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An Economic Bill of Rights

Prologue

Today, poverty and inequality are at record levels. Forty-seven million Americans are living in poverty, the highest level since 1983. The median income has declined over the past several years, while the trend over the past thirty years has been one of anemic growth and stagnation. At the same time, growth for the top 1 percent of income earners has remained strong, with their net worth at 40 percent of all wealth, while the top 20 percent now control 89 percent of all the wealth, up from 81 percent in 1983. As a result of high poverty, middle-income stagnation, and the rich's increase of income and wealth, the United States is number one in income inequality in the industrialized world.

As a response to this situation, some people are calling for an Economic Bill of Rights, an American idea first proposed by presidents Franklin Roosevelt and Harry Truman, and later by Dr. Martin Luther King Jr. The Economic Bill of Rights has a clear and coherent vision and agenda on how to solve poverty and extreme economic inequality by proclaiming that there are certain "rights" that are needed to correct for the "wrongs" found in American society. These rights include the right to a job, to a living wage, to a decent home, to medical care, to a good education, to adequate protection from economic fears of unemployment, sickness, and old age, and to fair competition.

This call for a second bill of rights has grown out of the American context, where high levels of poverty have been a major issue since the founding of the United States. In the late eighteenth century, over 30 percent of all Americans were living in poverty. With the rise of industrial capitalism in the mid-1800s, the nation's workers were confronted with eleven- to twelve-hour workdays and poverty wages for many. In response, workers fought back against this treatment, with the late nineteenth century being filled with labor strife. In the 1880s, there were over 500 strikes each year, as the working class struggled for decent pay and an eight-hour workday.

In the early twentieth century, progressives focused on youth poverty, as reformers addressed child labor, illiteracy, and malnutrition of the nation's

youth. During the 1930s, poverty once again captured the nation's attention, as 24 percent of the nation was unemployed during the Great Depression. Thirty years later, poverty was once again the focus of the nation. After the passage of the Civil Rights Act and Voting Rights Act—which ended de jure racism in the United States—civil rights leaders turned their attention toward ending poverty. This reawakening to the plight of the poor inspired President Lyndon Johnson to declare a War on Poverty in order to put an end to it. While some have argued that the United States fought the War on Poverty, and poverty won, the reality was that there were some major gains made, particularly in senior poverty, which was reduced from 35 percent to 10 percent of the population, mostly through increased Social Security payments. Yet, after the murders of Dr. King and Robert Kennedy, and President Johnson's decision to not run for reelection, concerns of poverty and inequality moved to the back burner.

From 1980 to the early 2000s, while the nation was no longer focused on these issues, major structural changes to the economy were occurring, such as globalization and offshoring of jobs, as well as political changes, like tax policies that favored the 1 percent and public policies that kept the minimum wage stagnant. These economic and political changes of the late twentieth century led to large increases in poverty and inequality, as income from 1979 to 2006 for the middle class went up by 15 percent, whereas income for the bottom 20 percent actually decreased by 4 percent. At the same time, the income of the top 1 percent rose by 120 percent.

The nation awoke from its slumber in August 2005, when Hurricane Katrina struck the Gulf Coast and exposed to the nation and world that in the United States, poverty was alive and well. Then, the economic collapse of 2008 occurred, and the middle and working classes were hammered. From 2008 to 2012, foreclosures—a result of high-interest loans and the Great Recession's high unemployment—led to the loss of 8 million homes. For the middle class, unemployment reached 10 percent, but for people making under \$20,000 a year the rate was double that, and it was triple that for folks making under \$12,000. The result was that over the past four years, middle-class incomes decreased by 3 percent, while people making \$40,000 or less had their incomes decrease by 10 percent. Importantly, this social suffering did not occur equally. Edward Wolff, an economist who studies inequality, recently reported that the median household income has dropped by 36.1 percent from the peak of the housing bubble in 2007, while the income of the top 1 percent dropped only 11.1 percent. Thus, the Great Recession actually increased income inequality.

I argue that this high level of poverty, in combination with the increasing gap in income and wealth inequality, is not good for democracy, and it is not a sustainable path for the nation. The social disruptions that it can cause became clearer in September 2011, when Occupy Wall Street physically

occupied Zuccotti Park. With the catchy slogan “We are the 99%,” Occupy Wall Street gripped the nation as it took over public spaces, first in New York City, and then around the country. And while Occupy did not offer clear policy solutions, it did focus clearly on the unequal distribution of income and wealth in the United States and the corrosive effect it has had on our democracy.

The question is why there has been, and continues to be, so much poverty and inequality in the United States. Answers to this question come from both the political right and left. I find the best answer to this question from two of our greatest Americans, President Franklin Delano Roosevelt and Dr. Martin Luther King Jr. When President Roosevelt took office in 1932, unemployment was at 15.9 percent and within a year it had jumped to almost 24 percent. In response, Roosevelt took bold action, creating three public works programs and implementing Social Security, unemployment insurance, and the Wagner Act, which legalized unions.

