happened in the United States historically. So by some of these measures, people's children are doing worse than they themselves were doing. That's also unprecedented and not consistent with our opportunity (unintelligible) so I think that has to be really harped on.

I think the other thing that we haven't done well as a progressive community compared to the right wing – the right wing, they pursue their ideas very aggressively and they pursue their politics, but they frame things very well and very clearly and very simply. And if the framing debate is lower taxes versus higher taxes, and that's the only framing, lower tax is going to win for folks.

We've had more trouble framing our message and our policies in a clear and simple way, at least partly because I think we don't see the policies as being all ahead simple and straightforward, right? We want to promote equality and equity. We also want to be fiscally responsible, so we don't want to spend too much money (unintelligible), and we also don't want to impose huge burdens on businesses because we know that has efficiency consequences. So we're always grappling with this mixed message and I think figuring out how to say, look, we all want prosperity, we've got to figure out how to have that prosperity shared equally is our challenge, I think, as progressives, and the policies that will make that happen and have those be as clear and straightforward as the right wing's agenda.

MR. WELLER: Do you want to go, Heather.

MS. BOUSHEY: I can go.

MR. WELLER: Sure.

MS. BOUSHEY: Well, I have a couple of comments. Number one, I think that part of why it's hard for us to talk about, or people don't see it, is because people literally don't see it. Our country is far more segregated in terms of income and location and where people live, and people live in communities where they are – they're either all poor, or they're all rich, and there's not a lot of comprehension of how the other half lives and what that means for our society. And I think part of it is just that we're big, but also it just has to do with the way that our cities have evolved and sort of the rural urban suburban divide. So in terms of that, I think we have somewhat of a higher tolerance because many of us can ignore it.

And I think the second comment about audience is that a lot of times when we talk about inequality, and I fall into this myself oftentimes, is that we talked about the very top and the very bottom. So we talked about, and just the way I started my talk with the CEOs, and we all talked about the poor, and then a lot of the policies that we've talked about, especially here in DC over the past few decades, have been very focused on really trying to help those at the very, very bottom. And on some – on many levels, I think we have not recognized that actually middle-class families have been hurting and

have also been seeing declines in income. And as Harry just said, men at the median saw declines in incomes for over 20 years after 1973. So there is this gap in terms of policy and the way that we've been trying to reach out to the middle class as well, and talk about how they have been hurt by this inequality.

MR. RODGERS: Sort of two reactions or thoughts. First, I want to share with you a chart that we made up just the other day. And what I'm showing you here is, I took the employment growth – and we're going to focus on 2001 to 2005 – and we just link that up to which states were blue states out of the election and which states were red states out of the election and the – and what hopefully should jump out at you – again, clearly, compared to earlier recoveries growth has been much weaker. But I what I found interesting is that the blue states in which Kerry was successful have had much weaker recoveries, and so that message really resonated while – I mean, yes, the red states clearly under – relative to the history have not done as well, but I think one of the problems was with the – with trying to tell our – tell that story. And it just didn't resonate as well. So then you'll say, well, but Ohio is a blue state, right? What was the rationale there? And I think this gets back to what Harry said about whether you want to call it cleverness or just – or willing to move in certain directions that I think some of us feel more – feel uncomfortable doing – you know, is that was the ballot initiative that was placed on in Ohio and sort of galvanized a group of folks.

And I think that leads me into the other response to this issue: well, what do we do? And it's not a – it's not something that's going to – it didn't occur over time, and it's not going to get solved over time because it's about attitudes. I've had the benefit of living in a red state and a blue state and I can tell you being – having been in Virginia in the Williamsburg area for 10 years, and then – now being in New Jersey – just my short time there – you know, people's attitudes, particularly about institutions are very, very different; that there's been a successful approach here to – I think to weaken people's trust in institutions. And I don't mean just the government at the federal or state and local level, but we – but there's also been an effort to weaken our views about institutions within the workplace. And so to – there's going to have to be one effort to rebuild that trust to where – take the social security argument, right? I mean, it's – the way the language is being trotted out to that – you know, you shouldn't expect that to be there. And then it gets reaffirmed in some respects when these young kids – their adults – their parents are mid-career and finding themselves being downsized.

