

ATTACHMENT C.2. PROPOSALS TO REDUCE ECONOMIC INEQUALITY

This attachment is in progress. **C.2.a.** shows brief outline summaries of fifteen comprehensive proposals intended to reduce inequality of income and wealth. We'll review these and others in more detail in the working paper. **C.2.b.** summaries two attempts to estimate the extent to which strong policy measures in fact reduce economic inequality. **C.2.c.** summarizes the estimated macroeconomic impacts of Senator Bernie Sanders' 2016 policy package. **C.2.d.** considers recent (2005-2018) proposals for a Universal Basic Income. **C.2.e.** is a placeholder section. **C.2.f.** summarizes four recent (2015-2020) proposals for reparations for enslavement. **C.2.g.** discusses three proposals to dismantle the U.S. meritocracy.

C.2.a. POLICY PACKAGES

The policy packages summarized below are from:

1. Richard V. Reeves – *Dream Hoarders: How the American Upper Middle Class Is Leaving Everyone Else in the Dust, Why That Is a Problem, and What to Do About It* (2017)
2. Senator Bernie Sanders – *Economic Policy Proposal* (2016)
3. Robert J. Gordon – *The Rise and Fall of American Growth* (2016)
4. Branko Milanovic – *Global Inequality: A New Approach for the Age of Globalization* (2016)
5. Anthony Atkinson – *Inequality: What Can Be Done?* (2015)
6. Mayor Willian deBlasio et al. – *The Progressive Agenda to Combat Income Inequality* (2015)
7. Thomas Piketty – *Capital in the 21st Century* (2014)
8. Robert Creamer - *It's the It's Economic Inequality Stupid -- What to Do About the Biggest Crisis Facing America* (2013)
9. Timothy Noah – *The Great Divergence: America's Growing Inequality Crisis and What We Can Do About It* (2012)
10. Joseph Stiglitz – *The Price of Inequality: How Today's Divided Society Endangers Our Future* (2012)
11. Robert Reich – *Aftershock: The Next Economy and America's Future* (2010)
12. John Cavanaugh – *Reversing the Great Tax Shift* (2008)
- 13 Howard Gardner – *An Embarrassment of Riches* (2007)
14. Juliet Schor – *A Sustainable Economy for the 21st Century* (1995)
15. Walter Scheidel – *The Great Leveler: Violence and the History of Inequality* (2018)

1. RICHARD V. REEVES (2017)

A. Equalize Human Capital Development

1. Reduce unintended pregnancies through promotion of more effective contraceptives (LARCs - long-acting reversible contraceptives) through federally-funded, state-run campaigns.
2. Improve parenting by offering well-designed, voluntary programs of home visiting by parent educators, social workers and registered nurses to families with pregnant mothers and babies in the home.
3. Pay higher salaries to have better teachers teaching low-income students; expand tutoring programs.
4. Reform funding of college and other post-secondary education:
 - a. Base college loan repayment schedules progressively on income, administered through the IRS.
 - b. Elevate the status and funding of vocational post-secondary learning and of the AA degree.
 - c. Provide tax credits to employers who establish registered apprenticeships.
 - d. Curtail tax subsidies available to wealthy private colleges.
 - e. Replace the regressive "529" income tax break for college savings with a progressive plan in which the tax break decreases as household income increases.

B. Reduce Anti-Competitive Behaviors by the Upper Middle Class

1. Curb exclusionary residential zoning: amend current single-family zoning law to allow townhouses, duplexes, triplexes, 2-3 flats and bungalow courts (but not multi-unit high-rise apartments).
2. End legacy preferences in college admissions, via federal policy or Supreme Court ruling.
3. Extend federal student financial aid to cover internship opportunities.

C. Fund These Programs/Policies by Increasing the Progressivity of Federal and State Taxation.

2. SENATOR BERNIE SANDERS (2016)

This is the economic policy package proposed by Sen. Bernie Sanders in his 2016 campaign for the Democratic Party presidential nomination. The values shown for increased federal spending, and for increased tax revenues, are mostly from Friedman (2016). The figures are subject to many qualifications and are shown here only to suggest rough magnitudes. Unlike many such comprehensive policy proposals, estimates have been made of its overall economic impact. These estimates generated controversy and counter-estimates. See **Section C.2.2.** (following) for details and comment.

A. Proposals for Increased Federal Spending

1. An infrastructure program of \$1 trillion over 5 years creating 13 million jobs.
2. A jobs program for disadvantaged youth of \$5.5 billion over 5 years, creating 1 million jobs.
3. Expansion of Social Security benefits [~ \$49 billion/year].
4. Establish Medicare-for-all single-payer healthcare system. [~ \$ 1.1 trillion/year]
5. Increase the Earned Income Tax Credit so that by 2025 no-one working 40hrs/week lives in poverty.
6. Enhance protections provided through the Pension Benefit Guaranty program [~ \$ 3 billion/year]
7. Support for paid family and medical leave [see C.4 below]. ~ 32 billion / year.
8. Establish a universal childcare and preschool program.
3. Free tuition for all public colleges and universities. [~ \$75 billion/year]
9. Clean energy and climate program [\$1.2 trillion over 10 years].

B. Proposals for Revenue Enhancement

1. A major increase in the corporate income tax. [~ \$ 100 billion / year.]
2. A progressive 2.2% increase in personal income tax. [~ \$ 210 billion / year]
3. Additional progressive taxation on the top 2%. [~ \$ 217 billion / year]
3. A progressive estate tax on the top 0.3% of Americans who inherit more than \$3.5 million. [\$ 24 billion / yr]
4. A payroll tax increase of 0.2% on employers and employees, earmarked for the family leave program. [\$ 34 billion / year]
5. An additional payroll tax increase of 6.2% on employers. [~ \$ 630 billion / year]
6. A financial transactions tax ("Tobin Tax"). [\$ 75 billion / yr]
7. Elimination of tax breaks and subsidies for fossil fuel companies. [~ \$ 13 billion /yr]
8. Social security contributions: [~ \$ \$170 billion / yr]
 - a) Eliminate the current cap on the social security payroll tax on all income above \$250,000.
 - b) Extend to dividends and capital gains for high income households.
9. A carbon tax. [~ \$ 110 billion / year].

C. Proposals for Regulatory Measures

1. Increase the federal minimum hourly wage from \$7.25 to \$15 by 2020.
2. Revise NAFTA, CAFTA and PNTR/China to protect U.S. jobs and wages.
3. Ensure pay equity between men and women.
4. Require all employers to provide all employees with:
 - a) 12 weeks paid family/medical leave [w/ federal funding support]
 - b) 2 weeks paid vacation
 - c) 7 days paid sick leave.
5. Facilitate creation of unions by authorizing majority card check and other measures.
6. Break up large financial institutions to prevent firms from becoming "too big to fail."

3. ROBERT J. GORDON (2016) [NB: Gordon asks how can we best *increase economic growth*, and he concludes that the most effective way would be to *decrease inequality*. Thus his proposal is included here.]

1. Tax Reform: a) Raise high bracket taxes; create new \$1 M & \$10 M super-brackets; b) end preferential treatment of dividends and capital gains; c) tax income from inherited financial assets; d) replace much of the federal payroll tax system with a carbon tax of \$20/ton CO₂; e) expand the EITC.
2. Increase the minimum wage.
3. Incarceration Reform: fewer imprisoned, shorter sentences, more diversion, more job training.
4. Drug Legalization: fewer imprisoned, more diversion, more job training.
5. Education Reform: a) expand pre-school, esp for very young children; b) shift funding for secondary education from regressive local to progressive state sources; c) college: make student loan repayment contingent on post-college income.
6. Liberalize regressive and excessive government regulatory restraints on work and innovation: patent laws, occupational licensing, copyrights, land-use and zoning restrictions.
7. Raise legal limits on immigration from current 0.3 % to 0.8% (Canada's rate), but screen for education/skills/work experience to that immigrant incomes are higher.

4. BRANKO MILANOVIC (2016)

A. Measures that were once effective and important but are much less so now:

1. Stronger Labor Unions – less effective because of move to services, and because of globalization.
2. Greater Taxation of very high Income earners, esp capital incomes - less effective because very high earners can and will take active steps to avoid/evade such taxation.
3. Greater Taxation of middle & upper middle income earners: tolerance for significantly greater taxation is low, and skepticism about government expenditures, especially for redistributive purposes, is high.

B. Measures that can still be effective and should be a priority - reductions in the inequality of ENDOWMENTS:

1. Greater Inheritance Taxes, linked with a one-time capital transfer to each citizen upon reaching age 18.
2. Corporate Tax Policies that incentivize transfer of corporate stock shares to employees.
3. Tax Policies that encourage middle income earners to have and hold more financial assets; e.g., government insurance against loss of principal for small investors.
4. Equal distribution of **EDUCATION**: Increase support and funding for state-funded education, with the goal that the quality of education provided by any state college is equal to that of any private ivy league university.

5. ANTHONY ATKINSON (2015)

1. Policies to encourage technological innovation that creates rather than eliminates jobs.
2. Policies to redress stakeholder power imbalances: a) include distributional concerns in competition policies; b) adopt policies that increase the bargaining power of unions; and c) establish a Social and Economic Council representing all private and public stakeholders, including NGOs, to oversee major macroeconomic and other policy decisions.
3. Set a maximum target for unemployment and provide public employment if necessary to achieve it.
4. Establish both a statutory minimum (living) wage and a “code of practice” for pay above the minimum.
5. A national savings bond program that guarantees a positive real rate of interest on savings.
6. A capital endowment (minimum inheritance) paid to all at adulthood.
7. Establish a public Investment Authority to manage a sovereign wealth fund that invests in companies and property.
8. A more progressive, and broader, personal income tax structure, with top marginal rates of 65%.
9. A progressive lifetime gift and inheritance tax.
10. An Earned Income Discount limited to the first band of earnings.
11. A progressive property tax based on up-to-date property assessments.
12. A substantial Child Benefit should be paid for all children.
13. A “participation income” paid to all making “a social contribution”.
14. A major increase in levels and coverage of social insurance (as an alternative to 13).
15. Wealthy countries should increase Official Development Assistance for poor countries to 1% of Gross National Income.

6. PROGRESSIVE AGENDA TO COMBAT INCOME INEQUALITY – Mayor Bill DeBlasio et al. (2015)

A. Lift the Floor for Working People

1. Raise the federal minimum wage, so that it reaches \$15/hour, while indexing it to inflation.
2. Reform the National Labor Relations Act, to enhance workers’ right to organize and rebuild the middle class.
3. Pass comprehensive immigration reform to grow the economy and protect against exploitation of low-wage workers.
4. Oppose trade deals that hand more power to corporations at the expense of jobs, workers’ rights, and the environment.
5. Invest in schools, not jails-- and give a second chance to those coming home from prison.

B. Support Working Families

1. Pass national paid sick leave.
2. Pass national paid family leave.
3. Make Pre-K, after-school programs and childcare universal.
4. Expand the Earned Income Tax Credit and protect and expand Social Security.
5. Allow students to refinance student loan debt to take advantage of lower interest rates, and support debt-free college.

C. Tax Fairness

1. Close the carried interest loophole.
2. End tax breaks for companies that ship jobs overseas.
3. Implement the “Buffett Rule” so millionaires pay their fair share.
4. Close the CEO tax loophole that allows corporations to take advantage of “performance pay” write-offs.

