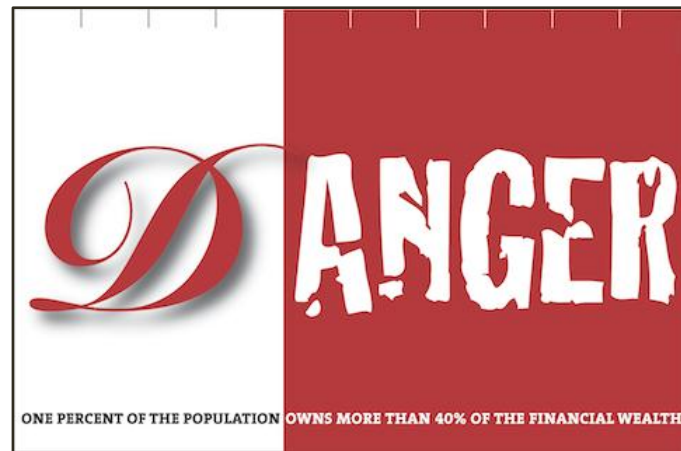


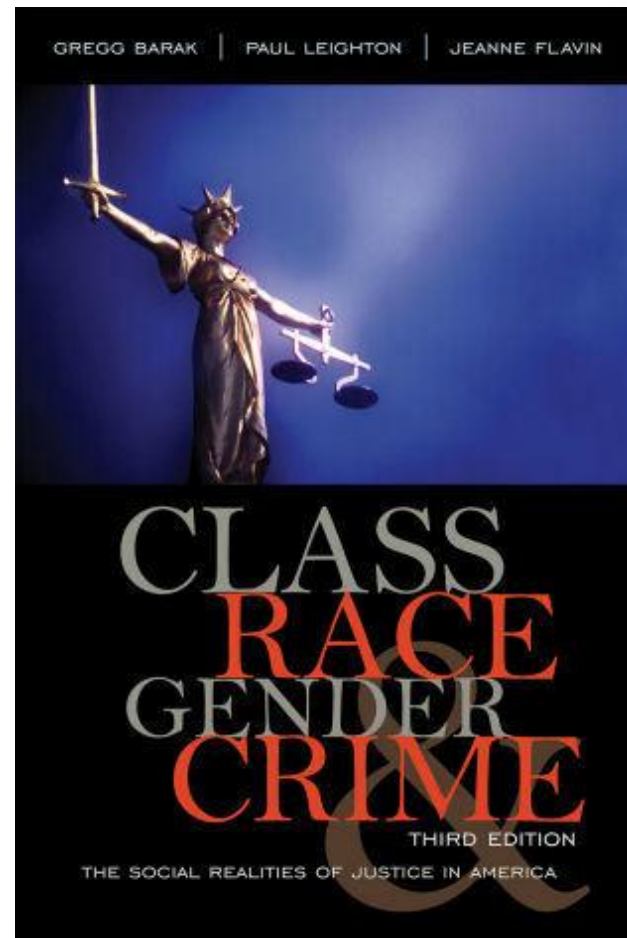
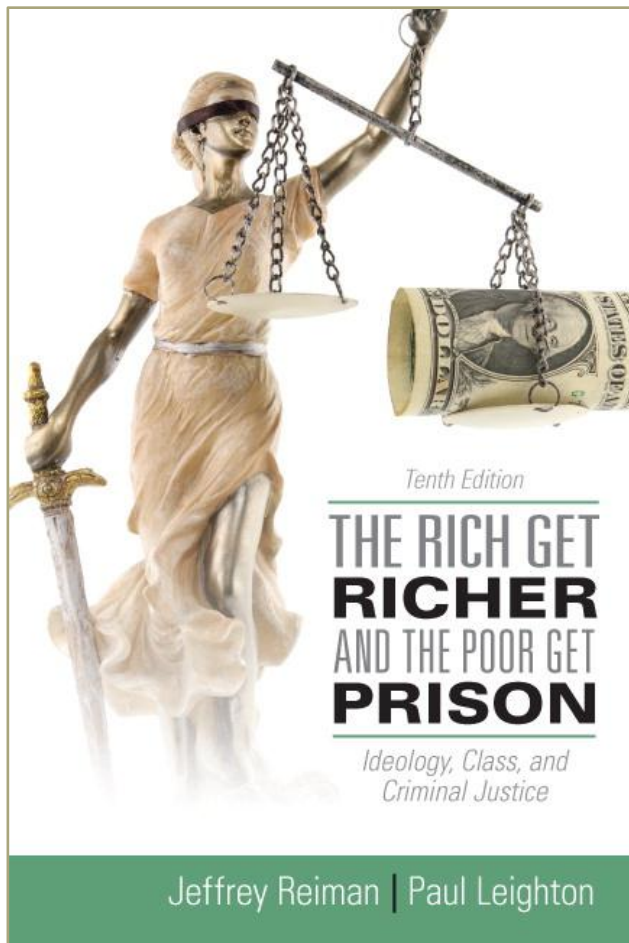
Manifestations of Poverty: The Rich Get Richer and the Poor Get Prison

