



**National  
Urban League**

**To Be Equal #4**

**January 29, 2014**

**The Great Divide of Income Inequality: A Domestic Crisis on the World's Stage**

Marc H. Morial  
President and CEO  
National Urban League

*"We live in a world where the 85 richest people own the wealth of half of the world's population. In the United States, the increase in the income share of the top one percent is at its highest level since the eve of the Great Depression."* Winnie Byanyima, Executive Director, Oxfam International

"Income inequality" has become the political buzzword of 2014. President Obama, most recently in this week's State of the Union Address, has made it a central theme of his second term. Both progressive Democrats and conservative Republicans in Congress are making it a focus of this year's mid-term elections, and leading voices for human rights have called on government and business leaders to take immediate action to close the income gap for the sake of long-term economic and social stability.

Even last week, as the world's elite – leaders from government, business and NGO sectors – gathered in Davos for the World Economic Forum's (WEF) annual meeting, the issue of inequality was atop the agenda. WEF's *Global Risks 2014* report recently revealed that the "chronic gap between the incomes of the richest and poorest citizens is seen as the risk that is most likely to cause serious damage globally in the coming decade."

Another voice was added to the chorus last week when the British-based anti-poverty organization, Oxfam International, released a report in advance of the Davos gathering, revealing that the richest 85 people in the world control as much wealth as the bottom half of the global population – about 3.5 billion people. Commenting on the report, Oxfam's Executive Director, Winnie Byanyima said, "It is staggering that in the 21st century, half of the world's population own no more than a tiny elite whose numbers could all sit comfortably in a single train carriage. Widening inequality is creating a vicious circle where wealth and power are increasingly concentrated in the hands of a few, leaving the rest of us to fight over crumbs from the top table."

According to the same report, in the U.S., where the gap between rich and poor has grown at a faster rate than any other developed country, the richest one percent of Americans have received 95% of the wealth created since 2009 – after the economic crisis – while the bottom

90% of Americans have become poorer.

While we are pleased that both sides of the political ping-pong table in the United States are now focusing on the domestic crisis and implications of this global problem, there are disturbing signs that the issue may fall prey to the same kind of ideological posturing that has stymied recent efforts to create jobs, reduce unemployment, raise the minimum wage and help the long-term unemployed. In fact, as reported by CNNMoney, almost two-thirds of the delegates surveyed during a debate in Davos on Friday said that the widening gap, or what I call *The Great Divide*, “between rich and poor is having a corrosive effect on U.S. politics.”

For example, Senator Marco Rubio sees the problem not as one of income inequality but of “opportunity inequality” and continues to resist efforts to raise the minimum wage. To be clear, opportunity inequality is alive and thriving in America; but any attempts to separate it from income inequality are divertive and lacking recognition of the correlation between the two. Senator Rand Paul during a recent visit to Detroit, where unemployment has been above 15 percent for more than a year, said that it would be a “disservice” to the jobless to extend their unemployment benefits beyond the current limit. Further, Senator Paul Ryan, another potential presidential candidate, has been traveling the country declaring how the government safety net – programs like Social Security, Medicare and Head Start – has “failed miserably.”

In contrast, President Obama has warned that “The combined trends of increased inequality and decreasing mobility pose a fundamental threat to the American dream, our way of life and what we stand for around the globe.” He has called for an increase in the minimum wage – a move the National Urban League has been pushing since 2006 – and an extension of unemployment benefits as first steps in addressing the problem. On January 9, he announced the creation of five “Promise Zones,” in San Antonio, Philadelphia, Los Angeles, Southeastern Kentucky and the Choctaw Nation of Oklahoma that will receive targeted government tax incentives to create jobs and reduce unemployment.

In a message to the Davos attendees, Pope Francis said that “the growth of equality demands something more than economic growth, even though it presupposes it... It also calls for decisions, mechanisms and processes directed to a better distribution of wealth, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality. I am convinced that from such an openness to the transcendent a new political and business mentality can take shape, one capable of guiding all economic and financial activity within the horizon of an ethical approach which is truly humane.”

The need is clear. The Urban League has raised this issue constantly over the last several years – and people are finally listening. We must not let the seriousness and urgency of this problem get caught in the crossfire of ideological warfare. Americans need policy solutions developed in partnership with corporate, government and non-profit leaders – now. Awareness is good...action is better.

###

4TBE 1/28/14 • 120 Wall Street • New York, NY 10005 • (212) 558-5300 • [WWW.NUL.ORG](http://WWW.NUL.ORG)