7. THOMAS PIKETTY (2014)

1. A **global tax on net household wealth**, coupled with repeal of property taxes:
[€ 1 = US\$ 1.26]
 - a. below € 200,000: 0.1%
 - b. € 200,001 – 1,000,000: 0.5%
 - c. € 1,000,001 – 5,000,000: 2.0%
 - d. € 5,000,001 – 1,000,000,000: 5.0%
 - e. above € 1,000,000,000 10.0% or greater
2. Maintain **tax progressivity**:
 - a. On incomes above € 200,000, rates of 50-60%;
 - b. On incomes above € 500,000 (or perhaps 1,000,000), rates of 80%.
3. Ensure that the Social State remains effective:
 - a. Provide **universal free university education**
 - b. Ensure the **integrity of retirement systems** under challenging demographic and economic conditions.

8. ROBERT CREAMER (2013)

1. Break up the giant financial monopolies and install regulatory oversight on their practices.
2. Increase the minimum wage (from current \$7.24 to \$10.10).
3. Have fair trade agreements that require workers overseas to have strong pay, benefits, unions, etc.
4. Make it easier to organize unions, e.g. card check.
5. Prevent cuts in Medicare, food stamps, social security benefits.
6. Raise the cap on social security taxes (FICA) paid by the wealthy (current cap is \$113,700).
7. Make sure the Affordable Care Act is implemented and works well.
8. Make the tax system more progressive by a) creating a new tax bracket for incomes above \$1 million; b) close tax loopholes that benefit the wealthy; and c) increase the estate tax.

9. TIMOTHY NOAH (2012)

A. Soak the Rich: Make Taxes More Progressive

1. Raise marginal rates on income above \$250,000 from 35% to 39.6% (Obama's proposal – done)
2. Add additional marginal brackets: 50% of income above \$1,000,000; 60% above \$5,000,000; 70% above \$20,000,000
3. Tax capital gains at same rate as regular income
4. Curtail S-corporations
5. Phase out deductions and shelters, including the mortgage interest deduction
6. Eliminate payroll tax (FICA) that funds social security and medicare

B. Fatten Government Payrolls

1. Provide time limited work for lower and middle income people *a la* 1936 Works Progress Administration

C. Import More Skilled Labor

1. Remove current restrictions/barriers, thus reducing the wage premium paid to U.S. college and professional school grads

D. Universalize Preschool

E. Impose Price Controls on Colleges and Universities

1. Use government student loan and research grant leverage to force colleges to accept austerity measures

F. Reregulate Wall Street

1. Keep Dodd-Frank intact, resist repeal
2. Break up the too-big-to-fail banks

G. Elect Democratic Presidents

H. Revive the Labor Movement

1. Repeal Taft-Hartley
2. Allow card-check and/or include labor organizing under civil rights act
3. Expand worker stock ownership plans
4. Negotiate wages industry-wide

10. JOSEPH STIGLITZ (2012)

I. CURBING THE EXCESSES AT THE TOP

A. Reducing rent seeking and leveling the playing field

1. Curbing the financial sector. Extend Dodd-Frank to:
 - a) curb excessive risk taking by too-big-to-fail financial institutions. Restrict leverage and liquidity.
 - b) make banks more transparent; stop underwriting them by government-insured financial institutions.
 - c) make banks and credit card companies more competitive, by developing efficient electronics payment mechanisms.
 - d) prohibit banks from predatory lending and abusive credit card practices, by restricting high interest rates.
 - e) Curb bonuses that encourage excessive risk taking
 - f) Close down offshore banking centers – they exist only to circumvent taxes.
2. Stronger and more effectively enforced competition laws. Break up monopolies and oligopolies.
3. Stop CEOs from diverting corporate resources for personal benefit. Pass laws that give shareholders a say on pay.
4. Reform of bankruptcy laws so that lenders bear the brunt of a mistake, not the borrower.
5. End government giveaways in the disposition of public assets (eg, oil auctions, TV/radio spectrum) and procurement.
6. End corporate welfare: hidden subsidies, loopholes, exemptions in the tax code, etc.
7. End cheap corporate credit and government loan guarantees (eg, limited liability for nuclear power plants).

B. Tax Reform

1. More progressive income and corporate taxes, with top brackets of 50-70% or more.
2. Reform the estate tax system to prevent the creation of a new oligarchy.

II. HELPING THE REST

1. Improve access to education (eg, no government financial assistance to for-profit schools).
2. Help ordinary Americans save (eg, first-time homeowner assistance).
3. Health Care For All (eg, expand Obamacare; consider single-payer).
4. Strengthen other social protection programs (eg, EITC, Medicaid, food stamps, social security).
5. Temper Globalization:
 - a) regulate short-term, speculative cross-border capital flows
 - b) resist race to the bottom on regulations, workers rights, environmental protection
 - c) tax profits of corporations operating in the US on the full basis of their US sales, regardless of where production occurs
6. Restore and maintain full employment:
 - a) Fiscal policy: (eg, budget and tax powers used to achieve faster growth, more employment, lower debts/deficits)
 - b) Monetary policy: (eg, more accountable central bank; focus on employment, growth, stability rather than solely inflation)
 - c) Correcting trade imbalances
 - d) Active labor market policy: (eg, job training and retraining, guaranteed jobs).
7. A New Social Compact
 - a) Supporting workers' and citizens' collective action (eg, strengthen unions).
 - b) Affirmative action to eliminate the legacy of discrimination
8. Restore Sustainable and Equitable Growth
 - a) A growth agenda based on public investment (eg, peg corporate taxes to rates of investment and job creation)
 - b) Redirect investment and innovation to preserve jobs and the environment (eg, via investment tax credits)

III. POLITICAL REFORM SO THAT POLICIES LISTED IN I AND II CAN BE ADOPTED

1. Campaign finance reform (eg, public campaign funding, broadcaster mandate to provide free airtime).
2. Public funding of independent think tanks to ensure balanced policy debate.
3. Mandatory voting, with financial penalties for not complying
4. Reduce scope for gerrymandering
5. Reduce use of the filibuster

11. ROBERT REICH (2010)

1. Reverse income tax for low-income workers: "full-time workers earning \$20,000 or less (2009 US\$) would receive a wage supplement of \$15,000. This supplement would decline incrementally up the income scale, to \$10,000 for full-time workers earning \$30,000; to \$5,000 for full-time workers earning \$40,000; and then to zero for full-time workers earning \$50,000.
2. Reduced tax for middle-income workers: "The tax rate of full-time workers with incomes between \$50,000 and \$90,000 – whether the source of those incomes are wages, salaries, or capital gains – would be cut to 10 percent of earnings."
3. Progressive tax for high-income workers: "The taxes for people with income of between \$90,000 and \$160,000 would be 20 percent, whatever the income source." Income above \$160,000 would be taxed at 40%, above \$260,000 at 50%, and above \$410,000 at 55%.

12. JOHN CAVANAUGH (2008)

1. Repeal tax breaks for households with annual incomes over \$250,000: \$43 billion/yr.
2. Tax financial transactions: \$100 billion/yr.
3. Eliminate tax preferences for capital gains and dividends: \$80 billion/yr.
4. Progressive estate tax on large fortunes: \$40-60 billion/yr.
5. A new higher rate on extremely high incomes: \$60-70 billion/yr
6. End overseas tax havens: \$100 billion/yr
7. Eliminate subsidies for excessive executive compensation: \$18 billion/yr.

13. HOWARD GARDNER (2007)

1. Maximum income disparity: "No single person should be allowed annually to take home more than 100 times as much money as the average worker in a society earns in a year. If the average worker makes \$40,000, the top compensated individual may keep \$4 million a year. Any income in excess of that amount must be contributed to a charity or returned to the government, either as a general gift, or targeted to a specific line item (ranging from the Department of Veterans Affairs to the National Endowment for the Arts.)"

2. Maximum income transfer: "No individual can pass more than \$200 million to his or her heirs, and any excess must be contributed to charity."

14. JULIET SCHOR (1995)

1. Basic Income Grant (BIG): A guaranteed minimum income from the government for all citizens. It would "allow people to opt out of the labor market for a while, to raise their children or pursue activities that are not lucrative (the arts, community work, or social services). It would enable them to retire when they feel ready, or to pursue schooling or retraining. Eligibility would be tied to a work requirement: the length of eligibility for receiving BIG would be tied to past work, and participation in unpaid community service, as well as child and elder care."

2. comparable worth: To be phased in over a three year period in all institutions.

3. minimum wage: A phased-in increase to \$7.00 an hour for adults, with subsequent pegging to the median wage.

4. progressive taxes: expansion of lower income exemptions, higher marginal rates for higher incomes, removal of the income cap on payroll taxes, higher corporate income taxes.

5. green tax: A national value-added tax on retail commodities such as gasoline, air conditioners, meat, furniture, jet travel, etc.

6. Corporate Democracy Act:

a) Boards of Directors to include workers, consumers and other stakeholders, in addition to stockholders;

b) "...erode the legal fiction of the corporation as person, thereby creating increased civil and criminal liability for individual managers."

c) "...transfer corporate chartering to the Federal government and set minimum standards for tax subsidies, pollution and unfair labor practices..."

7. socially responsible firms: "Government should provide significant incentives for democratically controlled enterprises, such as consumer cooperatives, employee-owned firms, and municipally and community-owned enterprises. These include tax incentives, regulatory encouragement, financial schemes, preferential buying, and technical aid."

15. Scheidel's (2018) Florilegium of Proposals to Reduce Inequality of Income and Wealth

Scheidel (2018) surveyed 14 texts that included proposals to reduce inequality of income and wealth, and gathered the florilegium of proposals shown here:

A. Tax Reform:

1. More progressive income taxes
2. Tax capital gains as ordinary income
3. Tax capital income in general at higher rates
4. Eliminate regressive payroll taxes
5. Tax wealth directly, and in ways that curtail its transmission across generations
6. Prevent offshore tax evasion via trade tariffs and creation of a global wealth register
7. Tax corporations on their global profits and end hidden corporate tax subsidies
8. Establish an annual global tax of wealth, withheld at the source
9. In addition, have a large one-time global wealth levy to reduce public debt and rebalance private/public wealth ratio

B. Education and Education Finance Reform:

10. End regressive local property taxes as the primary source of funds for education
11. Provide universal pre-school education
12. Establish price controls on tertiary education

C. Expenditure Side Programs:

13. Programs to insure the assets of lower-income groups from exogenous shocks, e.g., national health care
14. Provide low-interest loans to lower-income borrowers, directly or by incentivizing lenders.
15. Make bankruptcy law more forgiving for lower-income debtors
16. Establish a Universal Basic Income
17. Provide matching grants for personal savings, up to a ceiling
18. Provision each child with a minimum endowment of stocks and bonds, accessible at 18 or 21 or a bit later.

D. Business and Labor Policies:

19. Reform patent, antitrust and contract policies that currently facilitate easy concentration of income and wealth
20. Break up monopolies and make it more difficult for them to form
21. Regulate the financial sector more strictly, to curtail easy concentration of income and wealth.
22. Link corporate taxes to the ratio of CEO compensation to worker median wage.
23. Reform corporate governance to prevent rent-seeking by corporate executives.
24. Require worker representation on corporate boards; give workers an equivalent of stockholder rights.
25. Establish mandatory schedules of corporate profit-sharing with workers.
26. Re-establish union power by allowing/mandating card-check, union shop and other reforms.
27. Increase the minimum wage
28. Improve access to employment by underrepresented groups
29. Establish a federal jobs program

E. International and Global Policies:

30. Revise immigration policies to favor skilled labor, so as to reduce the premium of skilled over unskilled wages.
31. Establish coordinated international labor standards
32. Tax foreign earnings and corporate profits regardless of the location of production
33. Regulate international capital flows
34. Require U.S. trade partners to establish minimum wages equal to half their respective national median wage.