Paul Leighton

Star Lecture
EMU Honors College
Sept 2013



<http://occuprint.org/>



The creators of any graphics used in this presentation who want attribution or removal should contact me through my website, <http://paulsjusticepage.com>.

Roadmap

- Inequality (There is more than you realize)
 - Income
 - Wealth
 - Corporate 'persons' and inequality
- Criminology
 - Inequality and crime
 - Inequality and the criminal justice system
- Conclusions

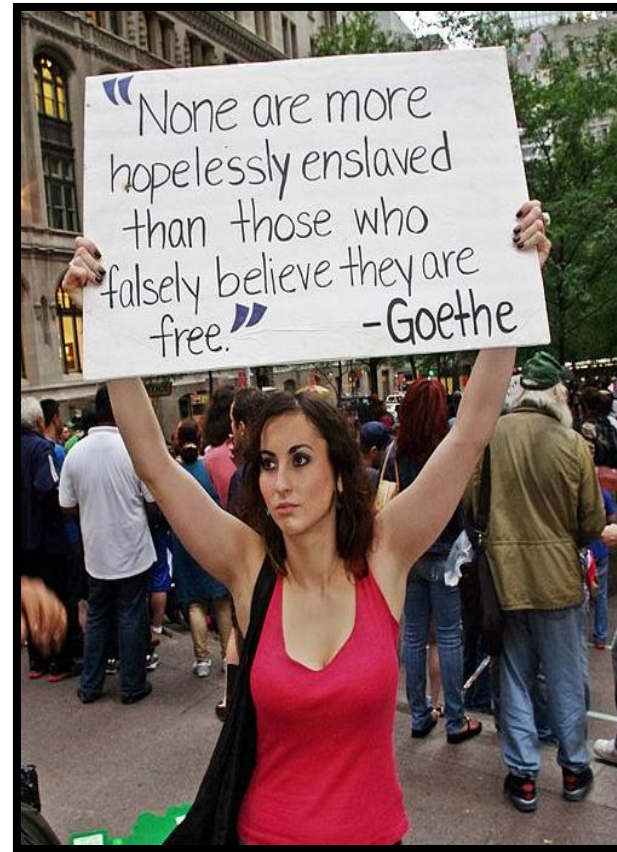


<http://occuprint.org/>

There's More Inequality Than You Think

Ideology

“when ideas, however unintentionally, distort reality in a way that justifies the prevailing distribution of power and wealth, hides society's injustices, and thus secures uncritical allegiance to the existing social order”



Income Overview

- INCOME = SALARY

For richer, it includes interest and dividends (not capital gains in Census data)

- **Median household income**
- **was \$49,445 in 2010**



- Official poverty rate = 15.1% (22% for children)
 - 46.2 million people = largest number in the 52 years for which poverty estimates have been published

Income Privilege

- Both high and low income can spend much of what they make, so you can still be “rich” and have class privilege if you have \$0 at the end of the month.

Consider:

- I can buy things for my comfort
- I do not fear being hungry or homeless
- I have the time and money to take care of my body
- I do not worry about my access to medical care
- I can advocate for my class without being seen as looking for a handout.
- Whenever I’ve moved out of my home it has been voluntary, and I had another home to move into.
- I hunted for sport, not because of food insecurity



Pease, Bob. 2010. *Undoing Privilege* (Zed Books); 30+ Examples of Middle to Upper Class Privilege, <http://itspronouncedmetrosexual.com/2012/10/list-of-upperclass-privilege/>.