So what are we doing? Particularly at our center, the Heldrich Center for Workforce Development, we do a lot of the basic kind of research that I talked about, but we also have a technical assistance side where we work with the state government in terms of trying to help them do a better job in terms of delivering services. And we also do a lot of working with non-profits or the teaching community in terms of helping them provide better career assistance. Like one of the things that we're really proud of that we've created is something called NJ Next Stop. And it's a really neat, kind of high touch, very web oriented, for younger kids who can go in if they want. They can get a feel for what should I be doing? You know, what kind of career options are out there for me? What do I need to learn? That they have access to that, and like I said the technical

assistance part of this is working with the guidance counselors, particularly in helping them understand how to use these tools. So that – let me stop there, but I think it comes back to we're in it for the long haul and we have to really go after people's attitudes.

MR. WELLER: Well, thank you, that's a lot of good ideas.

I would like to hand it over to the audience. First, I would like to see whether there's any – if there are any members of the press here. I see none. We're opening the floor. Please raise your hand. There is a mike that will come to you, and when you're – because we're recording this, we're going to have transcripts, we're going to ask you that you state your name and your affiliation before you ask your question. Thank you.

And we'll ask – start over there with the gentleman.

Q: Dan Ligeman (ph). I'll just talk as a citizen. I was wondering if you have any comment on reports that seem to indicate that it's not just the absolute income that determines the health, but is really the income inequality. In other words, the social and psychological problems created by the inequality contributed more to health than the absolute income of the individual.

MR. WELLER: Heather, do you want –

MS. BOUSHEY: Yeah.

MR. WELLER: One of (you?).

MS. BOUSHEY: Yeah, there has been some work that's looked both here in the United States, but also cross-nationally at the connections between inequality and health. There's also a new and emerging field in economics on the connections between inequality and happiness. I'm not really sure why I thought of happiness and health, but they – somehow they seem to go together in my head. But there are indications that the gap – because the gap can be very stressful for people, I think is the way that the logic goes, because the gap can be so stressful, it does lead to adverse outcomes. But also, especially in a country like ours, we have so many people who lack access to basic and most importantly preventive healthcare and because it's so tied to both employment outcomes and income that even though the average income in the United States is higher than in many other countries, distributionally we have far more people who have no access to the healthcare system, so there is – so I think the connection also works through whether or not people have access to preventative care.

And I would also add to that a note that one of the things that this literature hasn't measured, but I think is also probably important, is that in a country like ours people also don't have access if they are in the low wage or even middle-wage labor market. Oftentimes, they don't have access to paid leave for sick leave, or maternity, or any of the other kinds of needs that people have that are related to positive health outcomes, so that's also connected to the broader inequality trends here.

MR. WELLER: We had another question. Raj?

Q: Sorry. I'm Raj Goyle. I work here at the Center, and so Christian knows my name. He doesn't know everyone here. I actually am struck by the fact that we only heard the word discrimination probably once or twice in all of the presentations, and I'm wondering if you ask probably a layperson about income inequality, they – particularly on the progressive side, they might go to that metric much more quickly than all of you did.

Is that because you simply chose not to emphasize it this morning, or today, or is it because it is becoming less of a factor in your analyses? And also, if I could maybe tie that back to Christian's question and about the political relevance of inequality. You know, again, oftentimes we put it in the metric of discrimination. I wonder if you're – if maybe by judging off your presentations you're finding that politically less successful as we're going forward.

MR. WELLER: Thank you.

MR. HOLZER: I think discrimination is still there and I think pronouncements of its demise are quite premature. I think it is true that over the long haul the amount of discrimination and the amount that it explains in terms of differences across groups has been declining. And I think that a somewhat greater share of the inequality you see at any point in time today might be related to various measures of skills simply because skills are more important in the labor market than they were 20, 30 years ago. I don't think anyone – any of us would disagree with that.

On the other hand, to say that discrimination doesn't matter – and both Bill and I have spent some time looking at the population of young, black men. There's no question that this population at the hiring stage faces more distrust, more basic fear by employers than any other group. And now caught in this cycle of poor employment, incarceration, post-incarceration – what the incarceration does or even the fear of incarceration when it's not there, on top of the all the other traditional issues is that it makes employers that much more reluctant to touch this group. And I think that has enormous implications for what's happening to low-income families in African-American communities and very different trends for men and women in those communities. So I think discrimination is still relevant.

Now, when you go to the political issue that you raised, you know, I think that's – I think that progressives have often done better when they do emphasize common themes across all kinds of lower to middle-income groups, at the same time acknowledging that within those groups there are differences. So I understand the reluctance to really harp on racial gaps and on discrimination. At the same time, I think we should be cognizant that some of those issues are still there and that should still be part of the broader package of things we aim to fix.

