

# The 12 challenges and the 4 noble truths

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- Four noble truths:
  - Suffering exists
  - It can be understood
  - Suffering can be addressed
  - The path...



## 12 Challenges



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- Stop family violence
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- Eradicate social isolation
- End homelessness
- Create social responses to a changing environment
- Harness technology for social good
- Promote smart decarceration
- Reduce extreme economic inequality
- Build financial capability for all
- Achieve equal opportunity and justice

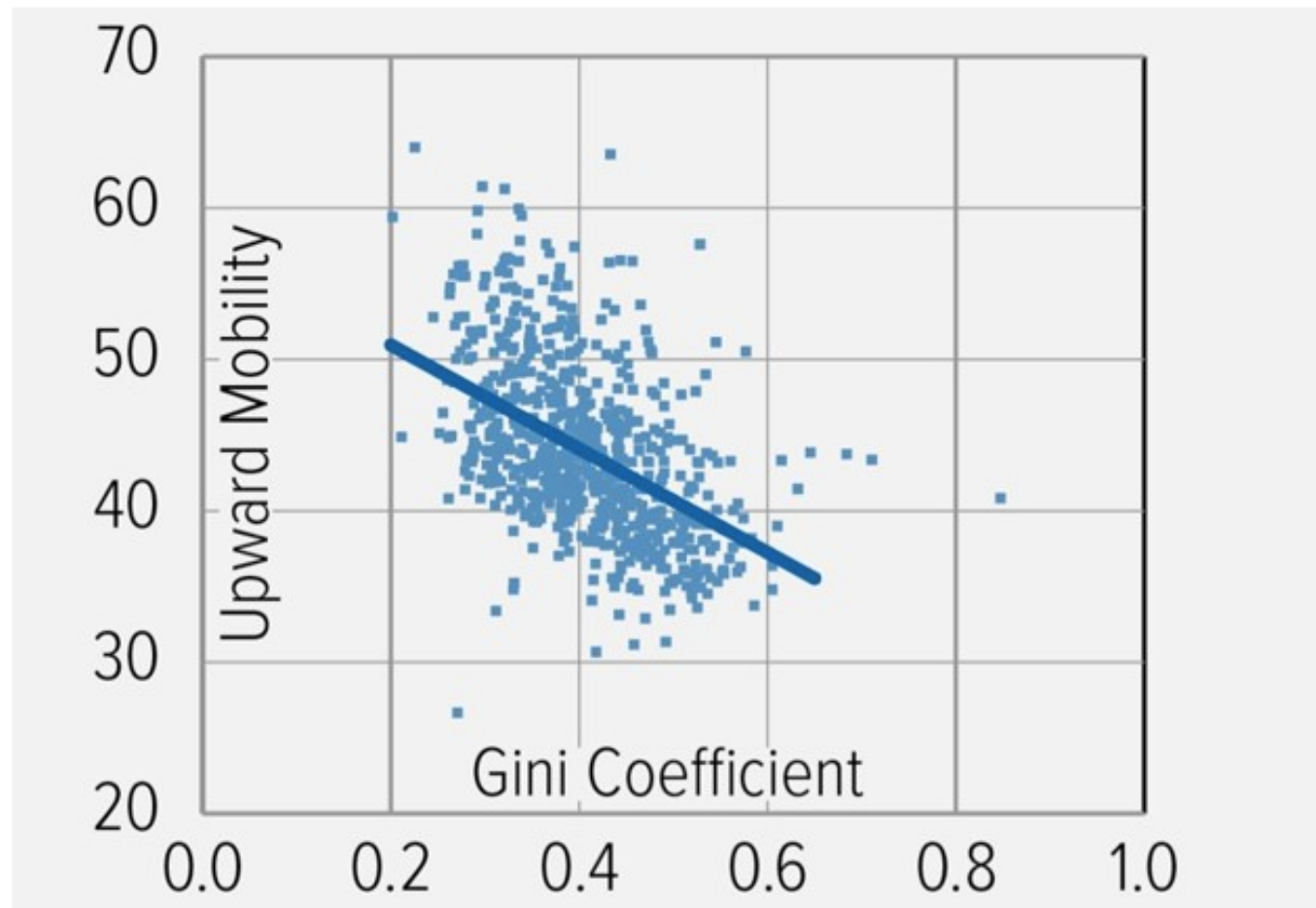
# 12 Challenges are Daunting

- But, I've found solutions are not as complicated or elusive as you might think.
- It takes the market and progressive policy pushing in the same direction.
- Both must push against inequality and “institutionalized” barriers.
- Yes, racism, sexism, fear of the “other” in the age of Trump.
- But also...POWER...political power, financial power

