

Inclusive Economic Rights to Build a Moral Economy

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Darrick Hamilton, Ph.D.
University Professor
Henry Cohen Professor of Economics and Urban Policy
Director of the Institute for the Study of Race, Power and Political Economy
The New School

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We do not have an adequate social safety net in place. What we have is over five decades of “deregulation” and a “market” revolution that has been supported by a neoliberal vision of “supply-side” economics; under the lure that structures and government subsidies that benefit corporate interests would necessitate a market dynamism of economic activity that would lift all boats.

Many Americans, and Black, Brown, and Indigenous families in particular, have low wealth, low income, inadequate health care, and work in precarious but “*essential*” jobs that have fewer workplace protections, lower wages, and fewer benefits.

Indeed, the biggest pre-existing condition of the health and economic toll of this pandemic is wealth!

At issue, and particularly relevant for this body, is government’s complicity in facilitating and generating extreme economic and racial inequality.

Over the last half-century essentially all of our nation’s productivity gains have gone to the elite and upper middle-classes, while effectively flat-lining real worker wages for everyone else. This has resulted in an obscene, undemocratic, dysfunctional concentration of wealth and power, especially by race, that has not been seen since the Gilded Age.

An Economic Policy Institute report entitled the “The Productivity–Pay Gap,” traces the relationships between economic growth and worker compensation since the mid-20th century and finds that between 1948 and 1979 – a post-war period characterized by dramatic economic growth – productivity rose 108.1 percent, while at the same time worker compensation rose 93.2 percent – almost a 1:1 relationship between growth and worker prosperity.

In contrast, from 1979 to 2018 – the supply-side neoliberal period that I referenced above – productivity rose 69.6 percent and worker compensation only rose 11.6 percent.

During the post-war period of high economic growth, middle-class lifestyle became far more accessible; and with a more than doubling of American productivity, clearly *firms benefited too*.

The New Deal and Great Society form of stimulus provided for a more efficient multiplier, and a more *balanced* growth that promoted our shared prosperity.

In response to the Great Depression that brought the American economy to the brink of collapse, the New Deal reined in the unfettered capitalism and corporate consolidation and provided a balanced of power between labor and capital.

The passage of the 1935 National Labor Relations Act (also known as the Wagner Act), which guaranteed Americans the right to organize and bargain collectively, served as a critical safeguard for workers against the exploitation of corporate elite.

However, during this Jim Crow period and because of the Faustian bargain to convince many legislators to come aboard, the Wagner Act largely excluded Black Americans from these protections. It was not accidental that the Wagner Act excluded domestic and agricultural workers, when, in the 1930's, 90 percent of Black women and over half of Black men workers worked in either the domestic or agricultural sector.

What is critical to note is that it was never the case that a middle class simply emerged. Rather, it was government policy, basically entitlement programs that provided the finance, education, land, and infrastructure to accumulate and pass down wealth.

The historian Ira Katznelson's *When Affirmative Action Was White* documents that, by 1950, the GI Bill generated more spending on higher education than the Marshall Plan that rebuilt Europe. The GI Bill and several other New Deal and post-war policies are successful examples of the federal government investing heavily in the greatest growth of an American middle class.

However, similar to other New Deal programs, by both design and implementation, Black people were largely frozen out.

Although never fully extended to Black and Brown people, there is nothing new or radical about the concept of economic rights. President Franklin Delano Roosevelt in his 1944 State of the Union address called for an Economic Bill of Rights. He called for "physical security...economic security, social security, and moral security. "

Roosevelt knew that, full citizenship demanded more than the political rights: it required economic rights.*

The concept of economic rights also has deep roots in our civil rights history.

The Reverend Dr. Martin Luther King, Jr., wrote:

"I am now convinced that the simplest approach will prove to be the most effective – the solution to poverty is to abolish it directly by a now and widely discussed measure: the guaranteed income."

King called in his final years for the federal government to guarantee jobs and a livable income to all Americans as a right.

In our current paradigm, race, along with government social programs, are used as scapegoats to fuel the neoliberal agenda. Poverty and inequality are attributed to deficiencies internal to the poor and Blacks themselves. Stigmatization based on race is strategically used as the political fodder to implement harsh and punitive control on the underclass. Blacks are the symbolism of undeserving "welfare queens," "deadbeat dads," and "super predators" by which a "surplus population (i.e., a subaltern that has not been treated equally)" is defined. This marginalization spills over to low-income White people as well; indeed, the structures and discourse frame the underclass in general as undeserving and in need of discipline.

* Also, in the wake of WWII and the dismantling of the Nazi regime. The United Nations General Assembly issued the landmark Universal Declaration of Human Rights (UDHR) including Economic Rights in **1948**:

Human Rights were described to be Universal and related to the maintenance of Human Dignity and that nation-states had a responsibility to deliver those rights.

The UDHR identified five categories of Human Rights: Civil, Political, Social, Cultural, and **Economic**.

- Articles 23 and 25 speak to aspects of *Economic Rights*.
- Articles 23(1): Everyone has the right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment.
- Articles 25(1): Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond one's control.

They are characterized as persistently unemployed and unemployable, a source of urban crime and malice, whose subsistence need is deemed a drain on fiscal budget, is defined.

This fuels the rationale for austerity policies; if behavioral modification, particularly with regards to personal and human capital investment, is the central issue, why fund government agencies and programs, which, at best, misallocate resources to irresponsible individuals and, at worst, create dependencies that further fuel irresponsible behavior?

These presumptions pay little attention to the roles of power and initial endowment (e.g., capital), and how that power and capital can adjust to alter the rules and structure of transactions (and markets) to privilege power and capital in the first place.