MR. RODGERS: Yeah, can I respond too? I mean, that – like Harry, and I've spent a lot of time being involved at actual – this whole debate, and the fascinating piece when you start comparing the – sort of the discussion about race and the discussion about gender, that you find the ability to have – that I think the public can understand, and that gender discrimination still is fairly prevalent in the workplace or in society, but you have a harder road to travel, it seems, with race. And my sense has been – you know, and there's a variety of explanations for that, but it really – it triggers back to – it's skills, right? It's just skills.

In the latest pieces we're using these – using test scores, which proxy for family background, school quality, that (unintelligible) when you – that that's what's driving the gap, but my feeling is when you look at – you know, there's some new work done by Bruce Western and Devah Pager from Princeton. They do some – their audit studies of workers in New York, and again, it's sort of the resounding results. I mean, it's very strong that these – and this – and their – I think their field – their survey was done in, again, the midst of the sort of – the good economy. I mean, they're still finding that these young men are disadvantaged.

And then also Chris Tilley and Philip Moss who's done some wonderful work where they basically in a book that Russell Sage did of – what was it? – myself and Bob Cherry were coauthors where we showed evidence, again, that there is this continued hierarchy that employers have with regards to various groups. And so where does one go? I think, on a politics – it's fascinating; one of the things that was explained to me when I got to the Labor Department was when we talk about discrimination here, that we lead with gender first. And again, that was part because of the audience and again, what I related to you earlier. So there had – so – and I had to kind of accept it to the degree in terms of wanting – you know, that if we're going to make a dent or can – or really tell this story, that there was some acceptance on my part. But again, it gets – going back to something that was said earlier is progressives probably having to simplify some of our arguments or – and but then also had that drumbeat, right? That you – you have that drumbeat; you continue to hit and hit and hit.

MR. WELLER: Another question there.

Q: Thank you. First, I'm glad everyone I see up there in the panel – is this on? You can hear? The University of Michigan, huh? Well, let's have (off mike). So was my moderate Republican internist when I lived in Seattle, who was pro-choice and pro-death with dignity.

My – I have a question, and I want to say I don't consider myself a conservative or a liberal, I consider myself a pragmatist. I consider myself as someone who's worked in the field of social services and healthcare with a master's degree. I'm – I have two questions.

The first question is for Dr. Boushey and Dr. Rodgers. Could you please address the effect of NAFTA and GATT, which was implemented during the Clinton

administration, on the direction of jobs creation and economic recovery. I happen to believe in a free enterprise system. I don't see anything wrong with making money, even though it is out of hand, I think, with the CEOs and what have you, and I don't make that much money with a master's degree. So what effect have NAFTA and GATT had on job creation and economic recovery, and coincide that with illegal immigration taking many jobs that folks say Americans don't want to do?

And then to Dr. Holzer, I guess this is sort of a policy question, but I'm not sure. I believe that for those low-income folks who are on welfare-to-work programs, who need to get back into the workforce, that when they get jobs they should also be able to carry over their Medicaid and food stamps for a year in conjunction with keeping those jobs so they can learn to stabilize out, how to save a little money, get back on their feet. And obviously if they don't keep the job, and they lose their job, then they lose their salary and all.

Do you see this as a policy issue that needs to be implemented and – because when you're low income and/or on welfare and needing to get back to work and you have a two – you know, your skills. It is about skills. It is having job skills and at least a GED to make some money. Is that a policy that we need to look at? Is that something that goes state by state or is it something you believe is worth doing and could be done at the federal level?

Thank you.

MR. WELLER: Thank you.

MS. BOUSHEY: Okay, I'll take the first part. Actually, just one comment about your question for Harry about Medicaid. I would actually argue that people need more than a year, most likely, on Medicaid. Some research that we just finished shows that it's really – it's critical that especially working mothers have Medicaid up until they get employer-provided health insurance, which as I showed you on the chart is quite low for low-wage workers. It – because it really does help them stay employed, which is the only way they're going to move up.

In terms of NAFTA and GATT and on the direction of job creation, there's two comments on that. Of course, NAFTA was passed right before this unprecedented low-unemployment economy of the late 1990s. So there is that fact. But research has shown that NAFTA has probably led to some job losses and a growth in inequality, so I think that there is certainly a part – a piece of that story that is implicated here.