# My Take on the 12 Challenges

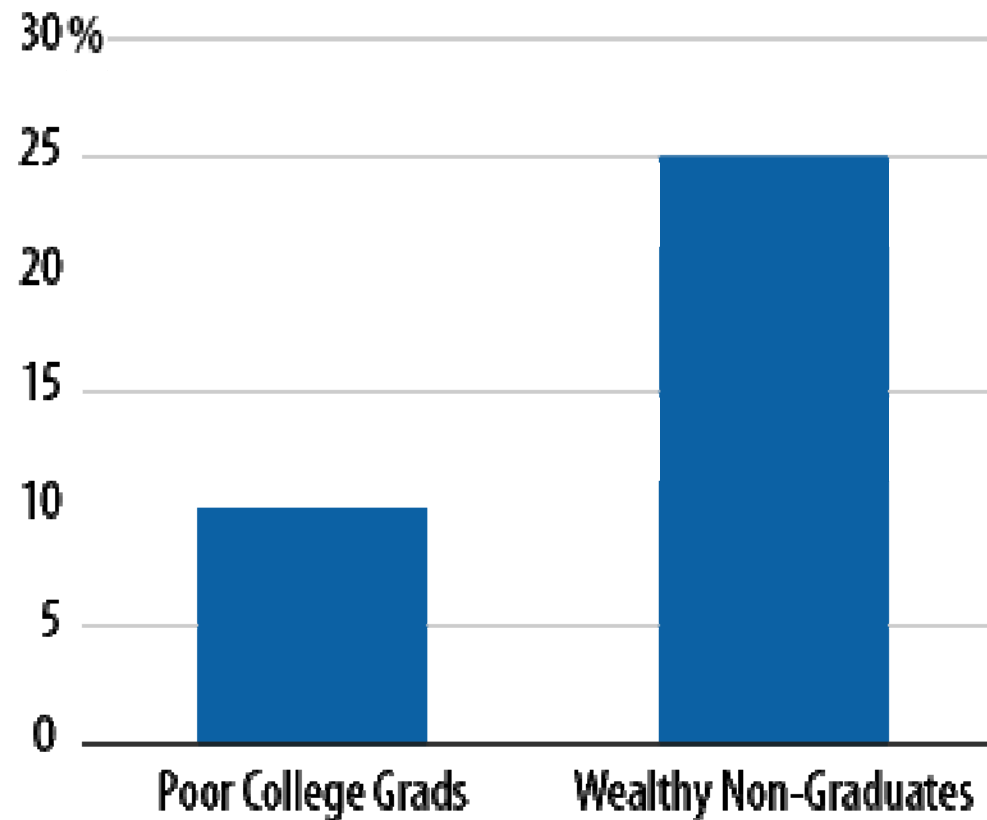
- Really glad you're doing this. Holistic!
- Economic dimensions
  - Poverty, inequality, wage stagnation, immobility, job quality
  - Macroeconomy, financial markets, Federal Reserve (the "natural rate of unemployment), trade deficit, exchange rates, TPP, etc.!
- These are all germane. Not to overwhelm but to ensure we understand the depth of the challenge.

## The Relationship Between Inequality and Mobility



Commuting zones with greater inequality have reduced expected upward mobility for low-income children (Center on Budget and Policy Priorities)

## Chance of Finishing in the Top 20% of the Income Distribution



Source: Pew Economic Mobility Project, 2012

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## Higher Earned Income Tax Credit or Other Income for Poor Children Expected to Boost Work and Earnings Later in Life

\$3,000 annual increase in income to poor children before age 6 associated with increase in work hours when they become adults

**+\$3,000**  
a year



**+135**  
working hours  
a year



For each \$3,000 a year in added income that children in a poor family receive before age 6...

...their working hours rise by 135 hours a year between ages 25 and 37, and their annual earnings rise by 17%.\*

\* Note: The published paper uses a 19% figure, but the authors have indicated that this is a typographical error and 17 percent is correct.

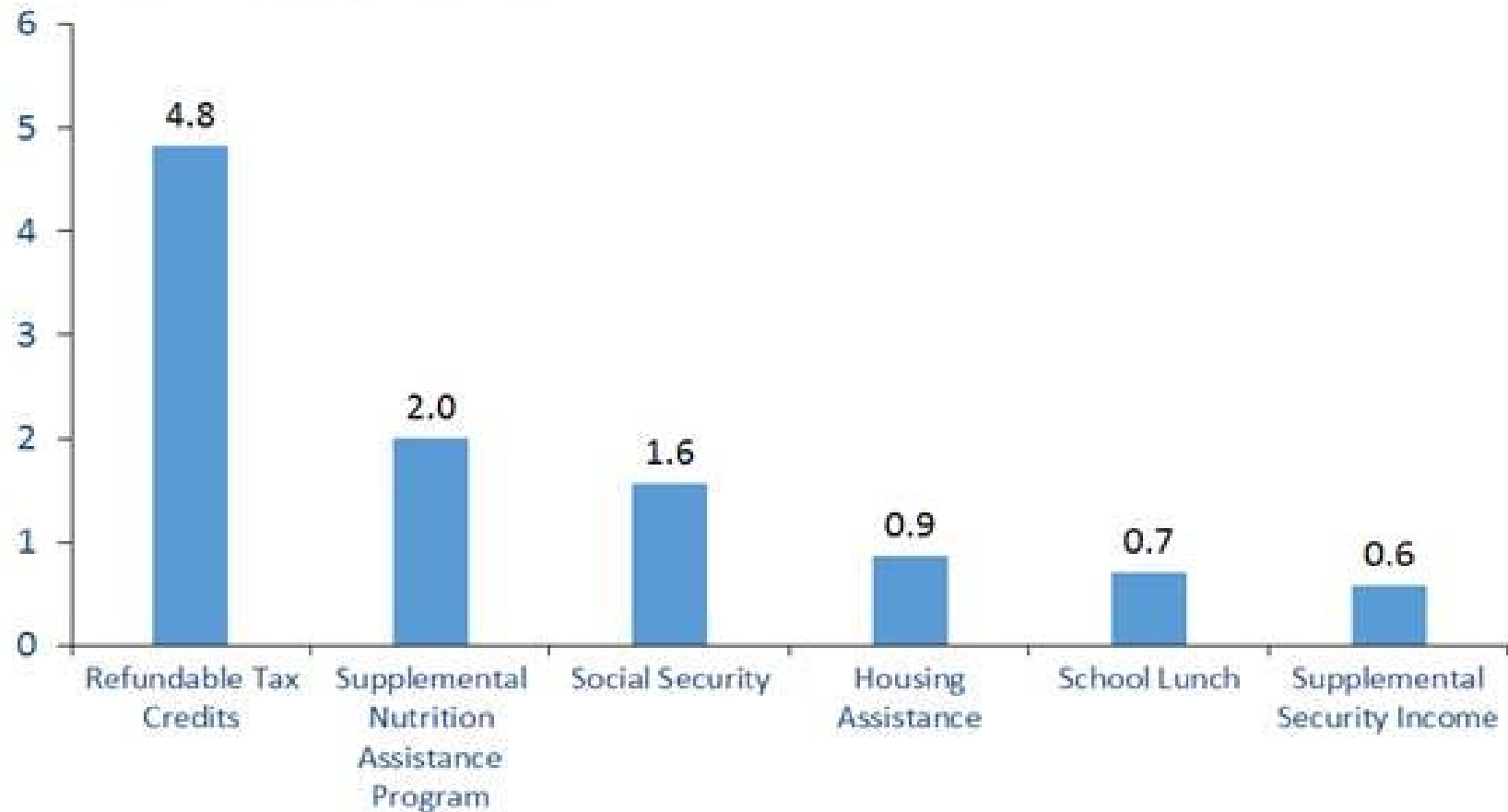
Source: Greg J. Duncan, Kathleen M. Ziol-Guest, and Ariel Kalil, "Early-Childhood Poverty and Adult Attainment, Behavior, and Health," *Child Development*, January/February 2010, pp. 306-325