F. Political Reform:

35. Pass campaign finance reform to eliminate the unfair advantages currently held by wealthy interests
36. Establish programs that would increase voter turnout
37. Democratize access to media coverage during campaigns

Sources: OECD (2011), Bowles (2012), Noah (2012), Bivens and Mishel (2013), Corak (2013), Stiglitz (2013), Piketty (2014), Blume and Durlauf (2015), Bourguignon (2015), Collins and Hoxie (2015), Kanbur (2015), Ales, Durnaz, and Sleet (2015), Riech (2015), Zucman (2015).

C.2.b. Estimates of the Impact of Policies to Reduce Income and Wealth Inequality

As noted, few authors who have recently proposed comprehensive packages of policies intended to reduce income and wealth inequality have included estimates of the efficacy of their proposed policies. In this note we summarize the results of several authors who do in fact perform this analysis.

A. Atkinson (2015)

Atkinson models the impact of four of the most significant of the 15 proposals he suggests, and that we show in ATTACHMENT C. 2.a.(5):

- 1) **more progressive income taxes**, with rates of 55% on income above £100,000 (\$133,000) and 65% on income above £200,000 (\$266,000).
- 2) **earned income discount**: 20% of earned income is discounted up to £23,000 (\$31,000), then tapering off and removed completely at £35K (\$47K).
- 3) **child benefits**: basic benefit of £2,080/yr/child (\$2,766); other child benefits ~ £1,000/yr/ (\$1.3K).
- 4) **“participation income”** for all adults of ~ £3,110/yr (\$4,140).

Atkinson estimates that, taken together, these policies would reduce the Gini Coefficient of the United Kingdom from its current 32.1 to a new level of 28.2, a reduction of 3.9 points. These policies would bring the U.K. close to the level of income inequality of today’s Denmark, Hungary and Iceland (with Ginis of 28.8, 28.2 and 28.0, respectively). This would clearly be an improvement, as these countries are among the 20 countries with the lowest levels of economic inequality worldwide (Finland, with a Gini of 21.5, is the lowest). But a full interpretation of these figures is sobering, for two reasons:

- 1) Even those countries with comparatively low inequality have significant inequality. In [Denmark, for example](#), the richest 10 percent now own as much as 70 percent of the rest of the population put together.
- 2) Upon adoption Atkinson’s proposals would generate a one-time decrease in inequality, but after a period of adjustment inequality would recommence its rise, albeit more slowing.
- 3) It is highly unlikely that the package of policies that Atkinson assesses could ever be politically feasible, short of some highly disruptive situation that dramatically reconfigures the social, economic and political landscape..

B. Bourguignon (2015)

Bourguignon [cited in Scheidel (2017)] estimates that a near doubling of the effective tax rate on the top 1% of American households, (1% threshold = \$431,000), from current 35% to 67.5%, would bring their share of disposable household income to its 1979 level. This would certainly be more economically equitable. In 1979 the top 1% received ~ 8% of all household income, compared with today’s ~ 22%. And the 1979 Gini of ~ 37.8 is certainly an improvement over today’s ~ 45.4. But the same two caveats as noted for the Atkinson calculations apply here:

- 1) A Gini of 37.8 is near the very middle of the distribution of the world’s countries; ~ half the world’s countries have lower Gini coefficients.
- 2) A more progressive tax structure will slow but not stop the growth of economic inequality.
- 3) It is highly unlikely that the top 1% of U.S. households would agree to have the rate at which income in their top tax bracket is taxed go from 35% to 67.5%, absent some highly disruptive situation that dramatically reconfigures the landscape of social, economic and political power.

C.2.c. THE PROPOSAL OF SENATOR BERNIE SANDERS – Analysis, Controversy and Critique

In January 2016 University of Massachusetts at Amherst economics professor Gerald Friedman published the results of his analysis of the economic policy measures proposed by Senator Bernie Sanders as part of his 2016 campaign for the Democratic Party presidential nomination.

Sanders' economic proposals are shown above in **Section C.2.a. (2)**. Highlights of Friedman's analysis and the ensuing controversy and critique are summarized below.

HIGHLIGHTS OF FRIEDMAN'S ANALYSIS OF SANDERS' PROPOSALS

- The real GDP annual growth rate will rise from 2.1% to 5.3%. By 2026 GDP per capita will be \$20,000 higher than is projected under current policy. Total GDP would be 37% greater.
- The growth rate of median income will rise from 0.8% to 3.5% /year; median household income will be \$22,000 higher in 2016 than is projected under current policy.
- 26 million new jobs will have been created by 2026. Employment would be 16% higher. Unemployment will fall to 3.8% by 2021.
- Labor productivity will double to over 3% /yr.
- Real wages will grow at nearly 2.5%/yr.
- The poverty rate will fall to a record low of 6%. The poverty rate for children will fall from 22% to 11%.
- The ratio of the average income of the top 5% to that of the bottom 20% will fall from 27.5 to 10.1.
- Over the ten-year period 2017-2028 new federal spending will total ~ 14.5 trillion, and new federal revenues would total about \$15.8 trillion, leaving a comfortable budget surplus.

RESPONSE FROM FORMER CEA CHAIRS

In February 2016 an [Open Letter](#) to Senator Sanders and Professor Friedman was posted, signed by four past chairs of the Council of Economic Advisers under Democratic Presidents Clinton and Obama: **Alan Krueger** (Princeton), **Austin Goolsbee** (University of Chicago), **Christina Romer** (UC Berkeley), and **Laura D'Andrea Tyson** (UC Berkeley). It noted that Friedman's analysis asserts that Sanders' plan "will have huge beneficial impacts on growth rates, income and employment that exceed even the most grandiose predictions by Republicans about the impact of their tax cut proposal," and that no credible economic research supports economic impacts of the magnitude suggested by Friedman.

ANALYSIS OF FRIEDMAN'S ANALYSIS BY ROMER & ROMER

Later in February Christina Romer and fellow-UC Berkeley economist David Romer prepared a detailed analysis and critique of Friedman's analysis. They identified two fundamental problems:

1. The degree to which he shows increases in government spending generating increases in output "are far too large to be credible."
2. Friedman's assumption that current excess productive capacity is large enough to support 5.3% GDP growth rates, without generating inflation, is unrealistic. Inflation generated by capacity limits would motivate Federal Reserve interest rate hikes "long before such high growth rates are realized." Further, Sanders' proposals are unlikely to increase productive capacity, and might even reduce it.

Romer and Romer say that Friedman appears to be suggesting that a one-time, temporary increase in government spending can translate into a permanent increase in the level of output, and further that a permanent increase in government spending can generate a higher sustained rate of economic growth. Both of these relations are

contrary to conventional Keynesian aggregate demand theory, in which a temporary fiscal stimulus has a temporary impact on output, and a permanent increase in government spending generates a higher permanent level of output, but has no impact on the output growth rate after that new, higher equilibrium level of output has been reached.

FRIEDMAN'S RESPONSE TO ROMER AND ROMER

In response to the Romer and Romer, Friedman affirms that he is, in fact, using a non-conventional economic growth model, drawing on the heterodox Post Keynesian thought of Nicholas Kaldor, Joan Robinson, Michael Kalecki and others. As discussed in Attachment E.1. of this Working Paper, Post Keynesian thought suggests that a significant enough fiscal stimulus can in fact have a positive impact on sustained growth rates. It can do so, Friedman says, because the immediate increase in demand and employment in turn "raises output by drawing more into the labor force, and by upgrading skills, promoting investment, and raising productivity through learning-by-doing," all of which constitute permanent increases in the level of productive labor and capital.

Friedman also notes differences on empirical questions that divide him and the Romers, e.g., he estimates the present economy to be operating at 11% below capacity, whereas the Romers suggest 2-4%. But he says that the more important difference is one of theory: "does capacity rise when the economy expands?" Friedman acknowledged that some of his parameter value choices may have been optimistic, and said that he would prepare a revised assessment showing the sensitivity of a range of parameter values.

COMMENTS

1. In the six decades since WW2, Friedman's Post Keynesian theoretical perspective has been decidedly unorthodox and effectively marginalized within the economics profession. But as discussed in Attachment E.1., the reigning New Consensus orthodoxy is being re-evaluated in the wake of continuing growth of economic inequality, the 2008 fiscal crisis and the ensuing Great Recession, and Post Keynesian thinking is receiving new attention.
2. At no point in the debate over the Sanders plan was the desirability of a 5.3% per capita GDP growth rate posed as a question. In the half century since the publication of *The Limits to Growth*, the "limits" position has yet to gain even the smallest purchase when set in the public arena against the "growth" position.
3. Quite aside from the substantive merits/demerits of Sanders' proposal, the administrative and political difficulties that the Sanders' package would face would be immense.
4. See this further analysis of Sanders' program by the [Tax Policy Center](#) (Urban institute/Brookings Institution).

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C.2.d. UNIVERSAL BASIC INCOME

1. The terms *universal basic income*, *basic income*, *basic income guarantee*, *unconditional basic income* and related terms can be used in different ways. Here we use **Universal Basic Income (UBI)** to mean a government program in which all citizens (or permanent residents) are given an annual income sufficient to live on with no strings attached.

2. The moral obligation of a community to assist members in economic distress may predate the emergence of *H. sapiens*. The concept of UBI as understood today arose during the Enlightenment. Serious legislative proposals were put forth in early 20th century Europe. Today all countries have systems of economic safety nets, insurance and supplements, but no country has adopted what would be considered a UBI.

3. Interest in the UBI has increased significantly over the past decade. Pilot programs are underway in several countries, including the United States, Canada, Finland, Namibia and Kenya, usually at the municipal level, to assess their effectiveness.

Ideological motivation for the UBI

4. This new interest is a consequence of the recognition of the degree of income inequality in the industrial world and the rapidity with which it is increasing, the slow recovery from the 2008 recession, and the specter of massive job losses from automation. Taken together, these factors raise the prospect that conventional programs of economic support will be unable to prevent growing economic precarity from generating social and political instability. Different ideological orientations justify support of the idea of a UBI in different ways:

a. Most **centrists/moderates**, and many **progressives, social democrats and others on the left**, see UBI primarily as a buffer that would enable low-income and working class households to remain intact during periods of adversity while they seek work, get training/education, relocate or take other steps that will enable them to rejoin the regular workforce.

b. Many **fiscal and social conservatives**, including **libertarians**, support UBI in the expectation that it would be, on balance, less costly and more effective than are conventional highly bureaucratic and otherwise intrusive and ineffective systems of income support. UBI proposals from conservatives typically foreground the dismantling of existing income support programs, and entail lower levels of annual income support targeted to more needy households.

c. A **sub-set of progressives** and others on the left sees the UBI as part of a more radical restructuring of the ways in which we think about work, income, society and life. This perspective emphasizes the flexibility and new opportunities that a UBI would offer for alternative ways of living. People who are comfortable living at or near the level of a UBI could devote themselves to the arts, community service, political activity, personal enrichment and/or general conviviality without having to worry about fitting as a cog into the market economy.

d. There is a **sub-set of fiscal and social conservatives** whose major motivation for supporting UBI is to no longer have to worry about the problems of low income people. They look forward to the time when a minimum adequate UBI has been established and all other income support programs, including social security, Medicare and unemployment insurance, and perhaps even public education, have been dismantled. At that point all responsibility on the part of the better off for the well-being of lower income people will have been discharged. It is hoped that those receiving the UBI will prosper, but if they don't, society has no further obligation other than to ensure public safety.