Underlying Roosevelt's solutions to the Great Depression was the analysis that the economic system was not providing security to working Americans. Roosevelt argued that capitalism, left to itself, created too much poverty since it was not providing enough jobs or creating jobs that provided an adequate income. This was of great concern to Roosevelt because the poverty created by capitalism made it impossible for many Americans to pursue happiness. As Roosevelt stated, “We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence. ‘Necessitous men are not free men.’” Roosevelt understood that American capitalism unleashed creativity and technology, but it also created too much economic insecurity and poverty. Therefore, the solution was to embrace capitalism's creativity but limit its tendency toward poverty and extreme inequality.

The second great American to provide an answer to the question of why there is so much poverty and inequality in the United States is Dr. Martin Luther King. Many of us are familiar with King's role as leader of the Montgomery Bus Boycott and his historic “I Have a Dream Speech” at the March on Washington. What many might not know is that Dr. King dedicated the last three years of his life to ending poverty. After helping to pass the 1964 Civil Rights Act and the 1965 Voter Rights Act, King realized that while these changes were important, they had done little to change the economic conditions of black Americans. King proclaimed,

Now our struggle is for genuine equality, which means economic equality. For we know now, that it isn't enough to integrate lunch counters. What does it profit a man to be able to eat at an integrated lunch counter if he doesn't have enough money to buy a hamburger? What does it profit a man to be able to eat at the swankest integrated restaurant when he doesn't even earn enough money to take his wife out to dine? What does it profit one to have access to the hotels of our cities, and the hotels of our highways, when we don't earn

enough money to take our family on a vacation? What does it profit one to be able to attend an integrated school, when he doesn't earn enough money to buy his children school clothes?

To attempt to achieve economic justice, King began to focus his efforts on reforming the American capitalist system. King concluded that US capitalism was structurally flawed since it created too much poverty. American capitalism just didn't create enough good paying jobs, so there were always going to be millions of people in poverty. King stated, "In this other America, thousands and thousands of people, men in particular, walk the streets in search for jobs that do not exist." Importantly, King made this comment in 1968, in a time of strong economic growth. In other words, whether the economy is strong or in recession, there is still going to be poverty. As King stated, "No matter how dynamically the economy develops and expands it does not eliminate all poverty."

King's goal was to put an end to the "curious formula" that existed between whites and blacks. King said that the curious formula dated back to the founding of this country and the Constitution, when blacks were counted as 60 percent of whites when determining population size. King explained that the curious formula still existed since African Americans received one-half of all the good things in life and got twice the bad things in life. For example, in 1968 the unemployment rate for whites was 5 percent, but it was 10 percent for blacks. In 1970, 10 percent of white Americans lived in poverty, compared to 30 percent of blacks. This curious formula also existed in other areas as well, such as infant mortality, death rates on the battlefield, and loan denial rates. King wanted to put an end to this curious formula that existed between blacks and whites. Over time, King's vision expanded to include working-class and poor Latinos, Native Americans, and whites. King saw economic inequality as an issue that could unite these various groups, and he called on other ethnicities and races to "come together with us black people and let's gather ourselves together around this issue of poverty."

Clearly, both King and Roosevelt felt that since American capitalism had created poverty, it was the American government's responsibility to deal with it. Like Roosevelt, King felt that if a person was poor, he was not free. King stated, "If a man doesn't have a job or an income, he has neither life nor liberty nor the possibility for the pursuit of happiness. He merely exists." To King and Roosevelt, this was unacceptable.

SOLUTION

The solution advocated by both President Roosevelt and Dr. King was the Economic Bill of Rights. This second bill of rights was announced in

Roosevelt's 1944 State of the Union address. It was composed of the following "rights" or amendments, which Roosevelt outlined in his speech:

- The right to a useful and remunerative job in the industries or shops or farms or mines of the nation;
- The right to earn enough to provide adequate food and clothing and recreation;
- The right of every family to a decent home;
- The right to a good education;
- The right to adequate medical care and the opportunity to achieve and enjoy good health;
- The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment.

Clearly, the Economic Bill of Rights is not a radical solution, since it is not calling for the overthrow of capitalism. Rather, it is a progressive American solution. Progressivism grew out of the slums and miserable factory conditions of the mid- to late nineteenth century. Importantly, progressives were not aligned to one political party or organization, but rather they were united in the belief that social and economic structures were responsible for the day's social problems, and that they could be solved through social reform. Progressives rejected laissez-faire policy and saw government as a positive force to improve society. Moreover, the Economic Bill of Rights is an American solution since it is based in the concept of the original Bill of Rights.