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## Children Moved Above Poverty Line by Selected Programs, 2015

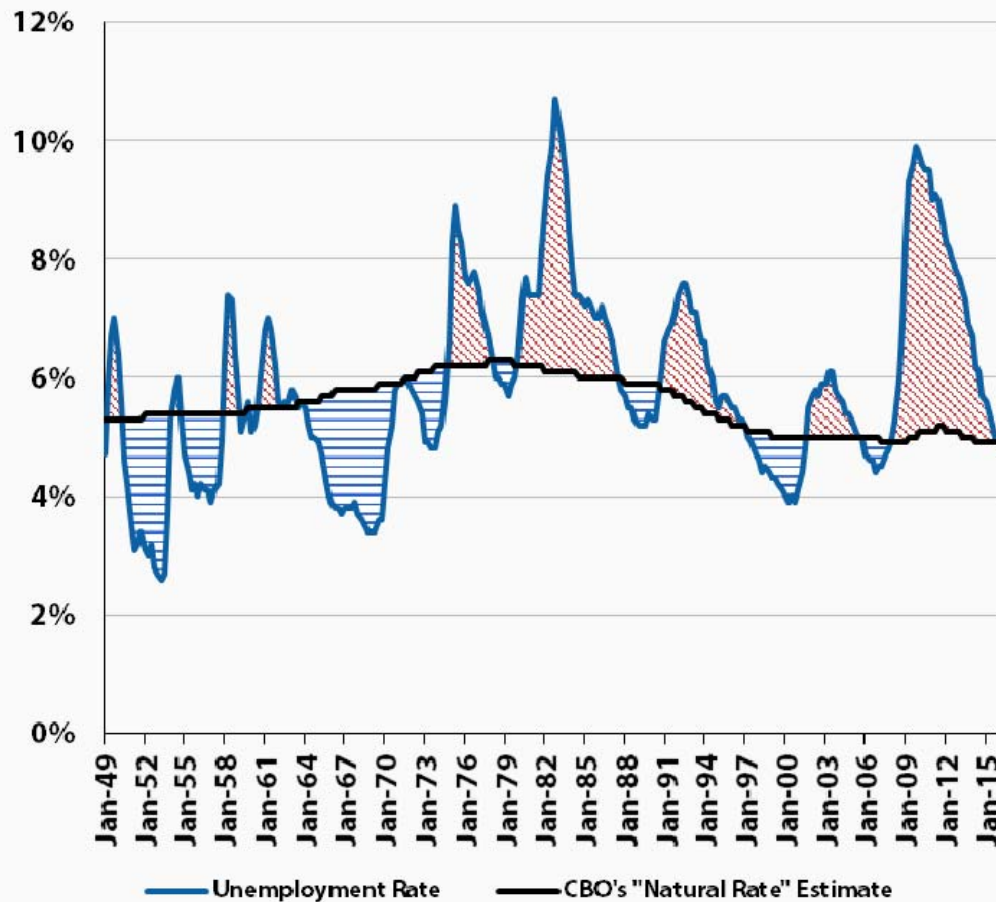
Millions of Persons Under 18 Years



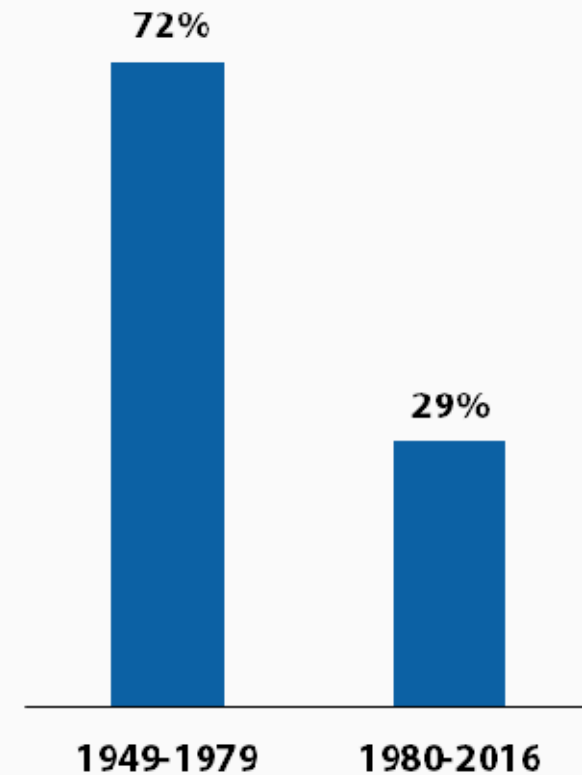
Source: Census Bureau.



