
Foreword

By David Mitchell, Washington Center for Equitable Growth

The past four decades of U.S. economic policy have delivered record-high incomes and wealth at the top of our society, alongside too-little wage growth and social mobility for the rest. Reversing these trends is the foremost challenge facing the country, and the 2020 presidential campaign is an opportune time to debate what economic policies should come next.

The evidence shows that building an economy that delivers strong, stable, and broadly shared growth requires tackling inequality and concentrated economic power head-on, with bold, systematic reforms that fundamentally change the way markets and government work. In its first 6 years, the Washington Center for Equitable Growth has granted nearly \$6 million to more than 200 academic researchers to explore whether and how inequality affects growth and stability. Equitable Growth's President and CEO Heather Boushey synthesizes what we've learned so far in her new book, *Unbound: How Inequality Constricts Our Economy and What We Can Do About It*. The book is an exploration of recent transformative shifts in economic research that demonstrate how inequality obstructs, subverts, and distorts the pathways to shared economic growth.

Economic inequality obstructs—through opportunity-hoarding and discrimination—the supply of talent, ideas, and capital, slowing productivity growth. Concentrated corporate power subverts the institutions that manage the market, hobbling innovation and suppressing wages, while concentrated wealth subverts our ability to make public investments that benefit the majority of Americans. And these subversions and obstructions distort the macroeconomy by undermining both consumer spending and productive investments.

Undoing the economic damage wrought by economic inequality and building the structures and institutions necessary to chart a new path will not be easy. That's why I am pleased to share this book—a compilation of research by a new generation of scholars who are proposing evidence-backed policy ideas that are both concrete and at-scale, and which seek to point the way forward. *Vision 2020* highlights a range of new ideas and the academic research behind them, so that our national debate about economic policy in 2020 is informed by the best and latest research, and so that our elected officials have available to them the best policy thinking.

To that end, this book presents 21 essays with big policy ideas for 2021 and beyond. As the name *Vision 2020* implies, every author not only provides evidence and historical context for their policy ideas but also a vision for how to get there. Taken together, these ideas form the backbone of what could be an agenda for equitable growth in the third decade of the 21st century. Importantly, the views represented in each of the proposals are those of the authors alone.

Vision 2020 begins by looking at how inequality subverts the ways markets work and what we can do about it, particularly focusing on how to curtail anticompetitive behavior by powerful corporations. By cracking down on U.S. antitrust violations and unfair competition, policymakers can begin to address the ways that concentrated economic power translates into political and social power. Tackling this problem will require not just enhanced enforcement but also modernization of U.S. antitrust and competition laws, including new approaches to privacy and data protection, as detailed by Yale University economist Fiona Scott

Morton. There are also ways to infuse more robust competition into the pharmaceutical market, which will lower prices for life-saving medicines without sacrificing innovation, as professor of medicine Aaron Kesselheim at Harvard University points out.

The legal and institutional context for how firms operate—and the way inequality subverts these processes—matters for workers as well. In the second section of *Vision 2020*, we tackle the labor market with a series of essays by scholars who look specifically at the problem of diminished worker power and discuss the most cutting-edge research on how to boost wages. Solutions range from combating the unfair market power of certain firms in some labor markets (see the essay by economists Suresh Naidu at Columbia University and Sydnee Caldwell, who will soon be joining the faculty at the University of California, Berkeley), to building worker negotiating leverage through expanded access to unions (see the essay by Columbia University professor of international and public affairs Alexander Hertel-Fernandez). The third essay in this section, by economist Kimberly Clausing at Reed College, argues for putting workers at the center of future trade agreements and expanding assistance to dislocated workers. And economist Arindrajit Dube at the University of Massachusetts Amherst, makes the case for raising the minimum wage and establishing wage boards to close out the second section.

Addressing these subversions of markets creates the potential to remove the obstructions that are created by high economic inequality, as well as limit the distortions that inequality is causing in the U.S. macroeconomy. We know from the evidence that high economic inequality—in all its forms, including across firms, as well as by race, ethnicity, gender, and place—shapes economic outcomes and destabilizes the macroeconomy. The proposals in the book's final three sections address systemic issues that block individuals, families, and communities from achieving the

benefits of broadly shared economic stability and prosperity.