5. In the last few years UBI has received strong public support from tech industry leaders and celebrities, including Mark Zuckerberg (Facebook), Sergi Brin (Google), Ray Kurzweil (Google, author), Chris Hughes (Facebook co-founder), Peter Theil (PayPal, Trump advisor), Mark Andreessen (venture capitalist), Eric Schmidt (Google), Peter

Diamandis (X Prize Foundation; Singularity University) and Eric Hoffman and Sam Altman (Y Combinator). This enthusiasm should raise eyebrows, as many of these figures are among the most libertarian of an already strongly libertarian tech industry cohort. But from their standpoint the case for UBI makes sense. They know that income inequality is growing rapidly and that the manifold impacts of tech are among its prime drivers. It is unlikely that conventional social and economic policies can easily prevent this income gap from growing ever wider, much less reverse it. To keep inequality from growing to such a level that the functional viability of our capitalist system becomes untenable, the Silicon Valley tech elites are more than willing to have a portion of their income taxed away and transferred to lower income households.

6. The motivations behind the tech leaders' support for UBI need to be unpacked further. Many tech leaders are so strongly advocating UBI because they cannot imagine a future in which the great mass of the world's people - say, the "bottom" 80% - will have anything useful to contribute to the world's systems of production, nearly all of which will be operated and managed by artificial intelligence, robotics, and a small remaining human presence. The top 20% of households will be amassing prodigious wealth, so it's little sacrifice for them to transfer even significant shares of this income to the now-superfluous 80%, most of whom will use it mostly for recreation and entertainment. It's true that a life of recreation and entertainment is very likely a life without meaning, and meaningless generates nihilism, which generates violence. At that point it won't be possible for the top 20% to ignore the bottom 80%. But what is to be done? It would be much easier if the bottom 80% were simply to disappear. The top 20% wouldn't be especially inconvenienced - in fact, they'd have more of the planet available for themselves and their machines.

7. An alternative, much simpler, explanation for the tech leaders' support for UBI is that they don't believe that there is any real danger that UBI will ever actually come to pass, and there is considerable PR upside in being seen as being deeply concerned about growing economic inequities.

8. There is an alternative Left/Socialist scenario that goes a certain distance down this same road but has a rosier ending. Simply stated, the bottom 80%, inspired and guided by a committed leadership cadre, dispossess the top 20% and assume control of the machines that are doing the productive work of the world. They usher in an era of what might be called **techno-communism**. Artificial intelligence, robotics and pervasive automation generate unprecedented wealth, which is equitably distributed to all. We use our bountiful time and wealth for recreation, to be sure, but also for the pursuit of intensely meaningful explorations of the arts and sciences, and of both inner and outer space. See Frase (2011).

9. The scenarios discussed to this point either assume and accept continuing economic growth and see UBI as having at least a neutral impact on growth or celebrate UBI on the claim that it will *encourage* economic growth. Deep Green and Steady-State environmentalists tell a different story. They hold economic growth responsible for mass ecocide and eventually extinction and look forward to its end. But they acknowledge that a world of little or no economic growth, if left to its own devices, would likely be a world of great economic inequality. This is ethically unacceptable in itself, and pragmatically unacceptable because it would motivate support for a revival of economic growth. Thus, Steady-State environmentalists generally support UBI as a necessary part of any long-term Green scenario, in order to address the legitimate demands for economic equity in a truly just, sustainable world.

10. For an articulate, tough criticism of UBI from a left/socialist perspective see Battistoni (2017). She notes that although many UBI advocates - notably former SEIU leader and now "post-ideological" Andy Stern - emphasize its seeming support from across the ideological spectrum and thus its real-world policy potential, this is a gross illusion. The differences between libertarian/conservative versions of UBI and left/socialist versions are profound and hardly the sort over which principled *realpolitik* tweaks can be forged. She's critical as well of "left-futurists" calling for UBIs to usher in a new era of technocratic luxury communism, as there's simply no base for this. She says that the only way in which a UBI that would truly meet the needs of the poor, working and endangered middle-classes to come to pass will be for those constituencies to organize in support of it.

Existing Programs, Pilot Programs and Related Initiatives

10. Programs meant to incorporate some of the features of a UBI have been established in Brazil, Macau, Iran, Poland and Alaska (USA). These have been far more conditional, and provide far less income, than would a true UBI. See the [Wikipedia entry on UBI](#) for details.

11. Pilot UBI programs are underway, planned or recently completed in several countries, including India, Netherlands, Namibia (village of Omitara), Uganda (village in Fort Portal), and Canada (cities of Hamilton, Lindsay and Thunder Bay in Ontario). See the [Wikipedia entry on pilot UBI programs](#) for details.

12. [Several pilot programs](#) and legislative initiatives are significant enough to be followed and studied with particular interest. These include:

1. **Kenya.** In 2017 the foundation [GiveDirectly](#) began giving \$22/mo. direct cash income (using M-Pesa, a mobile e-money system used widely in Kenya), set at the Kenyan “food poverty line”, to more than 6,000 people in dozens of poor villages, for 12 years. It is the single most ambitious UBI pilot study ever.

2. **Netherlands.** Beginning in early 2019 the City of Utrecht will give ~ \$1,030 US/month for two years to about 250 people. [Similar experiments](#), with varying specifics, are underway or under discussion in the cities of Nijmegen, Amsterdam, Groningen, Wageningen, Tilburg, and Deventer

3. **Stockton, CA.** Beginning in early 2019 the [Stockton Economic Empowerment Demonstration](#) (SEED) will give 100 low-income residents \$500 each month for approximately 18 months. The project was originated by the *Economic Security Project* (ESP), which contributed \$1 million to the program. ESP was co-founded in 2016 by Facebook co-founder and former *New Republic* owner Chris Hughes.

4. **Y Combinator.** The seed accelerator [Y Combinator](#) plans to recruit ~ 3,000 poor and low-income young adults across two US states and randomly select 1,000 of them to receive \$1,000 per month for 3 to 5 years, with intensive monitoring and evaluation of the impact of the cash transfers. This will be the most ambitious UBI pilot ever conducted in the United States. A one-year feasibility-testing program ran in Oakland, CA in 2016-2017.

5. **Finland.** In 2017 Finland began a [pilot program](#) in which 2,000 randomly selected unemployed Finns would receive ~ \$675 US/mo for two years. The conservative government announced in March 2018 that the pilot had demonstrated the unpopularity of UBI and would not be extended. Supporters claim that the UBI grant was not large enough, the recipient base too narrow, and the period of the trial too short to serve as a useful trial.

6. **Switzerland.** In 2016 Switzerland [voted by referendum](#) on whether or not to provide a UBI. The measure did not mention precise amounts, but advocates suggested that they would call for \$2,500 US/mo for each adult and \$625/mo for each child. No plan for financing the UBI was included in the measure, which was opposed by all major political parties, and the government. The measure was rejected by a 77% majority.

Closing comments

13. There are take-aways from this brief review:

a. A UBI large enough to sustain a household indefinitely with no other sources of income is likely a non-starter as something to be adopted in any existing democratic capitalist political economy. Such a UBI would entail a massive restructuring of social and economic institutions that have sustained these economies since the industrial revolution. Over the coming several decades, desires for greater income support will more likely be met through augmented conventional income support programs (eg, negative income taxes, conditional income support).

b. A UBI is conceivable as part of a more radically transformed political economy, say of a sort that might develop over the coming century or two. A UBI could be compatible, for example, with our two Archetypal Scenarios of Balanced Equitable World and Green Sustainability World. In either case it likely wouldn't be thought of as a

separable government program. Rather, it would be understood as part and parcel of the means by which any political economy of economic justice, ecological integrity and technological responsibility structures work, family and community life. However, it's unlikely that such a UBI would be unconditional in the sense that many of today's UBI advocates imagine, e.g., as a means to allow individuals to indulge their avocational whims and passions. On the contrary, it might come with an even thicker and more structured set of expectations regarding productive roles that contribute to the well-being of the community.

c. The advocacy of UBI by the Silicon Valley tech leadership is highly problematic. Much is no doubt sincere and well-meant, albeit naïve. But much is likely as well a 21st- century form of bread-and-circuses, ultimately informed by a cynical, misanthropic view of the human future, and should be called out as such.

BOX C.2-1. PROPOSALS FOR A UNIVERSAL BASIC INCOME – there are scores of proposed UBI programs, taking many forms. Four proposals for the United States are summarized here:

A. ANDY STERN (2017)

Proposal: An unconditional universal basic income of \$12,000 per year for all adults between 18 and 64, and for all seniors who do not receive at least \$12,000 per month in Social Security.

Annual cost: \$1.75 – \$2.5 trillion, to come from (all \$ values per year):

- * Ending the 126 current federal and state welfare programs: \$1.0 trillion.
- * Adjustments in social security benefits for future generations (not for those now contributing to SS).
- * Establish a more cost effective non-employer-based healthcare system.
- * Establish a Financial Transactions Tax of e.g. 0.25% on all sales and purchases: \$150 billion.
- * Possible value added tax (VAT) of e.g. 5-10% on all goods and services: \$0.65 – 1.3 trillion.
- * Possible “common wealth tax” on corporations for externality use of air, water, etc: ~ 1 trillion.
- * Possible wealth tax of 1.5% on all personal assets over \$1 million: ~ \$600 billion.
- * Possible cuts in federal spending (military, farm subsidies, fossil fuel subsidies): ~ \$1 trillion.

B. SCOTT SANTENS (2017)

Proposal: A yearly basic income of \$13,266 per adult citizen and \$4,598 per citizen under 18 in the U.S.

Annual cost: \$3.4 trillion, to come from some combination of (all \$ values per year):

- * Cessation of: food and nutrition assistance programs (\$108 billion), temporary assistance for needy families (\$17 billion), earned income credit (\$73 billion), child tax credit (\$56 billion), home ownership tax expenditures (\$340 billion), married filing jointly preferential tax treatment (\$70 billion), tax break on pensions (\$160 billion), fossil fuel subsidies (\$33 billion), and treating capital gains differently than ordinary income (\$160 billion).
- * A carbon tax starting at \$50/ton with annual increases of \$15/ton. This would add \$150 billion to the basic income fund the first year, and thereafter grow annually.
- * A financial transactions tax starting at 0.34%, adding ~ \$75 billion annually to the basic income fund.
- * Seigniorage reform, i.e., public money creation instead of money creation through bank loans, to add ~ \$2.22 trillion to the basic income fund.
- * A value-added tax to add ~ \$750 billion.
- * A land-value tax (LVT) to add ~ \$750 billion.

C. CHARLES MURRAY (2006)

Proposal: A universal basic income of \$10,000/yr for all adults age 21 and older.

Annual cost: \$1 trillion, to come from ending all current federal and state welfare programs, which now cost almost exactly \$1.0 trillion.

Additional features:

1) A Surtax is levied on incomes from \$25K - \$55K that reimburses the grant up to a maximum of \$5K. The surtax is 20% of incremental earned income. This tax will diminish the work disincentive effects of the basic income grant.

2) Constitutional Amendment: The U.S. Constitution would be amended to prohibit any federal, state or local law or program that “provides benefits to some citizens but not to others.”

D. CHRIS HUGHES (2018)

Proposal: \$6,000/yr to all working adults living in households making less than \$50,000/yr. “Working” means a) bringing in an income of \$5K or more; b) caring for dependent children age 6 or younger; c) caring for dependent parents over age 70; and d) enrolled in an accredited college.

Annual cost: \$290 billion, to be financed by raising the marginal tax rate for those earning more than \$250,000/yr to 50%, both for earned income and for capital gains.