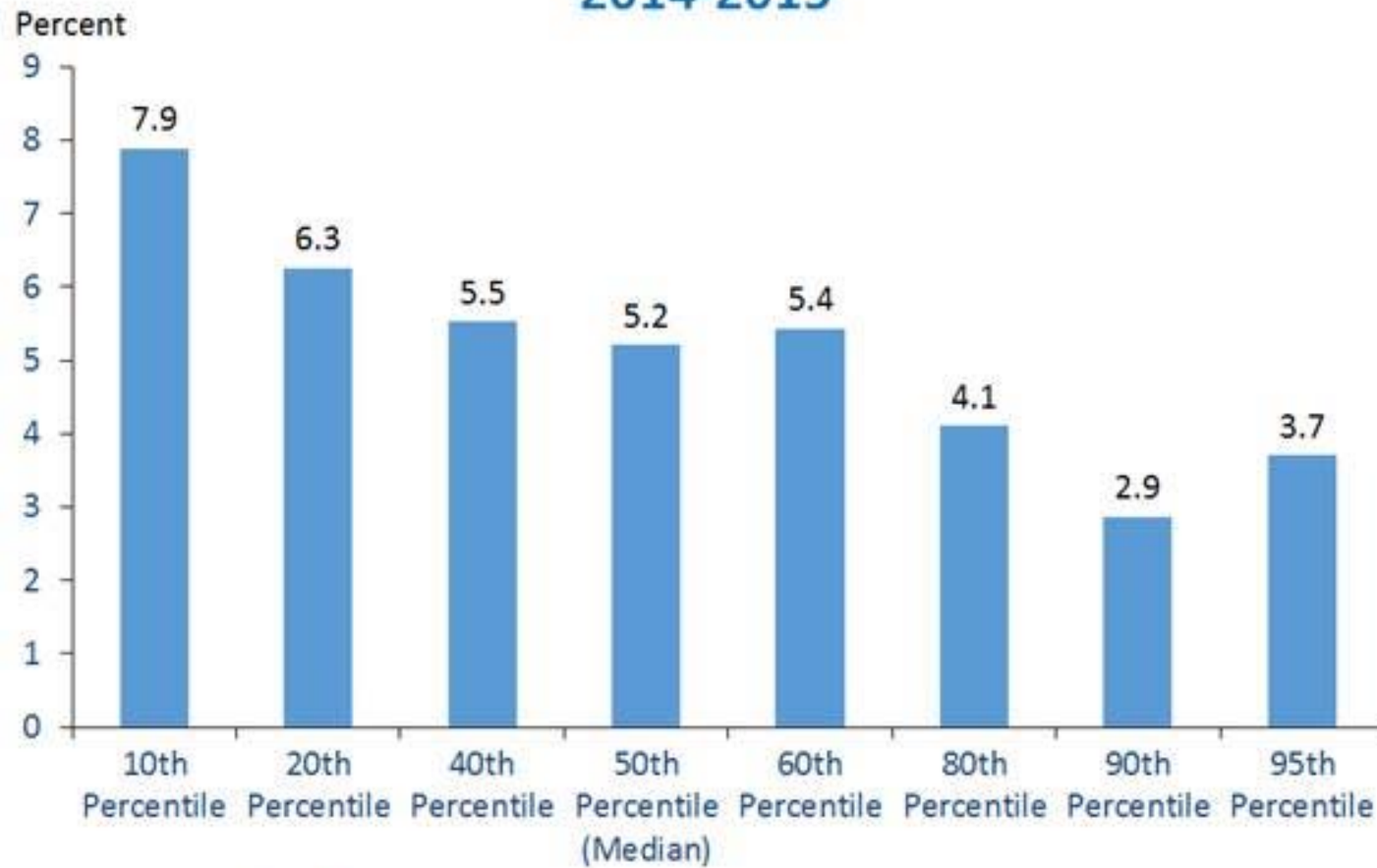
## Distance from Full Employment



## Percent of Time at Full Employment

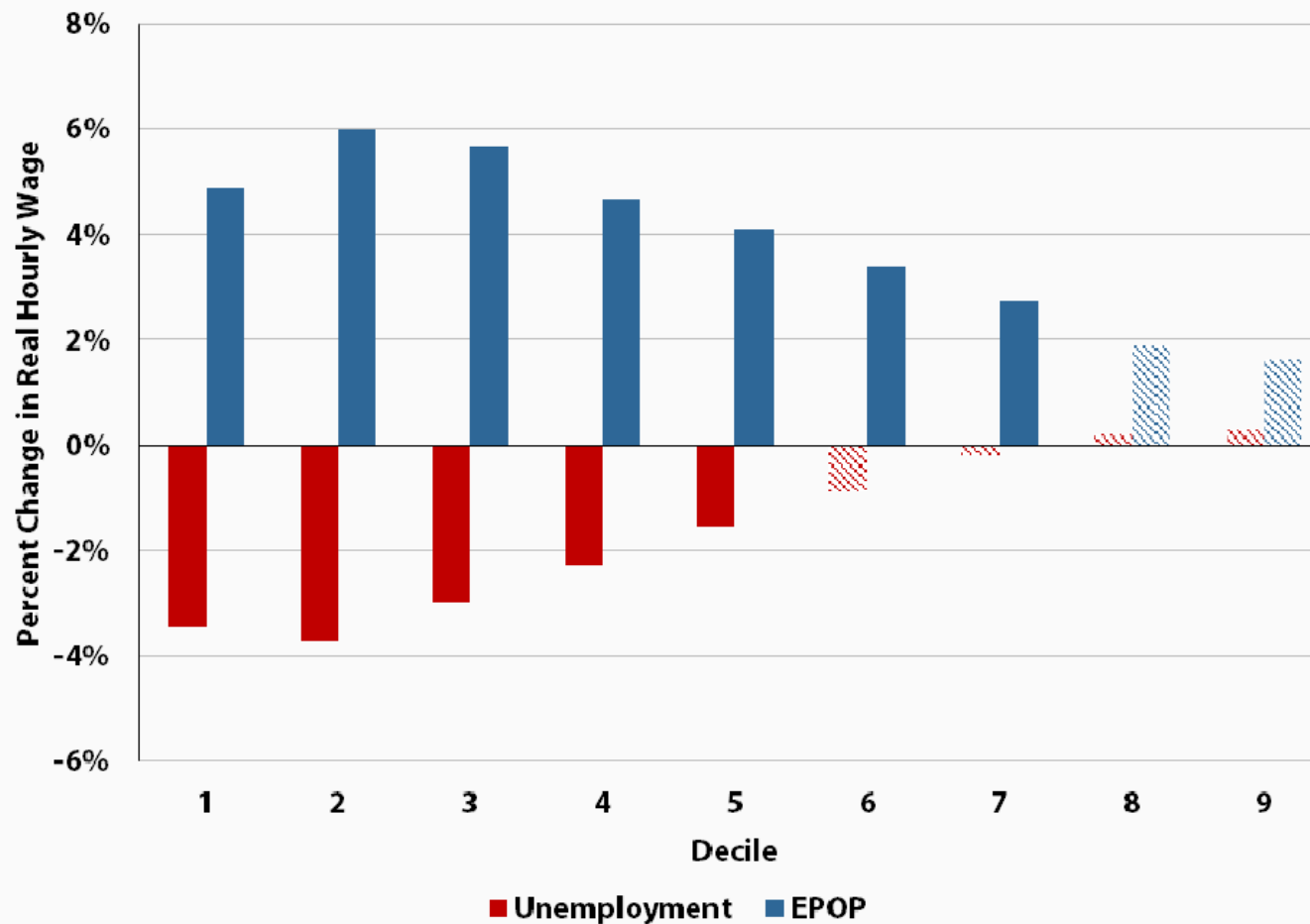


## Growth in Real Household Income by Percentile, 2014-2015



Source: Census Bureau; CEA calculations.