MR. RODGERS: My sense in – with particularly the trade issues from the – and what I showed you earlier with what – where Richard and I are on our work, I mean, we've done the first step of identifying what we think are the key factors, and international trade, as I said, is up there, and possibly not so much in terms of the growth of the trade deficit, but (unintelligible) the level of trade deficit, but the growth because if we're talking about creation – job creation – but then you do have this – you know, that –

where the literature that's growing and we're having to – I think we're having to improve our data collection, our data analysis, on outsourcing, right? That you – that I – my sense in terms of – some reports I've seen from New Jersey; yeah, it's going on, you know, it's existing.

And I think, what I feel is missing in a lot of this discussion is that we are in a global – I think I do take the stance we are in a global economy. We are – and we're much closer to people we were – weren't several years ago. But I think where we've been letting our population down, our residents down, is in the last few years is – and I think this is a part of the Heldrich Center's mission – is helping people transition; you know, helping people, families, communities, early transition when these types of shocks do occur. And that's number one.

On the issue of immigration – again we talked about this before we started. My sense is that, again, immigration is probably part of – again, this is a broad picture, that I think (I don't want to?) come away from (what you said?) just I don't think there's any single cause as to why we haven't seen the job growth. And the reason why I say immigration is probably – it plays a part, but it's in isolated areas, I mean, or in areas that have much larger immigrant populations, and that's for the four to five states or really where the bulk of our immigrant population is located.

And so – it is and if we're moving forward in terms of policy and thinking about issues, again, it's providing support in terms of raising the minimum wage, in terms of making work pay. It's making sure that the individual's groups have safe working conditions. I mean, that if – there's this broader literature that has shown how America's safety nets and other supports have eroded over time, and that's what's – one of the puzzles that I've been – what I'm really concerned with, or a puzzle that I'm really concerned with is that we're moving into this – there's this push by groups to have – going this more laissez-faire, capitalism just almost runs amok, but we're not pushing as hard as we probably need to be on the social safety nets, on helping families and communities that are adversely affected by these global and national changes.

MR. HOLZER: In response to your second set of questions on welfare, I mean, I certainly agree with your premise that when folks leave welfare and enter the workforce, especially often in very low-wage – jobs average about \$7.00 an hour and relatively few employer provide benefits – that there still needs to be these other supports. Now a lot of folks leaving welfare are entitled to up to a year of Medicaid generally. But you're talking about a broader range of supports that are necessary, and it was a little troubling that in the time period – in the late 90s, the welfare rolls dropped by over 60 percent and at the same time the – sort of the food stamp and Medicaid roles dropped by about 30 to 40 percent even though there were no changes – relatively fewer changes in the laws that should have been driving that. And it just seemed as though folks in their minds – all these pots of assistance were tied to each other and local administrators were not helping them get access to the kinds of programs for which they were still eligible. In lots of cases the outreach wasn't there and I think that was problematic.

The broader theme that we need to provide additional supports for folks in the work – and I think we did some of that pretty well in the ‘90s. We did expand the earned income tax credit dramatically; we expanded child care support dramatically. We could do a much better job on things like healthcare, as you suggest, and you’d rather it not be done through Medicaid, right? You’d rather not have it tied to a low-income system. It would be better if it were provided more universally so there would be less disincentive for folks to take jobs (to?) possibly get over the eligibility level. I would see it provided more universally, but certainly, yes, for welfare reform to be successful those supports need to be there and need to be expanded probably beyond what they are. And some states have done a better job doing that than others. And some areas the federal government has done a better job than in other areas.

MR. WELLER: We have time for one more question, and I believe the gentleman in the back had his hand up first. Yes?

Q: I’m Mike, Mike Wenger, with the Joint Center for Political and Economic Studies. And I’d like to ask the panelists whether they feel that the reluctance of progressives to talk about the persistence of racial disparities simply in fact exacerbate the lack of white folks’ understanding of the role of racism in the growing income gap, and thus, in fact, contribute to continuing racial divisions in our society and in our voting patterns.

MS. BOUSHEY: I’ll take that one, if you want to do –

(Cross talk.)

MR. RODGERS: I’ll comment.

MS. BOUSHEY: You’ll comment? I certainly think that that is the case. You know, we live in a country where it’s for most people, they can ignore that. It’s not something that most people have to face. By definition these are issues about populations that are statistically minorities. They’re smaller and African-Americans and Hispanics are concentrated in some states, some cities, some areas, and so many people can just ignore the problem and pretend it doesn’t exist.