Households with few assets and low incomes are compelled to turn to high-cost unconventional alternative financial products. They generally are aware that these products are predatory, but they have *no alternatives*.

These “last resort,” debt traps render a sad irony in which those that can least afford finance in times of dire need end up paying the most for finance, having to pay higher and higher interest and fees until, ultimately, they default on the original principle.

Wealthier families with financial advantage “buy” crucial additional advantages for themselves and their children, such as the ability to obtain a college degree without accruing costly educational debts. Lack of wealth prevents many families from accessing this advantage, contributing to an ever-increasing distance between those born with resources versus those born without.

Our unjust racial wealth gap is itself is an implicit measure of our racist past that is rooted in a history in which Whites have been privileged by government-complicit political and economic intervention that have afforded them access to resources and iterative and intergenerational accumulation.

This is in contrast to a history in which Black (and Indigenous) personhood and whatever capital and resources they may have established have been vulnerable to *state-complicit* exploitation and extrapolating.

Baby Bonds is a policy tool that could address our nation’s extreme wealth inequality by effectively establishing an economic birthright to capital for all children. These accounts would be held in public trust, similar to Social Security, and could be used as a capital foundation when the child reaches adulthood to access an appreciating asset like a home or new business that generational wealth affords.

The accounts could go a long way towards establishing a more moral and decent economy that facilitates assets, economic security, and social mobility, for all its citizens, regardless of the race and family economic position in which they are born.

Also, racial difference in key outcomes cannot be fully explained by a clustering amongst the less skilled.

Education matters within group, but social structures do not permit Black people to convert education into desired outcomes at the same rate as Whites. Blacks are not protected by social class status, as measured by education, in the same way that Whites are.

What is problematic is the societal overemphasis on the *economic returns to education* as the panacea to address socially established structural barriers.

Regardless of race, the neoliberal framing of our economy naturalizes poverty and inequality by castigating it as the result of unproductive and deficient behavior. That is, subpar outcomes are seen as resulting from the personal choices of individuals or communities.

An inclusive economic rights frame turns all this on its head by locating poverty and inequity as resulting from the absence of resources.

That is, poverty and inequities are the result of policy choices that deny people the resources they need to live meaningful lives.

The frame calls for governments to end poverty directly by placing resources in the hands of people as a right.

Authentic *economic freedom* and authentic *economic agency* are rooted in resources (political, social, psychological and, especially, material).

Choice is limited for individuals who lack basic resources such as employment with adequate income, shelter, food, or health care.

In essence, without resources individuals are largely restricted from benefiting from economic markets and instead are at the whim of charity or the exploitation of other agents with resources.

We are not atomistic agents floating in unfettered markets guided by our “free will” into a “fair” and “efficient” allocation.

We must move “beyond class reductionism” and recognize that race and other social-identity strata, like gender, ethnicity, and nativity, are *pillars*, alongside political and economic power, in determining our political economy.

Throughout history and across the globe there have been intermediate economic and psychological benefits associated with distancing from the “out-group” or “others,” towards an

“in-group” identity; in the case of the U.S., this would be an adoption of a White American identity.

This is an impetus for the psychological and material benefits of White privilege, or the property rights in white privilege.

But this privilege is based on an immoral notion of “benefit” that is largely predicated on self-interested neoliberal and tribal norms in which accumulation knows no bounds. We can choose a different reality, and promote a more moral, just, and enlightened economy.

Public intervention is needed to guarantee *inclusive* economic rights that counterbalance accrued economic and racialized private power in which, in isolation, economic markets are incapable to redress.

And we need to learn from and correct the course of the past and ensure that these interventions are by *design and implementation* intentionally inclusive of women and Black and Brown people.

Government needs to ensure a universal and quality health care, housing, schooling, financial services, capital, and free mobility without the physiological (and physical) threat of detention or bodily harm at the hands of state-sanctioned terror because someone’s social identity is linked to a vulnerable and stigmatized group.

For instance, by mandating an economic right to health insurance, society would effectively remove the burden and stigma associated with finance at the point of delivery of medical care – a time in which the recipient is most vulnerable.

Whereas cost and profit considerations drive private insurers to ration quality, quantity, and access to medical care, such concerns would be recognized and met long before the point of delivery under a publicly provided mandate to health insurance coverage.

Analogous to Medicare-for-all, we could remove the stigma and burden of finance of education, so that all American children have the assurance of a quality education from grade school through college.

We should be looking to initiate the economic right to a productive and quality job with the economic security of a living wage.

The jobs could address our 21st century physical and human capital infrastructure needs, including provisions for universal care work and our increasing vulnerability to “natural disaster” resulting from our “unnatural” climate change, which all require substantial public investment.

The federal government could use its most powerful fiscal tool, the U.S. tax code, to guarantee income and promote economic security for all families.

Current tax and fiscal policies fall short of fostering economic inclusion and social equity. Instead, many features of our tax code, such as reductions in corporate tax rates and taxing personal capital gains at lower rates than wage income, privilege those with existing wealth, rather than creating pathways of economic mobility for impoverished and lower income families.

The refundable child tax credit could be a good start, but we could do better than cutting poverty in half; no one should live in poverty; it is immoral and cruel.

Our economic system is couched myopically in the value of self-interested accumulation, which leaves us vulnerable to greed and exploitation.

Growth has become our explicit expression of economic wellbeing.

In isolation, it fails to adequately capture multiple dimensions of prosperity including human capability, morality, sustainability, or civic engagement.

We need measures of economic wellbeing and economic policy that center our environment and people (both domestically and abroad).

In conclusion, government has a fiduciary responsibility to invest in its most treasured resource, its people, and we need to commit to racial and economic justice, simply because it is the right thing to do.