**Percent change in real hourly wage associated with a one-standard-deviation increase in a given slack variable (1979-2015 panel data)**



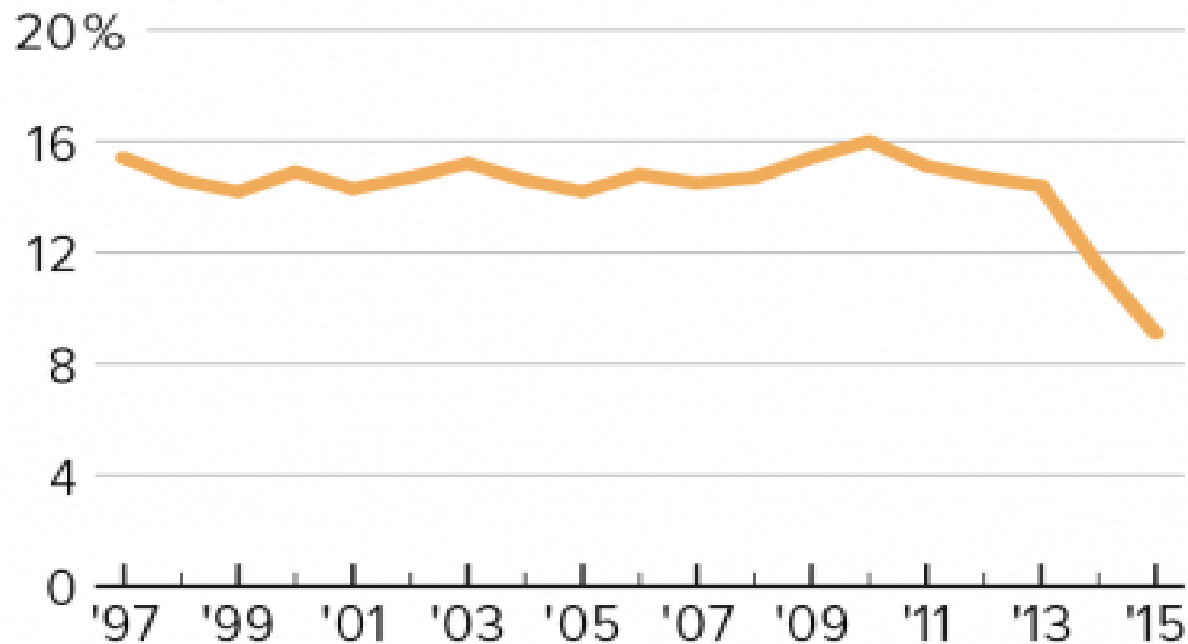
Note: Lighter shading indicates coefficients that were not statistically significant.