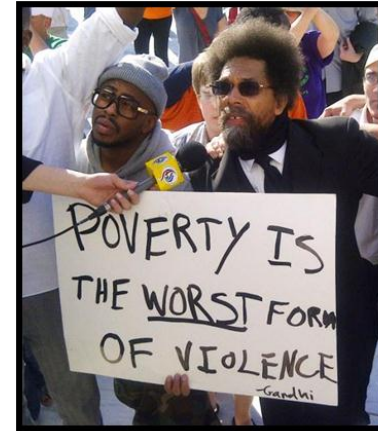
Income Distribution, 2010

Households	Share of Aggregate Income	Upper Limit (You are in this group if you make less than...)
Lowest Fifth	3.3%	\$20,000
Second Fifth	8.5%	\$38,043
Third Fifth	14.6%	\$61,735
Fourth Fifth	23.4%	\$100,065
Highest Fifth	50.2%	????
Top 5%	21.3%	Lower limit = \$180,810

U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, Tables H-1 and H-2
<http://www.census.gov/hhes/www/income/data/historical/household/>

Income Distribution, 2010

Households	Upper Limit (You are in this group if you make less than...)
Lowest Fifth	\$20,000
Second Fifth	\$38,043
Third Fifth	\$61,735
Fourth Fifth	\$100,065
Highest Fifth	
Top 5%	Lower limit = \$180,810



John Paulson \$4.9 billion
Ray Dalio \$3.1 billion
(Hedge fund managers)

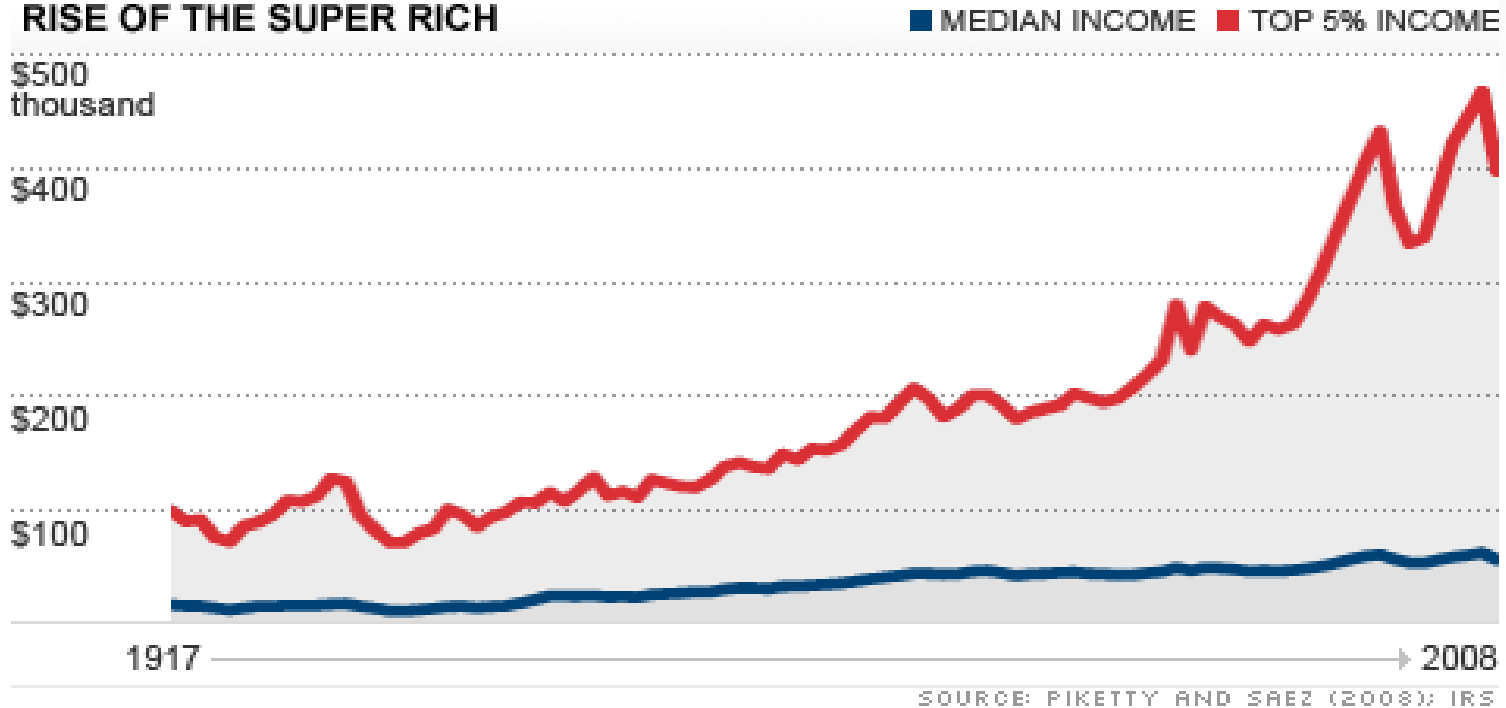
U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, Tables H-1 and H-2