The idea for an Economic Bill of Rights can be found as early as 1932 in Roosevelt's speech to the Common Wealth Club. Here, Roosevelt states, "The task of Government in its relation to business is to assist the development of an economic declaration of rights, an economic constitutional order. . . . Every man has a right to life; and this means that he has also a right to make a comfortable living." Importantly, Roosevelt based his desire to eradicate poverty not in an egalitarian vision—that is, he did not believe that people should be paid more or less the same—but rather in liberty, as he believed strongly in free markets and private property. At the same time, since those same free markets created poverty and excessive inequality, Roosevelt believed that there should be a floor above the poverty line and a progressive tax structure to pay for it. In order to put into practice this liberty-based antipoverty vision, Roosevelt proposed a second bill of rights, but rather than focusing on political rights, as the first one had done, this bill would focus on economic rights. Most scholars agree that Roosevelt was not advocating for the literal passage of a second bill of rights but rather was promoting a set of constitutional commitments that would be carried out through a series of public policies passed by Congress.

Interestingly, Roosevelt expanded his vision to end poverty to the entire world. In his 1941 speech to Congress, he articulated Four Freedoms—the freedoms of speech and worship, and the freedoms from want and fear—which he thought were the essential freedoms that all nations should be founded upon. Roosevelt spelled out that *freedom from want* meant an “economic understanding which will secure to every nation a healthy peacetime life for its inhabitants—everywhere in the world.”

A year after Roosevelt proposed the Economic Bill of Rights, he was dead. It was left to Roosevelt’s successor, Harry Truman, to implement this set of public policies. In his 1946 State of the Union address, President Truman explained that an Economic Bill of Rights was the most effective way “to improve the welfare of the American people.” Truman followed Roosevelt’s lead in couching the Economic Bill of Rights in terms of freedom: “The new economic bill of rights to which I have referred on previous occasions is a charter of economic freedom which seeks to assure that all who will may work toward their own security and the general advancement; that we become a well-housed people, a well-nourished people, an educated people, a people socially and economically secure, an alert and responsible people.”

In order to bring the Economic Bill of Rights into reality, Truman did three things: (1) he put forward a full employment bill declaring that all Americans were “entitled to an opportunity for useful and remunerative, regular, and full time employment” and that government should provide the expenditures to reach full employment; (2) he worked for the passage of a housing act, giving the federal government an active role in ensuring all Americans had a decent home since the free market did not build enough homes for low-income people; and (3) he sent a special message to Congress in 1945 calling on the nation to create a national health insurance plan run by the federal government, and while it would be optional, Americans could choose to pay into it a monthly fee, which would cover the cost of medical expenses.

Conservatives and businessmen opposed all of these efforts, and these bills were either defeated outright or greatly weakened. First, conservatives and businessmen watered down the employment act, so by the time it was passed in 1946, the idea that a job was a right had been removed, and “full employment” was changed to “promote” maximum employment. Second, the housing bill suffered a similar fate, as the provision to build hundreds of thousands of new low-income homes by the government was greatly weakened. Finally, they opposed and killed the national health insurance bill, arguing that the bill was socialistic.

The idea for a second bill of rights would remain dormant for almost twenty years until 1967, when Dr. Martin Luther King Jr. began using it to describe the direction in which the United States needed to go. King

argued that the United States had made only surface changes up to 1966—including the passage of the Civil Rights Act of 1964 and the Voting Rights Act of 1965—and that more fundamental change was necessary to create the “Beloved Community.” King called on the civil rights movement to transform itself into a human rights movement and push for the right to a job, a guaranteed annual income, and housing.

In the last years of his life, King dedicated his life to ending poverty and the curious formula, and he thought the best way to achieve this was through an Economic Bill of Rights that provided full employment through public works, a guaranteed income at middle-class-income levels, and the creation of 5 million low-income homes. In his last book King stated, “From a variety of different directions, the strands are drawing together for a contemporary social and economic Bill of Rights to supplement the Constitution’s political Bill of Rights.” In an article published eight days after his assassination, King stated emphatically, “We need an Economic Bill of Rights. This would guarantee a job to all people who want to work and are able to work. It would also guarantee an income for all who are not able to work.”

BOOK OVERVIEW

Each chapter of this book will examine one of the rights or amendments of the Economic Bill of Rights. Clearly, these rights emerged out of wrongs. It is therefore important to understand the wrongs that have occurred in American history. Thus, a brief history of these wrongs will be discussed, as well as attempts from the nineteenth and twentieth centuries to right these wrongs. This will be followed by four to six twenty-first-century solutions offered by citizens, community groups, and politicians. The hope is that these contemporary and real-life solutions to poverty and inequality will inspire people to become involved, or stay involved, in these efforts, as well as frame our collective work in the context of a coherent vision offered by the Economic Bill of Rights.

Chapter 1 focuses on the “first amendment”—the right to a job. This opening chapter examines the history of public works, with a focus on Roosevelt’s New Deal public works projects, Truman’s Unemployment Act of 1946, King’s call for public works, the passage of the Humphrey-Hawkins Full Employment Act, and the expansion of the Comprehensive Employment and Training Act (CETA) under President Jimmy Carter. More contemporaneously, President Barack Obama’s stimulus plan is analyzed, with a focus on “shovel-ready” projects and the subsidized employment program. Chapter 1 will also discuss the Gulf Coast Civic Works Act, which was proposed to rebuild the Gulf Coast after Hurricane Katrina. The chapter concludes