# But it's going to take more than full employment...

- Neighborhoods that are job deserts
- Criminal records
- Skill deficits
- Direct job creation (market failure!)
- Criminal justice reform

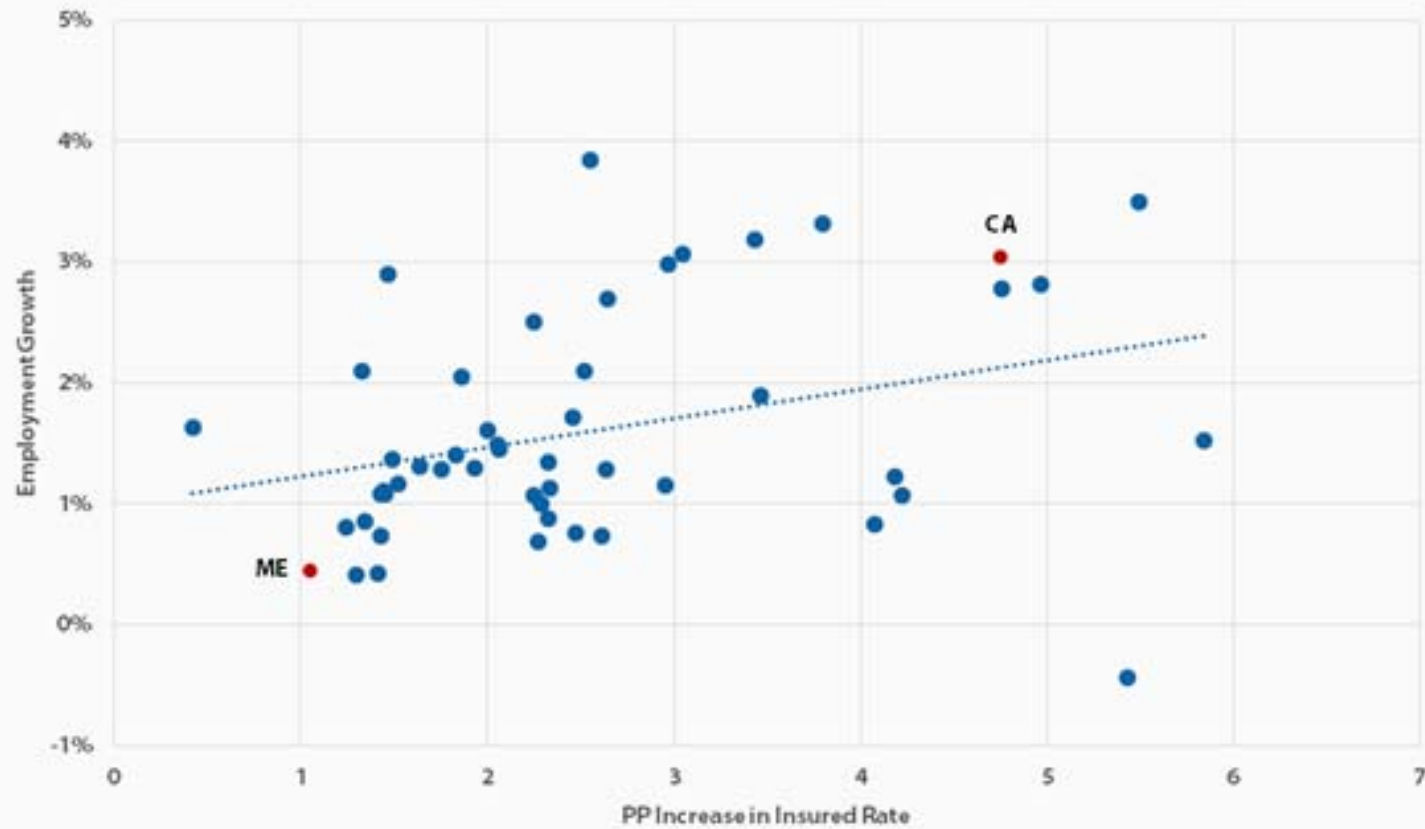
## Uninsured Rate Plummeted in 2015, Centers for Disease Control Data Show



Source: National Health Interview Survey.

