

## America's Rising Inequality...and what we can do about it.

A roundtable discussion

# “IS THE UNITED STATES COMING APART

One autumn afternoon, **David M. Cutler**, Otto Eckstein Professor of Applied Economics and dean for the social sciences, asked a group of his colleagues gathered at the Faculty Club this question. Ready to respond from across the disciplines were **Claudine Gay**, professor of government; **Edward L. Glaeser**, Fred and Eleanor Glimp Professor of Economics; **Robert D. Putnam**, Peter and Isabel Malkin Professor of Public Policy; **Mary C. Waters**, M. E. Zuckerman Professor of Sociology; and **William Julius Wilson**, Lewis F. and Linda L. Geyser University Professor. From the growing income gap to differing rates of political participation, from the effects of immigration to the social role of schools, the roundtable participants zeroed in on America's rising social and economic inequality—and on what government, business, communities, and Harvard social scientists themselves might do to address the problem.



Edward L. Glaeser



William Julius Wilson



Mary C. Waters

## AS A SOCIETY?"

**Wilson:** A few years ago, our colleague Richard Freeman\* warned that rising inequality in America could produce a two-tiered society, in which the more affluent citizens live fundamentally different lives from the working classes and the poor. Labor economists like Dick Freeman have been documenting the rise of wage and income inequality since the early 1970s. Now sociologists and other noneconomists are increasingly aware that a rise in social inequality has accompanied the rise in economic inequality.

Social inequality includes differences in living space between the affluent and middle- and lower-income groups, such as the growing residential separation symbolized by gated communities. Social inequality also includes differences in civic engagement, political participation, and political behavior, as well as different levels of involvement in the welfare and criminal justice systems, in mental and physical health care, and private and public school enrollment. We also see differences in college and university enrollments, including differential access to elite universities.

In addition to these social-economic consequences, the poor and working classes are more adversely affected by the deterioration of the urban infrastructure and air pollution. Just about every important aspect of social and economic life may be affected by the rising inequality in American society. This is an issue that's going to receive increasing attention from social researchers.

**Gay:** I'd like to follow up on Bill's [Wilson] point about the consequences of economic inequality for politics, especially for political engagement. Rising economic inequality is contributing to real disparities in political voice and influence—whether we're talking about voting, contributing to and working on campaigns, or contacting elected officials. Political participation requires time, resources, and civic skills that are not spread equally across the population. The rich have disproportionate access to these resources, time, and skill sets.

\* Editor's Note: For more on the work of Richard Freeman, Herbert S. Ascherman Professor of Economics, see page 14 of this issue.



Claudine Gay



David M. Cutler

Bob Putnam's research, as well as that of our colleague [Carl H. Pforzheimer University Professor] Sidney Verba, has shown that the preferences and concerns expressed by those who are economically advantaged are not the same ones voiced by those who are less fortunate. So we have to be concerned that economic inequality can reproduce itself in the form of political inequality.

**Putnam:** The data indicate that Americans are in an anxious mood these days, feeling very divided from one another. In a survey we've just done, we ask people to agree or disagree that America today is deeply divided along political, economic, racial, and religious lines. The bit of good news is that only 73 percent of Americans feel deeply divided along religious lines. However, 92 percent feel deeply divided along racial lines, 95 percent feel deeply divided along economic lines, and 97 percent feel deeply divided along political lines. So, psychologically, Americans feel unbelievably divided.

In fact, we are not as deeply divided as we feel, when you actually look at the issues. But it remains a relevant social fact that we feel unbelievably divided.

**Waters:** Even the framing of the question echoes what we read in the newspapers all the time. The immigration debate is acrimonious, but, if you look at polling data showing what Americans want done about immigration, there's a lot of agreement. Only a minority feel very strongly that you shouldn't do anything for undocumented immigrants in the U.S. In fact, most Americans have more middle-of-the-road opinions than the sound bites would suggest.

This is a place in which academia, Harvard, and those of us who are social scientists need to have an even stronger voice. Anyone who reads the newspaper or watches the television talk shows would conclude that the statistics Bob [Putnam] just cited are true. But it's not reality. Our job is to look dispassionately at the facts, which show that we aren't as divided as people might think. There are all kinds of ways in which you can see progress. You can see bridges growing across these divides. But this is not yet reflected in the national discourse. That's a place where we, as social scientists, can contribute.

**Glaeser:** Mary [Waters] is urging us toward a nuanced view of divisions in society. There's no question that rising income inequalities are one of the great problems of our day. The shocking fact is that segregation by class has increased along some dimensions. At the same time, upper-income African Americans have seen tremendous progress in the reduction of racial segregation over the last 30 years.

