

Missing at the table

From the Editors in the [April 7, 1999](#) issue

The economy is humming, the stock market is flirting with another record high, unemployment remains low, and the neighbors all seem to be buying sports utility vehicles. Life is good in America. But there is a problem--a problem economists refer to as income differentials, otherwise known as the gap between rich and poor. Despite the economic boom, this gap has been widening. It's now at its widest since 1947, when records on this sort of thing started being kept.

Unlike the great economic expansion of the post-World War II years--which stretched to the early 1970s--the growth of the '80s and '90s has not benefited all sectors of society, nor has it strengthened the middle class. Instead, the already rich (and the well educated) have gotten much richer, while the less-skilled among the middle class and the poor have gotten poorer.

From 1979 to 1994, the wealthiest 5 percent of the population saw their net worth increase by 45 percent. Meanwhile, the lowest 20 percent of wage-earners watched their incomes drop by 13 percent in real terms. The top one-fifth of families now brings home 45 percent of total income in the U.S. The average male worker's income dropped by 13 percent from 1979 to the mid-1990s. The median household income has been stable only because, with the entrance of women into the workforce, many families have two wage-earners. So after two decades of impressive economic expansion, in which the dynamism of the U.S. economy has been the envy of the world, the middle class has been squeezed and the bottom tier of families is actually worse off.

What has caused this disparity in income and the rise of what some refer to as an "apartheid economy"? The answers are many: increased automation, the movement of manufacturing to low-wage countries, the expansion of a service economy that relies on temporary or low-wage workers, the decline of unions, the erosion of the minimum wage, the growth in single-parent families. The challenge is not in explaining the disparity in income and wealth but in offering plausible remedies.

That challenge is especially difficult since some of the proposed remedies--like protectionist trade policies or curbs on immigration--are likely to be inconsequential or counterproductive. There is a desperate need for fresh approaches that can retain and encourage the adaptability of capitalism while giving more people the capacity (that means mainly the education, income and support) to take advantage of opportunities and share in the wealth.

Bruce Ackerman and Anne Alstott offer one such "third way" approach in their new book *The Stakeholder Society* (Yale University Press). Observing that financial success depends mainly on the resources and education available to people early in their lives, Ackerman and Alstott suggest that the government provide each young adult with \$80,000, to be used as each person sees fit. It could be invested, spent on education, or used to start a business. This would represent each person's stake in the wealth created by the previous generation, and it would be a frank recognition that most people who do well financially have not "made it on their own" but have had substantial support from others.

Whatever the practical merits of that bold plan as a solution to the discrepancies in wealth, Ackerman and Alstott are rightly searching for a compelling way to articulate human solidarity in the era of global capitalism. For what matters in any society is not how big the banquet is but whether the outsiders and the underdogs have a place at the table.