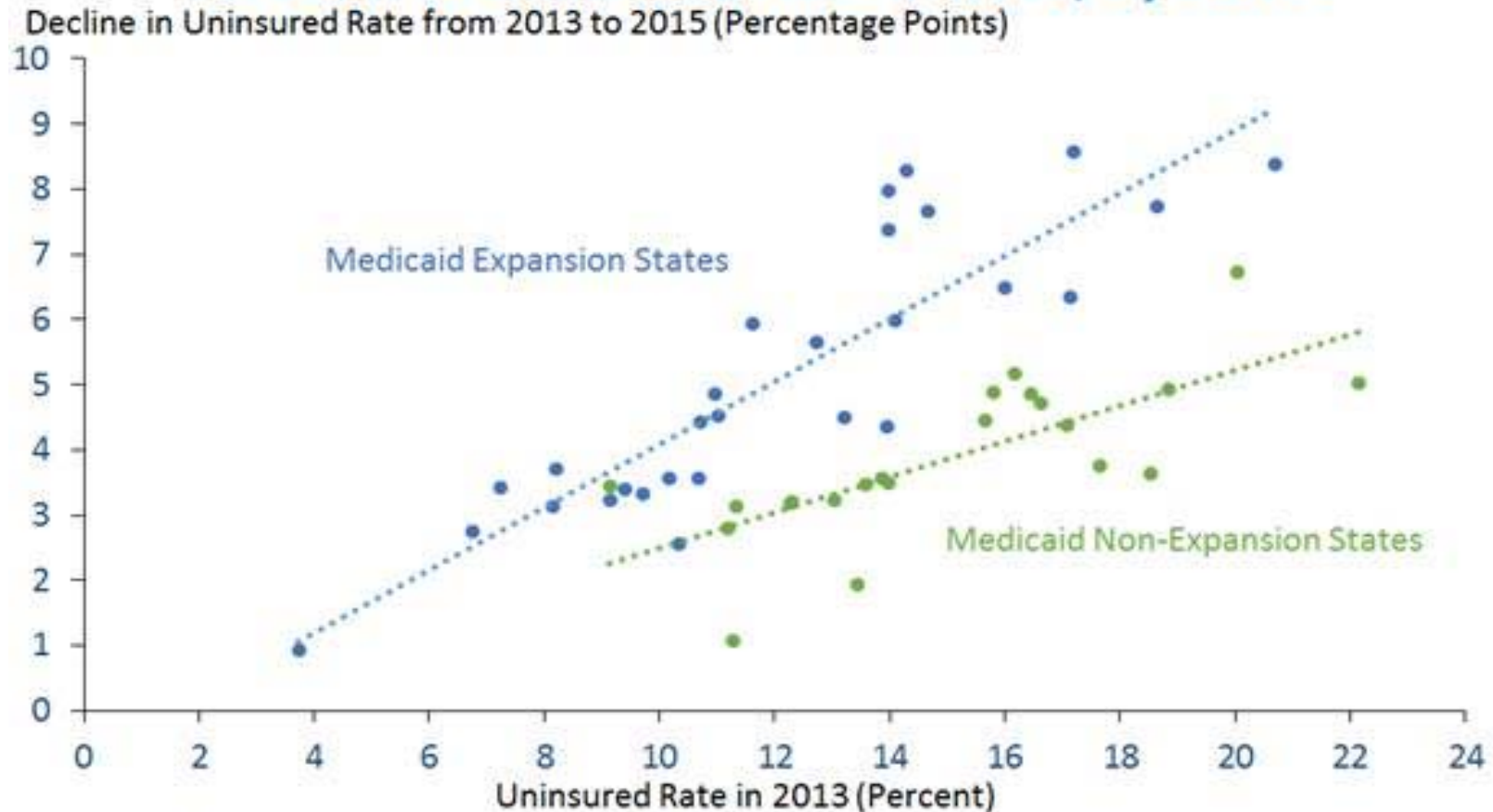
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Little correlation between change in insurance coverage and job growth  
(and what there is contradicts "job killer" arguments)



Note: State reductions in uninsured rates and employment growth are measured between 2013 and 2014.

## Decline in Uninsured Rate from 2013 to 2015 vs. Level of Uninsured Rate in 2013, by State



Note: States are classified by Medicaid expansion status as of July 1, 2015.  
Source: Census Bureau, American Community Survey; CEA calculations.



# Who benefits from a higher minimum wage?

## WHAT PEOPLE THINK

Teenager

Works part time  
after school

Lives with parents

Earning extra  
spending money



## THE REALITY

Average age:  
**36 years old**

**89% are not teens**,  
they're 20 or older

37% are  
**40 or older**

56% are  
**women**

**28% have children**

57% work  
**full time**

On average, they earn  
**more than half** of their  
**family's total income**



Statistics describe civilian workers, ages 16+, that would be affected by an increase in the federal minimum wage to \$12.00 by 2020. The median age of affected workers is 31 years old.