I also think that our culture and our media does a very bad job of presenting this as realistic problems. You know, we have television which shows us that there’s African-Americans who are lawyers and judges, so, oh we don’t need to worry about it, we’ve got equality, and on the other hand, you’ve got all of this stuff about crime where you have these sort of these two disparate views of people of color that we see in the media that I think doesn’t help that at all. But I do think that it is our fault for not talking about it enough in a way that really helps people understand.

MR. RODGERS: Yeah. I think at one level, and I’ll relate to you an experience I had when I first came to the department, that part of that is trying to be – the response is trying to be pragmatic and trying to think about, well, how can we get from A to B, and

then, but there's also – probably some of the reluctance is there's a fatigue that sets in or is this – or how we're going to address these longstanding issues? And then I said, you know, there is this bias that I think we immediately – many of us immediately want to go to. Right? It's all about skills. It's all about effort.

And it's fascinating that you asked this question because I was with a panel – I did a panel with one of my colleagues a couple weeks ago. And they actually have a new paper where they look at advantage. So instead – and instead of looking and trying to document and measure discrimination, they try to document – and I think they do a fairly successful job of showing white advantage because – and they're having difficulty getting it published but (laughter) – but which, I think says there's something there, too, but I think it – you know, another angle on how to try to move in a direction that I think you're getting at is to – we focus so much on that disadvantage but that we may want to all – we also want to shift to giving those examples of how you – here's how you benefited from a – right – from a system and that these are benefits that – or experiences that aren't – you know, they're not illegal, right? But it's about a promotion, it's – and it comes to some of the work that Harry was talking about in terms of building networks, building access to it – to having access to information. But I think – but it's also a bit – it's a bit deeper and so I'm one of (that prescribes you got to do this?) you know, have your sort of main goal, but then have as many different strategies that you're utilizing to get there because there are many different perspectives, I mean, within the economics profession, right?

And we have colleagues who are very sympathetic to some of the earlier (issues?) about discrimination, and not only amongst race, but by disability, by age, right? But we also have some colleagues who – they start from the model that it's all about skills and so – you know, we're having to build that information. I think one piece – and I'm glad to be a part of this discussion and I like the notion of having – the Center having this - their academic advisory group is that many of us and even Heather, even though she's at a think tank, we're off punching the numbers or doing the analysis, but and there's – and so a disconnect kind of emerges between what we're doing and what policy folks are doing or even the practitioners.

One of the things that I've really enjoyed has been serving on a United Way board and really being – because Christian had this question of, well, you know, you look at the numbers a lot, but that kind of activity reminds of these are people. Right? And that – you know, and it makes me want to continue with what you're doing and pushing. And so I've become a very impatient person.

MR. HOLZER: Let me comment on that because I – as I said before, I understand the impulse to not focus too heavily on issues that some people regard as more divisive. You know, I mean, if we want progressives to win elections, they have to win elections in suburban – growing suburban communities and get a big chunk of the white middle class where they've gotten killed in many recent elections. So number one, I understand that goal. I think the pendulum has swung too far, as you do, toward

running away from some of those issues. I also think it depends on how you frame the issue. You know, I think it is partly skills, and the data are really clear about that.

MR. RODGERS: Oh, I didn't say it's not skills.

MR. HOLZER: I know you – Bill, I know. I know. But I think so often – and I've gotten attacked from both sides in my career because I've had lots of folks to my left in the academic community, especially non-economists, if you talk at all about skills, they think that's outrageous and it's blame-the-victim. And of course it's all discrimination and it's all bias and it's all unequal opportunity. Well, it's not, and choices matter and folks make choice matter and we get into a situation where young people who face limited opportunities in life – often very early in life – make some very bad choices in response to those limited opportunities, which then reinforces the disadvantage they face, and so I think when the discourse becomes polarized into an either/or – either it's about racial disparities or it's not, either it's about opportunity and skills – we need a broader discourse that does stress opportunity and unequal opportunity, and also personal choices and responsibility, and how they can reinforce each other in a positive way. And I think in that kind of discourse we could probably talk about race without it really turning off a big chunk of the electorate.

MR. WELLER: Well, we're out of time. Thank you very much all – to all for coming. The three panelists have gracefully agreed to write a column for our website. They are posted on our website; so are the PowerPoint presentations. And I believe we have – we'll have the video up after this event on our website for you to download. Our website is www.americanprogress.org. And, again, thank you very much for coming. Have a great weekend. (Applause.)

(END)