Comments: 1) Hughes acknowledges that this isn’t a *universal* basic income, but believes that retaining an incentive to work is important. 2) In contrast to Stern, Santens and Murray, Hughes does *not* call for existing programs of income support to be dismantled.

E. ANNIE LOWREY (2018)

Proposal: A Negative Income Tax (NIT) that brings everyone up to a minimum income and tapers off after that so as not to undermine work incentives. Lowry says this is very likely the most/only politically realistic proposal.

Annual cost: A minimal NIT that put everyone just over the poverty line (\$25,100 for a family of 4 in 2018) would cost about \$200 billion/yr. A somewhat higher minimum and a more gradual taper would cost ~ \$400 billion/yr.

Funding: The \$200 b NIT would be almost exactly offset by elimination of current EIC, SSI, housing aid, food stamps, welfare and school lunch program spending. The \$400 billion/yr NIT would be funded by these cuts plus a carbon tax, a wealth tax and a financial transactions tax.

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C.2.e. OTHER PROPOSALS TO REDUCE ECONOMIC INEQUALITY

This section is in preparation. It will review, among other proposals:

- * Maximum Wage and Maximum Income
- * Minimum Wealth and Maximum Wealth
- * Pre-Market and Non-Market institutions for setting wages and incomes

These and related topics are now briefly noted in **ATTACHMENT C.4 – How Much is Enough and What is Fair?**

C.2.f. REPARATIONS FOR ENSLAVEMENT

At the conclusion of the Civil War the United States promised '40 acres and a mule' to formerly enslaved heads of households, in part as reparations for the harm suffered while enslaved. This promise was reneged upon in short order. Over the subsequent 150+ years reparations proposals were repeatedly advanced but gained little traction. In the 2010s reparations proposals received renewed attention as the enduring harms of slavery and anti-Black racism, including the persistent Black-white wealth gap, became too evident to ignore. Four such proposals are summarized here:

1. The *Reparations Program* (2015) proposed by the National African Americans Reparations Commission (NAARC)
2. The *Program for Black Reparations* (2020) proposed by William A. Darity and A. Kirsten Mullen
3. The *Final Plan* (June 2023) of the San Francisco African Americans Reparation Advisory Committee
4. The *Final Report* (July 2023) of the California State Reparations Task Force

C.2.f.1. REPARATIONS PROGRAM (2015) – <https://reparationscomm.org/> National African Americans Reparations Commission (NAARC)

The NAARC was established in 2015 under the auspices of the Institute of the Black World 21st Century (IBW). It is comprised of distinguished scholars, advocates, officials and others. The Reparations Program was released by the NAARC on Sept 18, 2015 at the Reparations Braintrust meeting convened by Congressman John Conyers (D-MI).

Preamble

The preamble recounts the justification and purpose of reparations, the long history of proposals and setbacks, and the continuing urgency. The NAARC is to establish a **National Reparations Trust Authority (NRTA)** to serve as the body that receives and disperses reparation funds, as well as **subsidiary Trust Funds** in support of particular projects and programs. The NAARC recognizes that other Black organizations may establish their own funds for receiving and dispersing reparations funds. The NAARC Reparations Program has ten major sections:

1. A Formal Apology and Establishment of an African Holocaust (Maafa) Institute

- * The apology should be initiated by the President and ratified by the U.S. Congress by roll-call vote.
- * A permanent **African Holocaust (Maafa) Institute** is established to provide continuing public education regarding the history and impact of enslavement and related topics. ['Maafa' is the Swahili word for 'great disaster/tragedy'].

2. The Right of Repatriation and Creation of an African Knowledge Program

- * A Black controlled agency will be established to provide financial support and otherwise assist any Americans of African descent who wish to return to and become productive citizens in Africa.
- * A Program will be established to build understandings and relationships between Africans and African Americans.

3. The Right to Land for Social and Economic Development

- * Substantial tracts of U.S. public land will be transferred to the NRTA and used in support of major agricultural, educational, commercial, industrial, economic/business and health/wellness programs to benefit people of African descent, along with other funding in support of such efforts.

4. Funds for Cooperative Enterprises and Socially Responsible Entrepreneurial Development

* These enterprises and other developments will be managed by Boards of Trustees appointed by the NRTA. A ***Black Business Development Bank*** will be established to support socially responsible for-profit enterprises that build the Black community, utilizing just labor policies and sustainable environmental practices.

5. Resources for the Health, Wellness and Healing of Black Families and Communities

- * Funds for a regional system of Black-controlled Health and Wellness Centers
- * Funds to strengthen existing hospital and medical centers serving Black communities
- * Funds for historically Black medical schools, with scholarships for students intending to serve Black communities
- * Resources to promote the use of ***Emancipation Healing Circles*** in Black communities

6. Education for Community Development and Empowerment

- * Funds for the National Board of Education of African Ancestry to develop African-Centered educational programming for predominantly Black public schools
- * U.S. government will provide funds and other incentives to school districts with a 'Curriculum of Inclusion'
- * Funds to strengthen Historically Black Colleges and Universities (HBCU)
- * Funds for HBCU students committed to serving Black communities

7. Affordable Housing for Healthy Black Communities and Wealth Generation

* An ***African American Housing and Finance Authority*** will be established to a) plan and construct 'villages' with affordable housing and supportive services, and b) provide grants and loans for affordable housing.

8. Strengthening Black America's Information and Communications Infrastructure

- * An annual federal set-aside of advertising dollars to support Black owned communications enterprises
- * Funding for a national non-profit newspaper, radio and television network serving Black America

9. Preserving Black Sacred Sites and Monuments

- * The National Parks Service will erect markers on every site where Black persons were lynched or massacred or where Black towns or neighborhoods were destroyed.
- * Funds will be used to preserve Black Burial Grounds and other significant sites, and to identify previously unknown Black Sacred Sites and Monuments.

10. Repairing the Damages of the 'Criminal Injustice System'

- * A Black-controlled ***Agency for Returning Citizens*** will oversee community-based Centers for formerly incarcerated persons, and will support entrepreneurial/business opportunities in communities damaged by mass incarceration.
- * All formerly incarcerated persons will have voting rights restored.
- * The Honorable Marcus Mosiah Garvey will be officially exonerated.
- * All Political Prisoners and Prisoners of War unjustly convicted of defending Black people will be released.
- * the 13th Amendment to the U.S. Constitution will be amended to delete the clause reading "except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction."

The NAARC Program ends with a ***Call to Action and Healing***.

C.2.f.2. A PROGRAM FOR BLACK REPARATIONS (2020) - William A. Darity Jr and A. Kirsten Mullen:
[From Here To Equality: Reparations for Black Americans in the 21st Century.](#)

William Darity is Professor of Public Policy, African and African American Studies, and Economics at Duke University. A. Kirsten Mullen is a folklorist, author and arts consultant, and was on the team awarded the commission to design the National Museum of African American History and Culture. Their book *From Here to Equality* has won multiple awards since its publication.

A. CRITERIA FOR ELIGIBILITY

U.S. citizens would be eligible for reparations if they:

1. Establish that they have at least one ancestor who was enslaved in the United States after the formation of the republic; and
2. Prove that they self-identified as 'Black,' 'Negro,' 'Afro-American,' or 'African America'" at least twelve years before the enactment of the reparations program or the establishment of a federal commission to study and develop reparations for African Americans – whichever comes first.

The agency responsible for administering the reparations program would make available professional genealogical staff to assist with ancestral searches.

B. AMOUNT TO BE PAID FOR REPARATIONS

Several dozen proposals for the amount that should be paid for reparations have been offered, using widely differing criteria and methodologies.

Some proposals use the period of enslavement under U.S. jurisdiction, e.g. ~ 1789-1863, as the basis for their calculations. Others include the years of Jim Crow and continuing racism after that. Still others include the period of North American enslavement beginning in 1619.

Proposals which use the period of enslavement under U.S. jurisdiction typically use present-value estimates of one or more of three measures:

- a) estimates of unpaid wages
- b) purchase prices of the human 'property'
- c) the value of land promised to the formerly enslaved

Methodological details matter. When calculating unpaid wages, researchers may use, say, a 12- or 15-hour workday, but at least one researcher has used a 24-hour day, arguing that under chattel slavery the sum total of activities of the enslaved person contribute to the economic benefit of the slave owner. Some calculations based on the value of the promised '40 acres and a mule' understand that promise to have meant 40 acres *per household*, while others cite evidence suggesting that 40 acres *per person*, i.e. 160 acres per household of four, was intended.

Proposals that include reparations for the decades under Jim Crow and to the present day include proposals based on the difference between mean *per capita incomes* of Blacks and whites today, and proposals that would *close the wealth gap* between Black and white households today.

All proposals based on past injustice require that dollar amounts be converted to present values at some set interest rate. Rates used in the literature generally fall within a range of 4-6%.

After their review, Darity and Mullen opt for the **racial wealth gap** as "the most robust indicator of the cumulative economic effects of white supremacy in the United States." The 2016 Survey of Consumer Finances pegs the gap

in mean household wealth by race to be \$795,000, which, given an average of 3.31 persons per black household, suggests reparations of about **\$240,000 per individual**. Darity and Mullen estimate total cost of such a reparations program to be \$15-20 trillion.

C. METHODS OF PAYMENT AND ADMINISTRATION

Darity and Mullens propose that flexibility be built into administration of reparations so as to best serve diverse personal and living situations. They suggest that:

- * It's symbolically and substantively important that some share of the reparations be direct cash payouts. These can be given over a period; they suggest the program should aim to eliminate the racial wealth gap within a decade.
- * A portion of the total reparations fund could be put in a trust to which eligible recipients could apply for asset-building projects, e.g. homeownership, education, or self-employment start-up.
- * A portion could be used to endow historically black colleges and universities for curricula and other activities directed at closing the racial wealth gap.
- * By definition, reparations payments are to be made to all eligible citizens regardless of wealth or income status. But affluent recipients can be encouraged to donate or direct their payments to programs that would help less well-off recipients build wealth.
- * A 12-member **reparations supervisory board** elected by all those with established eligibility would select a team of *trust account managers* to administer the funds. Board membership would be a full-time job; members would serve non-consecutive 3-year terms and be compensated at no less than \$200,000/yr.
- * A **National Reparations Bureau (NRB)** would be established as a federal civil service bureau to provide full administrative support for the supervisory board and to ensure the fiscal integrity of the program. The NRB would also develop financial management training curricula, to be provided through schools and community organizations, to ensure that recipients receive training and assistance in managing their new portfolios. The NRB will also be charged with implementing a concerted education and cultural effort to "document, conserve and communicate America's history of racial injustice... The intensive phase of the public education effort should last for a minimum of three generations, or ninety years..." and continue at an appropriate level indefinitely.

D. HOW WILL THE REPARATIONS PROGRAM BE FINANCED?

- * If sequenced over 10 years, the program could be financed out of conventional sources: issuance of new money, government borrowing, and perhaps new taxes.
- * An additional option (suggested by Franklin (2012) and Berry (2014) is: establish a Reparations Superfund that would receive "contributions made by institutions and organizations that benefitted from slavery, Jim Crow, and the continued subordination of black Americans."
- * A further option (suggested by Matt Yglesias (2014) is: Congress could direct the Federal Reserve to fund the program, in whole or in part.
- * To avoid risk of inflation, portions of the reparations payments could be distributed as less-liquid assets, e.g., as trust funds available at later dates, especially for younger recipients, or recipients could be allowed full use of the interest from their trust fund, but would require trustee approval for wealth-building use of the principal.