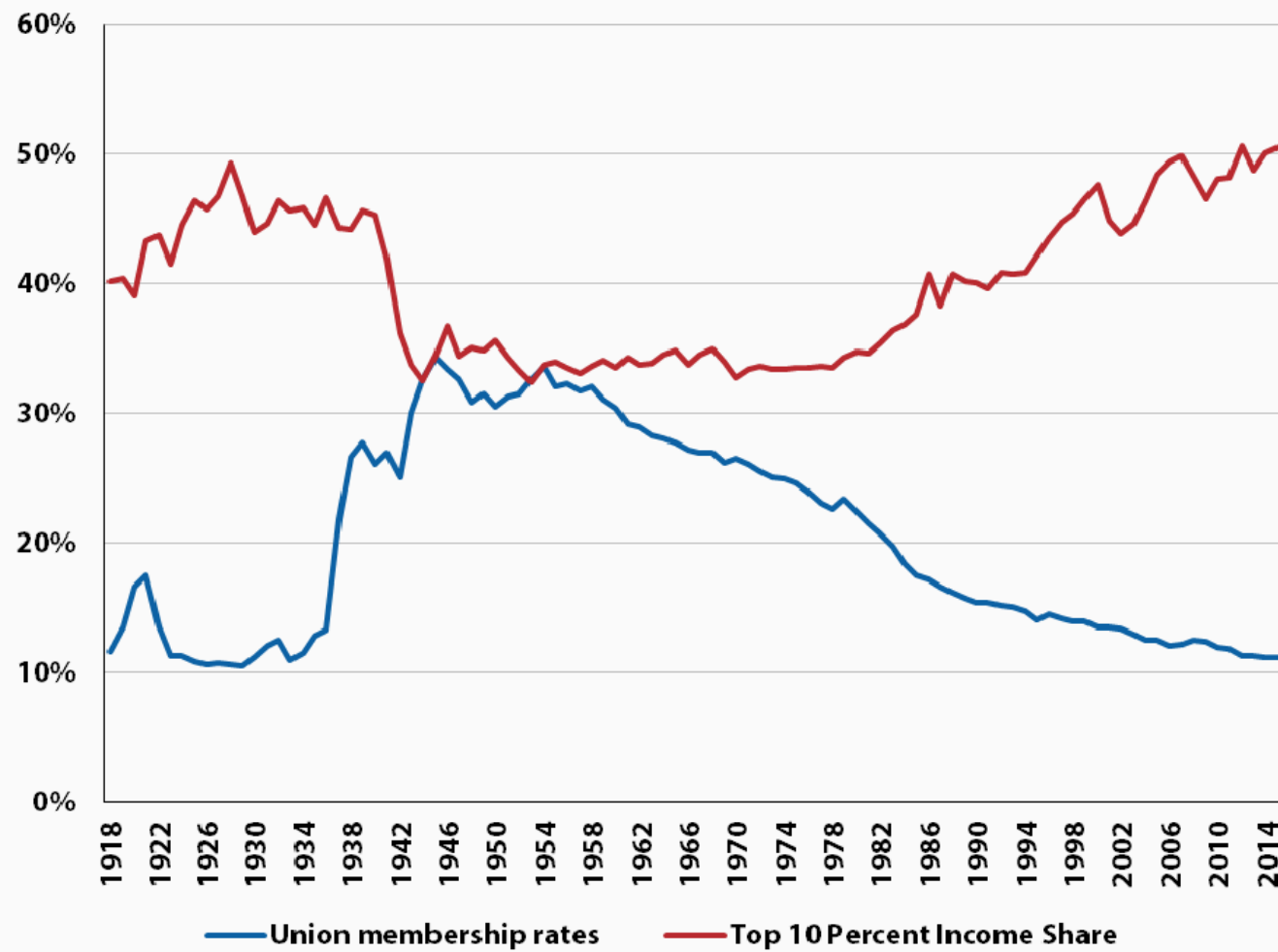
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[go.epi.org/raisethewage](https://go.epi.org/raisethewage)

# Minimum Wage Meta-Analysis

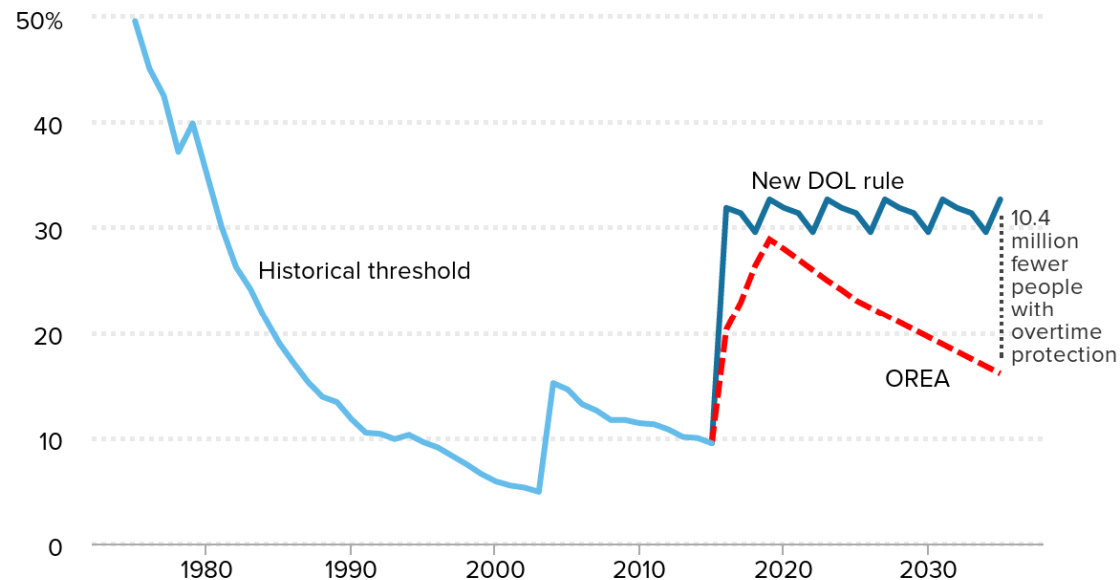
- *“[Moderate] increases in the minimum wage raise the hourly wage and earnings of workers in the lower part of the wage distribution and have very modest or no effects on employment, hours, and other labor market outcomes. The minimum wage can then, as originally intended, be used to improve the conditions of those working in the least remunerative sectors of the labor market. While not a full solution to the issues of low-wage work, it is a useful instrument of policy that has low social costs and clear benefits.”*

## Unions and Top 10 Percent Income Share, 1918-2015



## OREA would result in 10.4 million fewer salaried workers being covered by overtime protections in 2035

Share of the salaried workforce with guaranteed overtime protection, under new DOL rule and OREA, 1975–2015 and 2016–2035 (projected)



**Note:** The new DOL rule would raise the threshold to \$913 on December 1, 2016. Every three years, the rule will be automatically updated to account for inflation since the last update.

**Source:** EPI analysis of the U.S. Department of Labor's final (May 18, 2016) rule, "Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees," 29 CFR Part 541; Overtime Reform and Enhancement Act (OREA); and Current Population Survey Outgoing Rotation Group 2015 microdata

Economic Policy Institute

## The 4<sup>th</sup> Noble Truth

- What is the path?
- How is it blocked?
- How can we break through?

# It's all connected



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## Full Employment

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