**Putnam:** Many social scientists believe this sudden rebirth of economic inequality is the biggest news of the last half-century. That fact has not been fully understood, however, because too often in our public discourse in America class is taken as code for talking about race. In fact, class isn't race, and that is the point that Ed [Glaeser] is making about segregation. The numbers on racial segregation are actually moving in the right direction, but on class segregation, the numbers are moving in the wrong direction. Interracial marriages are increasing, but inter-class marriages are decreasing. Most people have no idea that, more and more, Americans are marrying within their own class.

Work we're doing now shows that, among white high school seniors, there's a growing class gap. Over the last 30 years, white middle-class kids go to church more than white middle-class kids used to; are more involved in community affairs than they used to be; their parents spend more time with them; they have more self-confidence, higher trust in other people, and higher academic aspirations. White working-class kids go to church a lot less than working-class kids used to; they are less involved in community activities; and their parents spend less time with them, partly because, unlike middle-class kids, they are likely to have only one parent in

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## THE DATA INDICATE THAT AMERICANS ARE IN AN ANXIOUS MOOD THESE DAYS, FEELING VERY DIVIDED FROM ONE ANOTHER.

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the home. They have lower self-esteem than working-class kids used to, less social trust, and lower academic aspirations.

I have a feeling that many social scientists, on all sides of the political spectrum, would think these differences are a big deal. Because the fundamental bargain, the core of America, has always been that we can live with big gaps between rich and poor as long as there is also equality of opportunity. If that is no longer true, then the core bargain is being violated.

**Gay:** I don't think it's surprising that this is not more a part of the national discourse, because those who are most likely to raise these issues and most likely to support programs to reduce economic inequality are not participating in the dialogue. Again, it's the relationship between economic inequality and disparities between political voice and political influence.

**Cutler:** It's an interesting sociological statement that most of the perceived divisions that Americans talk about are, in many ways, improving. Yet the one division not being discussed is, you all say, the key driver here.

Bill [Wilson] gave the scenario that if inequality keeps increasing, things fall apart. The gated communities separate, and we have 85 percent of the people in a situation that they're unhappy with, and you just can't tolerate that as a society, so something really fundamental happens—a cataclysm. Is that the right model, or is the right model that we get used to the situation, and society adapts to it?

**Putnam:** I don't think a catastrophic French Revolution is likely in the United States. But I also don't think you just 'get used to it'—the lost opportunities for kids of talent from the wrong side of the tracks, the slow erosion of national morale...

**Glaeser:** Economic geography is key here. Middle-income people are not living around people who are rich. I want to paint a picture of three different worlds, which conveniently match three different areas of the housing sector.

There's a world of prosperous places, mostly on the coasts, that are driven primarily by production of new ideas. Cities that were once about putting goods onto boats or railroads are now in the business of innovating in finance or high technology. These areas are high wage, and very expensive. Then there are vast areas of America where people are lower-middle income. They're driving everywhere; they're buying cheap houses and things at Wal-Mart; they're living a relatively decent life. In fact, I would argue that, while the income numbers are flat, because so many of their goods are cheap, they're living in a way that is appreciably better than their grandparents did. The only problem is they're disconnected from some of the most dynamic elements of the American economy. And then there's the third group—the truly disadvantaged in America's inner cities, particularly those inner cities hit by the decline in transportation costs and the end of manufacturing that weren't able to reinvent themselves around new ideas. This is the group I think of when I hear Claudine [Gay] talk about the truly disenfranchised.

**Waters:** I also think about what income inequality does to the notion of shared fate, and what it does to political democracy when some people can opt out of many public services and can go to private schools. What does it do for the democratic decisions that have to be made about investment in public services and in the future of all of our kids if the top percent can just opt out? This issue of shared fate and community, and how we define who we are, is at the heart of a democracy. I agree with many of the people around the table that there's something about income inequality that's really corrosive to that democratic future.

**Cutler:** Claudine, what does this mean for politics?

**Gay:** I'm listening to this discussion and trying to cast my mind forward to what might be a likely political outcome, because this would seem to be an unsustainable situation. What I keep coming back to is that American politics is notable for never having been sharply polarized along class lines. There isn't an ideology that one can use to organize around these issues. And that seems to be a really powerful constraint on doing anything about this through standard political mechanisms.

## THINK ABOUT WHAT INCOME INEQUALITY DOES TO THE NOTION OF SHARED FATE, AND WHAT IT DOES TO POLITICAL DEMOCRACY.



**Putnam:** The issue is figuring out how to find language and a framework that move the white middle and upper-middle classes to see it as in their interest to support progressive policies. My alternative is to emphasize that we're all in this together.

**Glaeser:** The adoption of education by President Bush as a signature issue—and I'm not making any comments about how effective that was or not—shows that an opportunity-based rhetoric does have resonance.

**Cutler:** So what happens in January 2009, when the new American President calls you up and asks, "What do I do?" Bill?

**Wilson:** I think that Harvard University could help address the major problem of rising inequality. I would love to see the University president pull together scholars from different disciplines who are working on interrelated aspects of inequality— income, physical and mental health, political behavior and participation, education—to develop research agendas and talk about the consequences of this issue for the future of American society. ★

**Putnam:** Mary, you should say something about your New York findings and the question of how much is happening in the schools and at home for the second generation.