REFERENCES

- Berry, Mary Frances. 2014. "[We Need a 'Reparations Superfund.'](#)" *New York Times*, 9 June.
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- Yglesias, Matthew. 2014. "[Slavery Reparations Are Workable and Affordable.](#)" *Vox*, 23 May 23.

C.2.f.3. SAN FRANCISCO REPARATIONS PLAN 2023

In early 2021 the San Francisco Board of Supervisors appointed the 15-member **San Francisco African American Reparations Advisory Committee (AARAC)**. The AARAC worked with scores of public officials, community leaders, scholars and others to develop what became the ***San Francisco Reparations Plan***.

The nearly 400-page final *Report* was submitted to the Mayor and Supervisors in July 2023. It covered three broad substantive topics – Economic Empowerment, Education and Health – addressing 32 specific objectives to be realized via 149 specific policy action recommendations.

The AARAC was not charged with estimating the cost of their recommendations or with a plan for budgetary support. Suffice to say that the total cost of implementing the entire plan would be significant.

The SF Board of Supervisors has voiced approval of the final Reparations Plan in principle but has declined to commit to specific proposals. Mayor London Breed, who is Black, supports reparations but says that big-ticket items, notably including direct cash grants, should be handled by the federal government.

San Francisco Reparations Plan 2023

THREE OVERALL RECOMMENDATIONS

1. City and County of San Francisco and its agencies must issue a **formal apology** for past harms, and commit to making substantial ongoing, systemic and programmatic investments in Black communities to address historical harms.
2. City and County of San Francisco must establish an independent **Office of Reparations** within the City to execute this plan. This Office must track implementation of the recommendations of the Reparations Plan and ensure success of programs.
3. City and County of San Francisco must create and fund an independent committee of community stakeholders – e.g. a **Reparations Stakeholder Authority** – to ensure equity and continuity in the implementation of relevant policy initiatives.

OUTLINE OF OBJECTIVES

I. ECONOMIC EMPOWERMENT

A. Financial Reparations

1. Create a comprehensive suite of financial reparations that is made immediately available to those who qualify under

the eligibility parameters set forth by the Committee. These include:

- * All persons eligible for reparations would receive a one-time, lump sum payment of \$5 million; and
- * Lower income African American households would receive an income supplement to bring them up to the Area Median Income (AMI), annually for at least 250 years (\$97,000 in 2022).

B. Rental Housing and Home Ownership

2. Ensure that all members of the affected community have access to affordable, quality housing options at all income levels.

C. Spatial Justice, Cooperatives and Community Space Ownership

3. Support and promote collective ownership models and “nontraditional” pathways to ownership.
4. Create and sustain thriving, complete neighborhoods that include commercial activity, open spaces, safe streets and affordable housing for Black San Franciscans, in order to address the impact and legacy of displacement in the Redevelopment Era.
5. Create vibrant community hubs and support cultural institutions centered on the Black community

D. Job Creation and Succession

6. Prioritize Black San Franciscans in local growth industries. Align educational, professional and economic development pathways to ensure successful outcomes across all employment levels in these industries.

E. Black Business Ownership and Entrepreneurship

7. To support Black entrepreneurs and ensure that Black-owned businesses thrive in San Francisco.
8. Fill funding gaps for Black entrepreneurs and expand opportunities to access capital.

II. EDUCATION RECOMMENDATIONS

A. Formal Recognition of Institutional Harms

1. Acknowledge the harm done to past generations of Black students in San Francisco and take steps to prevent future harms.
2. Make meaningful financial investments in Students and Communities to Address Past Structural Harms
3. Invest in educational infrastructure to ensure that all SFUSD students have equitable access to quality school buildings and resources.

B. Creating Black-Centered Educational Pathways

4. Introduce curriculum that elevates and promotes Black history and culture, and offers students a foundation of culturally competent skills.

5. Create pathways for African American students to pursue both traditional and non-traditional educational opportunities.

C. Recruiting, Retaining and Supporting African American Educators

6. Prioritize Black San Franciscans in local growth industries. Align educational, professional and economic development pathways to ensure successful outcomes across all employment levels in these industries.

7. Develop incentives for retaining Black educators in the SFUSD.

8. Building and sustaining a pipeline of Black educators.

D. Interrupting the School-to-Prison Pipeline

9. Offer creative, community-informed options to support students who are most at risk of becoming involved in the criminal justice system.

10. Invest in holistic, comprehensive wraparound services for SFUSD youth and their families.

11. Implement educational pathways to degree programs for unhoused residents, foster youth, and Transitional Aged Youth (TAY).

12. Establish independent oversight of educational programs related to Reparations.

III. HEALTH RECOMMENDATIONS

1. Acknowledge the insult, assault, and intergenerational harm caused by the City and County of San Francisco as it relates to the mental, physical, and environmental health of Black San Franciscans.

2. Address and reduce health disparities by investing in structural, long-term solutions to the social determinants to health.

3. Create safer public spaces through improvements to the built environment.

4. Address persistent issues in environmental and community health.

5. Reduce the ongoing burden of stress disparately endured by Black San Franciscans.

IV. POLICY RECOMMENDATIONS

1. Address the historical and existing state policies that have disproportionately harmed San Francisco's African American communities.

2. Enforce existing local policies that are ostensibly designed to address historical harms.

3. Work with the full African American Reparations Advisory Committee to develop a suite of prioritized, actionable policy recommendations to advocate for immediately.

4. Create a nonpartisan body and/or a new city agency to ensure the successful implementation of Reparations policy recommendations after this body sunsets in June 2023.

V. ELIGIBILITY

1. To be eligible for reparations a person must be

* "[A]n African American descendent of a chattel enslaved person or the descendant of a free Black person prior to the end of the 19th century or who has identified as Black/ African American on public documents for at least 10 years."

* 18 years or older

* Born in and/or migrated to San Francisco before 2006, and in possession of proof of residency in San Francisco for at least 10 years.

2. Further, they must have proof of having been subject to at least one of a list of harmful situations. These include:

* residency displacement by redevelopment programs

* arrest/incarceration for drug-related crime during the June 1971-present "War on Drugs"

* living in substandard public or subsidized housing

* physical injury or psychological trauma sustained "in the hands of law enforcement"

* SF public school attendance during the 1988-2005 desegregation consent decree period

* relocation by the SF child welfare or foster care system

* mortgage and other lending discrimination.

C.2.f.4. ***FINAL REPORT*** of the California State Reparations Task Force

The California Reparations Report was the first of any state in the U.S., and is being looked to as a model for other states and the federal government. In over 1000 pp organized into 40 chapters it includes over 200 specific recommendations and preliminary recommendations concerning monetary payments. The California State Legislature is expected to take it up in early 2024.

FINAL REPORT of the CSRTF – 29 June 2023

PART I: RECOUNTING THE HISTORICAL ATROCITIES

PART II: INTERNATIONAL PRINCIPLES OF REPARATION

PART III: RECOMMENDATION: A FORMAL APOLOGY

PART IV: METHODOLOGIES FOR CALCULATING COMPENSATION AND RESTITUTION

Eligibility: Black descendants of either an enslaved African American or of a free African American living in the U.S. prior to 1900.

Monetary reparations: procedures are recommended for computing reparations payments for:

1. health harms/life expectancy
2. mass incarceration and over-policing/war on drugs
3. housing discrimination
4. devaluation of African American businesses
5. unjust property takings: eminent domain, etc.
6. Labor discrimination

Dollar estimates are computed for items 1-3. Needed data was not available for items 4-6. Additional harms for which monetary reparations are in order, but for which the best methodology is still to be resolved, include:

7. segregated education
8. lack of representation in government
9. environmental harm
10. transgenerational harm
11. subjective harms from pervasive anti-Black racism

See **Note A** (p __) for payment estimates for items 1-3.

PART V: POLICY RECOMMENDATIONS

Chapter 18: Introduction; General Structural Policies

1. Create and Fund the California American Freedman Affairs Agency
2. Repeal Proposition 209
3. Mandate Effective Racial Impact Analyses
4. Require Agency Transparency
5. Make Legislative Findings that Build Legislative Records that Reflect the Historic and Present State of Pervasive Structural Barriers and Discrimination Against African Americans and Support Reparative Enactments

6. Transmit the AB 3121 Task Force report to the President of the United States and the United States Congress

Chapter 19: Policies Addressing Enslavement

1. Enact a Resolution Affirming the State's Protection of Descendants of Enslaved People and Guaranteeing Protection of the Civil, Political, and Socio-Cultural Rights of Descendants of Enslaved People
2. Amend CA Constitution to Prohibit Involuntary Servitude
3. Require Payment of Fair Market Value for Labor Provided by Incarcerated Persons (Whether in Jail or Prison)
4. Emphasize the "Rehabilitation" in the California Department of Corrections & Rehabilitation (CDCR)
5. Abolish the Death Penalty
6. Prohibit Private Prisons from Benefiting from Contracts with CDCR to Provide Reentry Services to Incarcerated or Paroled Individuals

Chapter 20: Policies Addressing Racial Terror

1. Advance the Study of the Intergenerational, Direct, and Indirect Impacts of Racism
2. Establish and Fund Community Wellness Centers in African American Communities
3. Fund Research to Study the Mental Health Issues Within California's African American Youth Population, and Address Rising Suicide Rates Among African American Youth
4. Expand the Membership of the Mental Health Services Oversight and Accountability Commission to Include an Expert in Reducing Disparities in Mental Health Care Access and Treatment
5. Fund Community-Driven Solutions to Decrease Community Violence at the Family, School, and Neighborhood Levels in African American Communities
6. Address and Remedy Discrimination Against African American LGBTQ+ Youth and Adults, Reduce Economic Disparities for the African American LGBTQ+ Population, and Reduce Disparities in Mental Health and Health Care Outcomes for African American LGBTQ+ Youth and Adults
7. Implement Procedures to Address the Over-Diagnosis of Emotional Disturbance Disorders, Including Conduct Disorder, in African American Children
8. Disrupt the Mental Health Crisis and County Jail Cycle in African American Communities
9. Create and Fund Equivalents to the UCPRIME-LEAD-ABC Program for Psychologists, Licensed Professional Counselors, and Licensed Professional Therapists
10. Eliminate Legal Protections for Peace Officers Who Violate Civil or Constitutional Rights
11. Abolition of the Qualified Immunity Doctrine to Allow Access to Justice for Victims of Police Violence

Chapter 21: Policies Addressing Political Disenfranchisement

1. Require District-Based Voting and Independent Redistricting Commissions to Safeguard Against the Dilution of the African American Voting Bloc
2. Increase Funding to Support the California Department of Justice's Enforcement of Voting Rights in California
3. Enact Legislation Aligning with the Objectives of AB 2576 and Establish Separate Funding to Support Educational and Civic Engagement Activities
4. Provide Funding to NGOs Whose Work Focuses on Increasing Civic Engagement Among African Americans
5. Declare Election Day a Paid State Holiday and Provide Support to Essential Workers to Increase Access to the Polls
6. Remove the Barrier of Proving Identity to Vote
7. Increase Jury Participation of those with Felony Convictions & Discourage Judges & Attorneys from Excluding Potential Jurors Solely for Having a Prior Felony Conviction
8. Increase Efforts to Restore the Voting Rights of Formerly and Currently Incarcerated Persons and Provide Access to Those Who Are Currently Incarcerated and Eligible to Vote

