American Inequality

SUMMARY: Inequality in America is growing worse, though there are scattered signs of progress. Since the 1970s, income inequality and the share of wealth in the hands of the most advantaged 1 percent of Americans have been rising, though poverty has declined. Americans face a widening opportunity gap as a function of socioeconomic status, as well as significant racial, ethnic, and socioeconomic gaps in primary, secondary, and postsecondary education—though some of these gaps are shrinking.

Forecasts

- In the absence of any discontinuous change, inequality will widen. Already, workers' share of national income has fallen and the middle class is shrinking.
- Workplace automation could exacerbate inequality issues.
- Failure to invest in the education and development of children and youth will have a negative impact on healthcare costs, criminal justice costs, and the quality of the future U.S. workforce.
- Shrinking of the middle class could leave many young Americans overeducated and underemployed as job opportunities dry up.
- Grim economic experiences, and prospects, may significantly shape the worldviews of many millennials as they move into new life stages.

Key Uncertainties

Global and national economic conditions

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Political conditions and responses

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Point at which growing inequality reaches a tipping point beyond which it leads to social unrest, rising crime, young people giving up on the economic system, or large-scale emigration

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Changing conceptions of success as the economic reality becomes increasingly difficult for many

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Supporting Trends

- **U.S. income inequality rising.** U.S. income inequality has been rising since the mid-1970s.
- **Inequality of opportunity rising in the United States.** Studies have documented widening gaps in opportunity for U.S. children as a function of socioeconomic status.
- **Inequality in U.S. primary and secondary education.** School readiness and school achievement gaps between different racial, ethnic, or socioeconomic groups are improving slowly, though significant gaps remain.
- **U.S. poverty flat or declining.** According to new measures, poverty in the United States has declined since about 1970, though the rate of decline may have slowed since the turn of the century.
- **U.S. social mobility unchanged.** Social mobility in the United States has remained stable for several decades.
- **U.S. wealth concentration rising.** The share of wealth in the hands of the most advantaged 1 percent of Americans has been rising since the late 1970s.
- **Shrinking American middle class.** The share of people in middle-income households has decreased to 50 percent of Americans.
- **Decline in labor's share of income.** The share of U.S. national income going to workers has been declining since 2001.

Related Drivers of Change

- The Splintered Society
- Bifurcated Workforce
- Automating Work
- Human-Machine Cooperation
- Work Redefined
- The Stagnation Economy

Notable Data Points

INCOME INEQUALITY

In 2013, some **48% of income** after taxes and transfers went to the **top fifth of U.S. earners**, while 6% went to the bottom fifth .

Source: Congressional Budget Office

POVERTY

A consumption-based poverty measure introduced by researchers at the universities of Chicago and Notre Dame shows a steady **decline in U.S. poverty** from 1972 (16.4%) through 2010 (4.5%).

Source: Journal of Economic Perspectives

SOCIAL IMMOBILITY

According to a Pew study, a child born into a family with income in the lowest quintile has a 43% chance of remaining in that quintile as an adult but **only a 4% chance** of reaching the top quintile.

Source: The Pew Charitable Trusts

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Strategic Insights

- Constricted educational and economic opportunity for many Americans will affect many association members, the economic sectors in which those members work, and the customers (or clients, patients, students, etc.) that those members serve.
- Associations will have an opportunity to help members understand and respond to new economic realities and to offer new kinds of support services for affected members.
- Child and youth education, training, and development will be important targets for association philanthropy, helping to ensure that the United States maintains a strong workforce and all Americans have the opportunity to participate.
- Similarly, addressing inequality could be an important goal of association advocacy efforts—in some cases addressing the root causes of which other issues (e.g., a shortage of qualified workers) are symptoms.
- In one possible future, some member organizations will rely on a small number of elite staff to drive business innovation, while a much larger number of traditional, temporary, and freelance employees carry out more routine duties. Associations may need to serve these two tiers of workers differently

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Timing

- **Stage:** Growth, including for gaps in wealth, income, and opportunity
- **Speed:** Moderate, persisting over decades

Potential Alternative Futures

- **Discontinuous change:** Effective, deep policy interventions gradually begin to narrow the inequality gap and promote social mobility.
- **Political break and realignment:** Frustration with lack of economic opportunity causes an irreversible fracture of one or both political parties, eventually opening a path to needed reforms.
- **Resetting expectations:** After several decades of economic stagnation, more Americans reset their expectations, taking pride in small houses, thrift shop purchases, and frugality, no longer aspiring to the lifestyles of the wealthy.

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Take Action

- **Answer this grand challenge for associations.** Associations can create opportunity and contribute to the stability of society in many areas: education, workforce development, healthcare, youth development, and so forth. This challenge is greater than any one association, and action will require convening broad-based stakeholders to create collaborative solutions. Find partners that want to work toward social justice in your sphere of influence. Some foundations may share your concern and be willing partners in underwriting your efforts.

- **Use research to inform solutions.** Before your leaders head off with good intentions, ground your efforts in research. These are long-term and often structural problems. Do the serious research to understand your challenges. Social scientists have been studying inequality for many years. Once you choose a strategy or initiative, commit to regular program evaluation to assess impact and make course corrections.

- **Foster upward mobility.** Associations have an array of tools they can use to advance diversity and inclusion for their members, including education and training, mentoring, and leadership development opportunities. Look closely at who these programs are serving and encourage inclusive participation.

- **Address your own barriers to access and opportunity.** Are there inherent barriers to accessing the knowledge and business and professional opportunities your association offers? What steps can you take to mitigate these? You might provide critical content at no or low cost, offer tiered pricing for dues and programs, and offer scholarships and fellowships to provide access to learning opportunities. What kind of intentional outreach can you make to underserved and underrepresented individuals?

Keyword Search

To continue researching this change driver, use these search terms:
income inequality, economic inequality, Gini index, income gap, Thomas Piketty, socioeconomic gaps, income gap, wage inequality, CEO pay gap, wealth inequality, recession, automation, jobs, unemployment, race

Who Will Be Affected

Every association and organization with a stake in the future stability of civil society will need to join in addressing inequality. This is a great opportunity for associations and their business partners to demonstrate the leadership this sector can bring to a societal challenge.

About ASAE ForesightWorks

ASAE ForesightWorks is a deliberate, evidence-based research program and emerging line of products to provide association professionals with a continual stream of intelligence about the changes facing the association industry, including:

- regularly updated action briefs;
- tools for applying insights from the research in your association;
- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

Ultimately, the program's mission is to empower association leaders to create a culture of foresight.

Check **asaecenter.org/ForesightWorks** and follow **@ASAEfdn** on Twitter for updates on new findings and events.

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