**Waters:** Bob's [Putnam] referring to our New York study of the children of immigrants, where we find that the most successful group is the Chinese. Among all the immigrant and native groups we looked at, they used the public school system at the highest rate.

We discovered that the Chinese had a very strategic and deep knowledge of how to navigate the New York City public school system for the advantage of their kids. Even illiterate, working-class immigrants who were in very low-wage jobs had access to this knowledge. We found examples of Chinese parents who worked in factories discussing the entrance test their kids needed to take to get into one of the elite public schools. Because the Chinese community is so tight, and not bifurcated by class, there's a flow of knowledge there.

By contrast, we had examples of West Indian and Dominican kids who were accepted into those schools but whose parents wouldn't let them attend because they were worried about their going on the subway each morning. So the degree of knowledge about what these schools mean, about how to access them and navigate the system, varied greatly across these different communities.

**Gay:** I think we all would agree that there are incredible inequalities in our school system that we need to address. But where's the political will to do this? What are the economic costs? How do we marshal the forces for change that we need?

It speaks again to Bill's [Wilson] point—the inequality issue is so complex and multifaceted, it needs a multidisciplinary lens that brings perspectives from across the social sciences.

**Cutler:** Doesn't government play a role here? Wasn't it, at least in part, through the public schools that we taught people that this really ought to be an equal society?

\* Editor's Note: Currently, 8–12 Harvard PhD students are selected each year as fellows in the Multidisciplinary Program in Inequality and Social Policy at the Kennedy School of Government. The program, supported by the National Science Foundation and directed by Bruce Western, professor of sociology, provides opportunities for cross-disciplinary education and research training on questions of inequality and social policy. For more on Western's research, see page 15 of this issue.



Robert D. Putnam

**Glaeser:** Again, there were regional distinctions. When you think about all the changes in the South after school integration—making the teaching of racist ideology no longer acceptable, hiring African-American teachers—the public schools did make a difference.

**Wilson:** Institutions of higher learning should also receive some credit, particularly in the social sciences, because many former students have had a cumulative impact outside the academy over time.

**Putnam:** And of course Martin Luther King played a really important role in delegitimizing racist attitudes by appealing in a language, especially Biblical language, that hammered on the anvil of shared values. I believe that we're going to make more progress solving today's very divisive issues if we too can find shared values that resonate and that we can hammer on.

**Cutler:** And what role should corporate CEOs play in trying to come up with solutions?

**Waters:** Can you be the head of a major corporation without really understanding these issues? I would say it's our responsibility at the very least to ensure that nobody should graduate from Harvard without understanding the nature of inequality in the world.

**Glaeser:** Mary's [Waters] point, I think, is exactly on target: Clearly our job is to make sure that everyone understands the systemic nature of poverty. For example, is the fact that New York or Chicago has so much poverty a symptom of something wrong with these cities? Or are these cities doing something right by providing opportunity, public transportation, and so many other things not available elsewhere and thereby attracting poor people from throughout the world? We need to teach students to think systemically about issues like poverty with all their implications.

**Cutler:** So let's say a freshman comes into your office and tells you, 'I really want to tackle this problem of rising income inequality and its consequences, and I want to know what I should study as an undergraduate. What subsequent degrees should I get; what line of work should I go into?' What would you say?

**Wilson:** You have to get to know the student. You might say, this student would be an ideal professor in a university to educate others about problems of inequality in American society. Another would be a great person working with community activists; another would be an outstanding lawyer, or do outstanding work for some political organization.

**Gay:** All students would benefit from sampling broadly, so that they're able to look at the same set of issues from a variety of angles and recognize the ways in which economic inequality also produces social inequality and affects political inequality. Recognizing the interconnect-

edness of these various issues is only possible if you're tackling this question from a variety of disciplinary perspectives.

**Cutler:** What about outside the classroom? Should we have some kind of program that sends Harvard undergraduates to...choose your favorite place, inner-city Detroit or suburban northern Ohio?

**Gay:** They could stay right here in the Boston area. There's certainly plenty to learn.

**Putnam:** I had an email last night from a former student who's now working on a presidential campaign in New Hampshire. This young man took a leave from Harvard for about two years to ride a bicycle across America. When he got back, he took courses in economics, sociology, political science, and government, and he did a lot of community organizing. He would be a perfect participant in this conversation, not just because of the social science theory and empirical facts that he has from his Harvard education, but because of the connections that he's made in the community, along with his skill and his passion. That kind of passionate commitment to public issues is exactly what we ought to inspire and produce in our students. I hope that, in the courses we teach and over dinner in the Houses, Harvard is increasing the passion quotient of all our students. In social science, we have a moral obligation to contribute to public deliberation, public discussion, and public debate about great social issues. ■