Chapter 22: Policies Addressing Housing Segregation and Unjust Property Takings

1. Prioritize Responsible Development in Communities and Housing Development
2. Enact Policies Overhauling the Housing Industrial Complex
3. Collect Data on Housing Discrimination
4. Provide Anti-Racism Training to Housing Workers
5. Expand Grant Funding to Community-Based Organizations to Increase Home Ownership
6. Provide Property Tax Relief to African Americans, Especially Descendants, Living in Formerly Redlined Neighborhoods, Who Purchase or Construct a New Home
7. Provide Financial Assistance to Increase Home Ownership Among African Americans, Especially Descendants, Through Shared Appreciation Loans and Subsidized Down Payments, Mortgages, and Homeowner's Insurance
8. Require State Review and Approval of All Residential Land Use Ordinances Enacted by Historically and Currently Segregated Cities and Counties
9. Repeal Crime-Free Housing Policies
10. Increase Affordable Housing for African American Californians
11. Provide Restitution for Racially Motivated Takings
12. Provide a Right to Return for Displaced African American Californians

Chapter 23: Policies Addressing Separate and Unequal Education

1. Increase Funding to Schools to Address Racial Disparities
2. Fund Grants to Local Educational Agencies to Address the COVID-19 Pandemic's Impacts on Preexisting Racial Disparities in Education
3. Implement Systematic Review of School Discipline Data
4. Improve Access to Educational Opportunities for All Incarcerated People
5. Adopt Mandatory Curriculum for Teacher Credentialing and Trainings for School Personnel and Grants for Teachers
6. Employ Proven Strategies to Recruit African American Teachers
7. Curriculum at All Levels Must Be Inclusive and Free of Bias
8. Advance the Timeline for Ethnic Studies Classes
9. Adopt a K-12 Black Studies Curriculum
10. Adopt the Freedom School Summer Program
11. Reduce Racial Disparities in the STEM Fields for African American Students
12. Expand Access to Career Technical Education for Descendants
13. Improve Access to Public Schools
14. Free Tuition to California Public Colleges and Universities
15. Eliminate Standardized Testing for Admission to Graduate Programs in the University of California and California State University Systems
16. Identify and Eliminate Racial Bias and Discrimination in Statewide K-12 Proficiency Assessments

Chapter 24: Policies Addressing Racism in Environment and Infrastructure

1. Increase Greenspace Access and Recreation Opportunities in African American Communities
2. Test for & Eliminate Toxicity in Descendant Communities
3. Increase Trees in Redlined and Descendant Communities
4. Develop Climate Resilience Hubs in Redlined and Descendant Communities
5. Remove Lead in Drinking Water
6. No Highway Expansion; Mitigate Transportation Pollution

Chapter 25: Policies Addressing Pathologizing the African American Family

1. Reduce/Seek to Eliminate Racial Disparities in Removal of African American Children from Their Homes and Families

2. Reduce the Placement of African American Children in Foster Care and Increase Kinship Placements for African American Children
3. Establish and Fund Early Intervention Programs that Address Intimate Partner Violence (IPV) Within the African American Community
4. Eliminate Interest on Past-Due Child Support and Eliminate Back Child Support Debt
5. Eliminate or Reduce Charges for Phone Calls from Detention Facilities Located Within the State of California
6. Address Disproportionate Homelessness Among African American Californians
7. Address Disparities and Discrimination Associated with Substance Use Recovery Services
8. End Under-Protection of African American Women & Girls

Chapter 26: Policies Addressing Control Over Creative, Cultural, & Intellectual Life

9. Provide State Funding to Address Disparities in Compensation Among Athletes in the University of California, California State University, and Community College Systems and Funding to Support African American Athletes in Capitalizing on their Name, Image, and Likeness and Intellectual Property
10. Prohibit Discrimination Based on Natural and Protective Hair Styles in All Competitive Sports
11. Identify and Remove Monuments, Plaques, State Markers, and Memorials Memorializing and Preserving Confederate Culture; Erect Monuments, Plaques, and Memorials Memorializing and Preserving the Reconstruction Era and the African American Community
12. Provide Funding to the Proposed California American Freedman Affairs Agency, Specifically for Creative, Cultural, and Intellectual Life
13. Eliminate the California Department of Corrections and Rehabilitation's Practice of Banning Books

Chapter 27: Policies Addressing Stolen Labor and Hindered Opportunity

1. Greater Transparency in Gubernatorial Appointments
2. Provide Guaranteed Income Program for Descendants
3. Eliminate Barriers to Licensure for People with Criminal Records
4. Transform the Minimum Wage Back into a Living Wage
5. Advance Pay Equity Through Employment Transparency and Equity in Hiring and Promotion
6. Create and Fund Professional Career Training
7. Create or Fund Apprenticeship Grant Programs
8. Fund African American Businesses

9. Fund African American Banks

Chapter 28: Policies Addressing the Unjust Legal System

1. More Funds to Remedy Harms and Promote Opportunity
2. Eliminate Barriers for African American Prospective Attorneys by Funding Legal Education and Ending Discriminatory Gatekeeping at the State Bar
3. Prohibit Cash Bail and Mandate that Those Who Are Acquitted or Exonerated be Reimbursed by the Entity or Entities at Fault
4. Enact Enforceable Legislation with Penalties that Dismantles the School to Prison Pipeline and Decriminalizes the Youth Justice System
5. Amend Penal Code to Clarify & Confirm Decriminalization of Transit and Other Public Disorder Offenses
6. Amend Penal Code to Shift Public Disorder Infractions and Low-Level Crimes Outside of Law Enforcement Jurisdiction
7. Prohibit Pretextual Traffic and Pedestrian Stops, Probation Inquiries, and Consent-Only Searches
8. Mandate Policies and Training on Bias-Free Policing
9. Enact Legislation that Requires the Department of Justice to Promulgate Model Law Enforcement Policies Designed to Prevent Racial Disparities in Policing
10. Repeal Three Strikes Sentencing
11. Strengthen and Expand the Racial Justice Act
12. Assess and Remedy Racially Biased Treatment of African American Adults and Juveniles in Custody in County Jails, State Prisons, Juvenile Halls, and Youth Camps
13. Accelerate Scheduled Closures of Identified California State Prisons and Close Ten Prisons Over the Next Five Years, with Financial Savings Redirected to the California American Freedman Affairs Agency

Chapter 29: Policies Addressing Mental and Physical Harm and Neglect

1. Address Health Inequities Among African American Californians by Funding the California Health Equity and Racial Justice Fund
2. Improve Health Insurance Coverage
3. Evaluate the Efficacy of Health Care Laws, Including Recent Enactments
4. Address Anti-Black Discrimination in Health Care
5. Mandate Standardized Data Collection
6. Provide Medical Social Workers/Health Care Advocates
7. Improve Diversity Among Clinical Trial Participants
8. Remedy the Higher Rates of Injury and Death Among African American Mothers and Infants

9. Meet the Health Needs of African American Elders
10. Remedy Disparities in Oral Health Care
11. Fix Racially Biased Algorithms and Medical Artificial Intelligence in Health Care
12. Fund and Expand the UC PRIME-LEAD-ABC Program to be Available at All UC Medical Campuses
13. Create and Fund Equivalents to the UC-PRIME -LEAD-ABC Program for Psychologists, Licensed Professional Counselors, and Licensed Professional Therapists
14. Permanently Fund the California Medicine Scholars Program and Create and Fund Equivalent Pathway Programs for Students in the CSU and UC Systems
15. Review and Prevent Racially Biased Disciplinary Practices by the Medical Board of California
16. Address Food Injustice

Chapter 30: Policies Addressing the Wealth Gap

17. Fund and Conduct a Study to Calculate the Overall Racial Wealth Gap in California
18. Encourage the Federal Government to Use the National Racial Wealth Gap to Determine Federal-Level Reparations

PART VI: MEASURING THE BASELINE FOR RACIAL JUSTICE ACT IMPLEMENTATION

PART VII: LISTENING TO THE COMMUNITY

PART VIII: RECOMMENDATIONS FOR EDUCATING THE PUBLIC

PART IX: KEY CASES AND STATUTES

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NOTE A: reparations payments estimates

The final Report provides methodology and calculations for estimated reparations per eligible individual for items 1-3 under Part IV above, as follows:

1. health harms: **\$13,619** for each year lived in CA.
2. mass incarceration/over-policing: **\$2,352** for each year lived in CA during the war on drugs (1971-2020).
3. housing discrimination: **\$3,784** for each year lived in CA during the period of red-lining (1933-1977).

If an eligible 65-year old lived all their life in California, and the reparations program was implemented in 2024, they would receive $\$13,619 \times 65 + \$2,352 \times 50 + \$3,784 \times 20 =$ **\$1,082,415**.

Most recipients would receive less than this due to younger age and/or less time in CA. OTOH, this figure does not include estimates for reparations for the eight or more harms for which the Report did not attempt calculations.

#

C.2.g. DISMANTLE THE MERITOCRACY

In the period after WWII the idea that *merit* should be the preferred basis for assigning position, remuneration and status came to take hold in the United States and other democratic capitalist countries. Merit was seen as an objective, morally defensible and pragmatic alternative to position and status being a function of upper-crust patrimonial entitlement, the libertarian capitalist market and the authoritarian socialist *diktat*. Critics, notably including British activist sociologist Michael Young (1958), who in fact coined the term *meritocracy*, warned that merit-based assignment of status would inevitably foster a new, rigidly divided social, economic and political hierarchy, as those initially possessed of whatever qualities were defined as meritorious would invariably shape the educational, occupational, familial and communal cultures so as to place their progeny on a conveyor belt to the top. In the several post-war decades of prosperity and growth this critique found little purchase. By the 1990s, however, the steady concentration of wealth, position and influence among the uppermost tier of professionals, and the lockstep sequence by which their children moved through elite educational institutions into the high-status positions they presumably now merited, became too obvious to ignore. Beginning in the 2000s and peaking in the 2010s, scores of books on the demerits of the meritocracy were published. Three noted authors and their proposals for addressing the problems generated by meritocracy are noted here. Brief comments follow.

1. Daniel Markovits (2019). *The Meritocracy Trap: how America's foundational myth feeds inequality, dismantles the middle class, and devours the elite.*

Markovits catalogs the ways in which meritocratic achievement has become a driving obsession of parents, school administrators and employers that leaves the newly-minted young professional cadre feeling simultaneously entitled, exhausted, and bereft of any sense of a core self of their own, and that leaves all other young people knowing that they are second-rate. Markovits concludes, “We must dismantle meritocratic hierarchy and replace it with *democratic equality*.” To do this Markovits posits two priority tasks:

1. Education, now disproportionately focused on schooling the children of affluent professionals, must become open and inclusive. Admissions must become less competitive, and training less all-consuming, even at top elite colleges and universities. To accomplish this:

- a. Private schools and universities should lose their tax-exempt status unless they draw at least half of their students from families in the bottom two-thirds of the income distribution;
- b. Private schools should be encouraged (including through public subsidies) to meet this requirement by expanding enrollments.

2. Work, now divided into ‘gloomy jobs’ and ‘glossy jobs,’ must be re-imagined and restructured so that a much greater share of jobs are *mid-skilled jobs* capable of supporting a middle class family life. To accomplish this:

- a. National and state legislation should require policy-makers to incorporate into their decision process a review of the ways in which their decisions impact the balance of elite and mid-skilled jobs, and further, that policy-makers should in general adopt those policies that generate more mid-skilled jobs than elite jobs.
- b. Governments should design tax policy to encourage employers to create mid-skilled jobs. Example: *eliminate the income cap on the payroll tax*. This would favor the hiring of mid-skilled workers, eliminate the regressivity of the current payroll tax, and generate significant new federal tax revenues. The new revenues could be used for, e.g.:
 - i. Wage subsidies to employers who hire mid-skilled employees;
 - ii. Funding the expansion of private secondary and university student bodies as suggested in 1.b above.¹

2. Michael Sandel (2020). *The Tyranny of Merit: What's Become of the Common Good?*

After a scathing critique of meritocracy Sandel asks: If meritocracy is the problem, what is the solution? He says the solution is

“... rethinking the way we conceive success, questioning the meritocratic conceit that those on top have made it on their own. And it means challenging inequalities of wealth and esteem that are defended in the name of merit but that foster resentment, poison our politics, and drive us apart.”