Vision 2020's third section focuses on a uniquely American set of obstructions that appear at the intersection of work and family, preventing parents and caregivers from fully participating in the economy. The United States is one of only a few countries in the world without any national paid family leave policy, which is the jumping-off point for economists Maya Rossin-Slater at Stanford University and Jenna Stearns at University of California, Davis to examine why providing paid leave to all new parents could help boost U.S. economic growth and well-being. American University public policy professor Taryn Morrissey then details the costs and consequences of our nation's extremely expensive and unequal early childhood care and education system.

The lack of access to paid leave and affordable childcare interact with a host of other challenges that make it nearly impossible for low-income families to make ends meet and undermines human capital development among the next generation. Employers set unstable and unpredictable schedules (see the essay by social service professor Susan Lambert at the University of Chicago), which leads directly to earnings volatility (see the essay by Syracuse University public administration and international affairs professor Emily Wiemers and economist Michael Carr at the University of Massachusetts Boston). All the while, eligibility for means-tested programs such as the Supplemental Nutrition Assistance Program have become more restrictive, hurting families and weakening the countercyclical macroeconomic benefits of the program (see the essay by education and social policy professor Diane Whitmore Schanzenbach at Northwestern University and public policy and economics professor Hilary Hoynes at the University of California, Berkeley). Fixing these problems would be a game-changer for millions of families and would also benefit the overall economy.

The fourth section of *Vision 2020* focuses on how public investment, funded by a fairer tax system, could help remove the obstructions caused by high economic inequality, and how changes in countercyclical, regulatory, and monetary policy can reduce the severity of recessions and address the macroeconomic distortions caused by inequality. Princeton University professor of economics and public affairs Owen Zidar and finance professor Eric Zwick at the University of Chicago set out a proposal for progressive tax increases. John Sabelhaus, a visiting scholar at Equitable Growth, points out that Congress has largely abdicated to the Federal Reserve responsibility for managing the macroeconomy, which has contributed to inequality-exacerbating asset bubbles. And law professor Yair Listokin at Yale University recommends countercyclical policies that can boost the economy, helpfully providing ideas for what the executive branch can do to support both a strong and stable U.S. economy.

Vision 2020's fifth and final section focuses on how to ensure the benefits of economic growth are broadly shared. The essays in this section pay particular attention to how the structural racism embedded in housing, K-12 education, criminal justice, higher education, and environmental policies is a fundamental obstruction to economic opportunity that drags down the U.S. economy through its effects on opportunity and productivity. Economist Trevon Logan at The Ohio State University and public administration and policy professor Bradley Hardy at American University examine race and economic mobility, offering a range of community-focused reforms. Professor of social work Robynn Cox at the University of Southern California details how the criminal justice system crushes economic opportunity for too many Americans. And University of California, Berkeley post-doctoral sociology fellow and Yurok Tribe of California member Blythe George argues that the pervasive historical experience of Native Americans dealing with substance abuse and incarceration can be tackled and become a learning

experience for other troubled communities in the United States.

The next set of authors present very specific policy ideas for discrete yet wide-ranging problems. Economist Dania Francis at the University of Massachusetts Boston parses out the need and scope for reparations for the descendants of the formerly enslaved in the United States. Public affairs professor Darrick Hamilton at The Ohio State University and public health and health policy professor Naomi Zewde at the City University of New York argue for comprehensive college student debt cancellation. And political science professors Leah Stokes and Matto Mildenberger at the University of California, Santa Barbara present the urgency for climate policies that embrace many of the Green New Deal interventions now being debated across the nation.

The book concludes with an examination by Equitable Growth's Heather Boushey of why U.S. policymakers need to change the way we measure the U.S. economy. She argues that understanding how the fruits of aggregate economic growth are distributed across the income distribution would pave the way for major policy breakthroughs by transforming the definition of economic progress to mean broadly shared economic growth.

Reimagining an economy that works for all—providing good jobs and opportunities and rebuilding economic and political power for people and communities across the nation—is the defining challenge of our time. This national election year marks a critical juncture in the nation's political debate, and we at Equitable Growth hope the many bold ideas included here inspire the country to rise to that challenge, fashioning a new economic vision in 2020 and implementing that vision in 2021 and beyond.

—**David Mitchell** is the director of Government and External Relations at the Washington Center for Equitable Growth.