Like Markovits, Sandel suggests that to do this we should focus on **1) Education** and **2) Work**, and he offers several proposals:

1. EDUCATION

a. A initial set of ‘small things,’ including class-based affirmative action, an end to all donor preferences, making the SAT optional, requiring that private colleges publish the acceptance rate of alumni children, and requiring a socioeconomic profile of total admits. Sandel acknowledges that the impact of these actions would be minor.

b. Institute a *semi-lottery for admissions to elite schools*. Sandel notes by way of illustration that between them Harvard and Stanford receive 40,000 applications annually for 2,000 slots and that many more than 2,000 applicants easily qualify. He says that of the 40,000 applicants, the 10,000-20,000 clearly *not* qualified to do the work should first be winnowed out. From the remaining 20,000-30,000, the 2,000 to be admitted should be chosen by lottery. This could be done for all elite schools on a national basis. Sandel says that such a lottery would diminish both the stress of the high-school years and the prestige of the top schools, both of which would be for the better. He acknowledges that this measure still wouldn’t greatly reduce the privilege acquired by those who do get into the top schools.

c. Greatly increase the enrollments at 4-year public colleges and 2-year community colleges. Sandel says this would be a significant contribution, and calls for federal action to compel and support this.

d. Increase federal support for technical and vocational training and retraining.

e. Dismantle the ‘hierarchy of esteem’ that accords greater honor and prestige to students enrolled in name-brand colleges and universities than to those in community colleges or technical and vocational programs. Towards this end Sandel suggests that moral and political philosophy might be introduced into the technical and vocational curriculum. In this way the time spent in these technical and vocational schools could come to be recognized as preparation for citizenship, indeed for life, and not just for a job.

2. WORK

Sandel says:

“My proposal is to replace some or all of the payroll tax with a financial transaction tax – a ‘sin’ tax, in effect, on casino-like speculation that does not help the real economy... My broader point is that renewing the dignity of work requires that we contend with the moral questions underlying our economic arrangements, questions that the technocratic politics of recent decades have obscured.”

Sandel’s final summation states his most general proposal not only for dismantling the meritocracy but for reconceiving the foundations of social and economic life in a good society:

“It is often assumed that the only alternative to equality of opportunity is a sterile, oppressive equality of results. But there is another alternative: a **broad equality of condition** that enables those who do not achieve great wealth or prestigious positions to lead lives of decency and dignity – developing and exercising their abilities in work that wins social esteem, sharing in a widely diffused culture of learning, and deliberating with their fellow citizens about public affairs.” [my emphasis]²

3. Lani Guinier (2005). *The Tyranny of the Meritocracy: Democratizing Higher Education in America*.

The late Yale legal scholar Lani Guinier (1950-2022) proposed simultaneously more finely grained and more wholistic levels of remedy for the ills of the meritocracy than do either Markovits or Sandel. She focuses on the replacement of *testocratic merit* with *democratic merit*. Testocratic merit centers a narrow set of test scores and grades as gatekeepers for admission to elite colleges and universities, which in turn motivates college-prep high schools to center 'teaching to the test.' Guinier says the challenges of the 21st century call for future leaders who embody skills far different and broader than those measured in standardized test scores. Her notion of *democratic merit* includes but goes beyond basic academic skills and emphasizes such qualities as (not in any order):

- 1) resilience and optimism;
- 2) drive, grit and zest;
- 3) emotional maturity and agility;
- 4) self-control;
- 5) curiosity;
- 6) gratitude;
- 7) peer collaboration skills;
- 8) leadership skills;
- 9) ability to think independently and creatively; and
- 10) a commitment to the greater democratic good.

Guinier cites real-world initiatives that show how such democratic merit can be:

- a) validated and developed at the secondary school level;
- b) recognized and evaluated and thus used as criteria for admission to top colleges and universities;
- c) further validated and developed throughout post-secondary schooling;
- d) simultaneously used to help *ensure success* in post-secondary schooling.

If emphasized across the educational board in this manner, democratic merit can generate educated young people prepared for the challenges they will encounter as they enter adulthood in a turbulent world.

Guinier tells the story of **Clark University (CU)**, located in a poor neighborhood in Worcester, MA, which initiated an extended program of community engagement. The program notably included the creation in 1997 of **University Park Campus School (UPCS)**, a new, CU-affiliated high school grounded in a commitment to fostering democratic rather than testocratic merit in its students and the larger community. Key innovations included:

* Full integration of CU and UPCS with regard to educating their students and serving the local community. Free tuition to any neighborhood students accepted into UPCS or CU. Instructors at CU and UPCS as co-teachers. CU libraries open to UPCS students. CU Education M.A. students teach at UPCS for their work requirement. Strong integration of CU and UPCS cultural, athletic and other activities. Housing assistance for CU and UPCS instructors and staff living in the local community. UPCS juniors and seniors can take first-year CU courses for college credit.

* High expectations: All students admitted to UPCS are expected to complete a full college-prep program and to commit to 2 hrs homework every night. Strong parental involvement. Learning opportunities available for parents at both UPCS and CU. Younger siblings of enrolled UPCS students are actively recruited.

* No tracking of courses. Strong emphasis on collaborative learning and teaching and on development of democratic merit. UPCS students receive a *character skills* report card along with their academic report card. Very small class size. Strong tutorial support. Instruction includes numerous ungraded assignments, with focus on the problem-solving process. An emphasis on creating a culture of independent thinking and learning.

Guinier reports that these efforts enabled a great many UPCS students to win acceptance to colleges that would have been out of reach based on standardized test scores alone. She notes, however, the subsequent difficulties many of these students had adjusting to college life. Guinier then tells of the work of **The Posse Foundation (TPF)**, established specifically to support students facing such challenges. TPF identifies graduating high school seniors applying for college admission, typically first-generation college admits and students of color, and works with the admissions offices of cooperating schools (e.g. Brandeis, Middlebury, Vanderbilt) to have *groups of ten* of these students admitted to a single school. The members of each "posse" receive training and support in how to support one another over their coming years of college. Guinier concludes with reports on TPF's success.^{3 4 5 6}

DISCUSSION NOTES

¹ Markovits offers this explication: Today the payroll tax, which funds social security, is a flat, highly regressive 12.4% of a person's first \$132,900 of wages. If a (say) manufacturing firm uses a production process that could be carried out equally well either by 10 mid-skilled workers earning \$100K/y each, or by 2 super-skilled staff earning \$500K/y each, the firm has an incentive to hire the two super-skilled staff (\$124,000 – \$32,959 = \$91,041 tax savings). Eliminating the income cap on the payroll tax would eliminate the financial advantage of hiring the two super-skilled workers. It would also make the tax impact proportional rather than regressive (although still not progressive). Markovits cites a Congressional Budget Office study suggesting that a proportional payroll tax might raise \$150-200 billion in new federal revenues.

² Reviewers of both Markovits and Sandel have remarked that for all their strong critique their proposals for addressing the evils of the meritocracy, while helpful, are too limited to make much of a difference, too unlikely to ever be fully adopted and implemented, and/or both too general and too ambitious to be realizable in any way but through true social revolution, aka transformation. E.g. Andrias (2021) says “[Sandel’s]... policy recommendations are thinly developed. But even if further elaborated, the prescriptions would not match the normative ambition of the book.” Criticism was leveled at Markovits for his naïve belief that the meritocracy would be dismantled as the elite come to tire of their stress-filled lives and make common cause with the alienated, resentful masses in building a less divided, divisive world. See Goodhart (2020a), Frank (2019) and Leonard (2019). Markovits (2021) says that Sandel's final proposals to address the failings of market meritocracy are grounded in a faith that humanity can come to agree upon what constitutes the common good, but, says Markovits, this is not likely to happen, as the development and ubiquity of markets and market meritocracy in the first place “arose from the ashes of the very politics that Sandel now seeks to call forth.”

³ Reviewers of Guinier say that despite her strong indictment of the testocracy she doesn't propose so much to end it as to find ways around it, i.e., by redefining it to include a broader range of merits. See e.g. Segoshi and Poon (2016).

⁴ The success of Clark University and UPCS was driven by an inspired cadre of institutional leaders and reformers acting on a household-by-household and student-by-student level. To replicate such an effort across the more than 13,000 school districts in the United States would call for a transformational movement/social revolution as profound and sustained as any our country has seen to date.

⁵ Here are notes on three other well-received books on meritocracy; I've skimmed but haven't read them:

* **Michael Dunlop Young (1958). *The rise of the meritocracy, 1870-2033: an essay on education and equality.***

In Young's fictional satirical history the narrator tells how the idea of meritocracy came to dominate all aspects of life in the United Kingdom from the late 19th century to the present (2033). Meritocracy began as a progressive practice in support of the working classes against the entrenched aristocracy and growing capitalist class, but the practice of allocating opportunity and advancement in accordance with test-scores spread incrementally but steadily throughout work-life, education, and family-formation. By 2033 the UK had evolved into a meritocratic caste society. The account ends with glimmerings of hope, however, as the narrator reports growing discontent among the lower classes giving rise to mutterings of socialist revolution. Much later Young (2006) wrote of his dismay when the 1990s Labor Party under Tony Blair came to describe its grounding philosophy as one of *meritocracy*, quite unaware of the original intended connotation of that term.

* **Christopher Hayes (2012). *Twilight of the Elites: America after meritocracy.***

Hayes says that the meritocracy was originally intended to break the elite WASP hammerlock on access to top educational institutions and national leadership positions, but ended up simply replacing this elite with a new, smarter, somewhat more diverse elite. This elite is no less self-interested than prior elites, but is more adept at non-stop virtue signaling. Non-elites on both the right and the left were not fooled, and the result was heavy disillusionment and bitterness, as reflected in e.g. the Tea Party and the Occupy movements. Hayes appears to hold some hope that such 'leaderless' movements will flourish and evolve in ways that truly challenge the elites.

* **David Goodhart (2020a, 2020b). *Head, Hand, Heart: The Struggle for Dignity and Status in the 21st Century*.** Conservative British journalist Goodhart shares many of the concerns about meritocracy voiced by liberal U.S. critics. His proposals for addressing these seem to align most closely with those of Guinier. He says we have over-emphasized the value of “Head” or *cognitive* merit and insufficiently recognize the importance of “Hand” or *craft* merit and “Heart” or *care* merit. He says that our educational systems are producing more over-educated cognitive workers than our economies can absorb, yet still too few skilled crafts-people and skilled care-givers. Recognizing the importance of these other forms of merit, and rewarding them accordingly in status and salary, would be best for all citizens and for the legitimacy and viability of democratic governance itself.

⁶ I haven’t considered the long history of meritocracy in other places and times, notably including the meritocratic tradition in China and other Confucian cultures. See e.g.:

* **Daniel A. Bell (2015). *The China model: political meritocracy and the limits of democracy*.**

* **Kyung Rok Kwon (2020). “Towards Confucian democratic meritocracy.” *Philosophy & Social Criticism*, 46 (9).**

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