<http://www.census.gov/hhes/www/income/data/historical/household/>

2010 Highest Paid hedge-Fund Managers (2011) <http://www.therichest.org/business/highest-paid-hedge-fund-managers-2010/>

Income Inequality Over Time

RISE OF THE SUPER RICH



Repeated surveys “since 1987 have found that 60 percent or more of Americans agree or strongly agree with the statement that ‘differences in income in America are too large.’”

CNN. 2011. [How the middle class became the underclass.](#)

For data used to build graph, see Emmanuel Saez’s webpage, <http://elsa.berkeley.edu/~saez/>.

Whoriskey, Peter. 2011. [With executive pay, rich pull away from rest of America.](#) *Washington Post*, June 18.

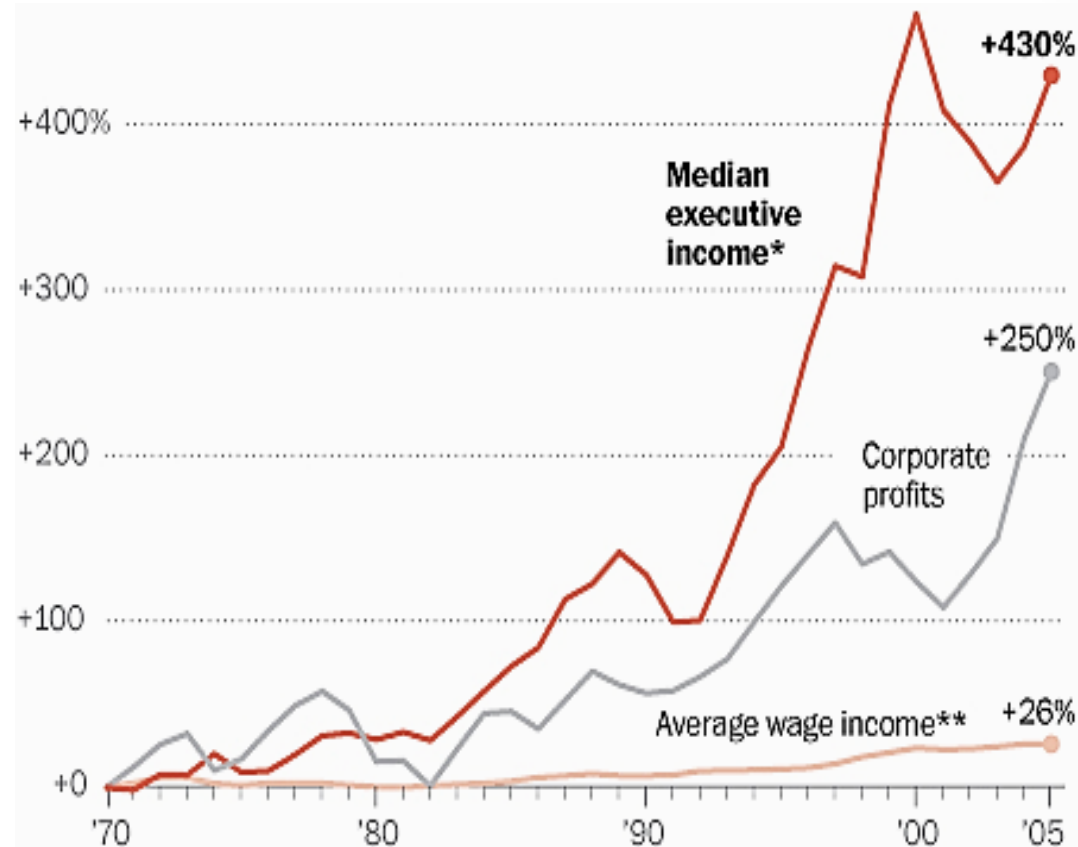
Income Inequality: Executive Pay

* Based on the salary, bonuses and stock options of the three highest-paid officers in the largest 50 firms.

** Calculated from Bureau of Economic Analysis data.

NOTE: All figures have been adjusted for inflation.

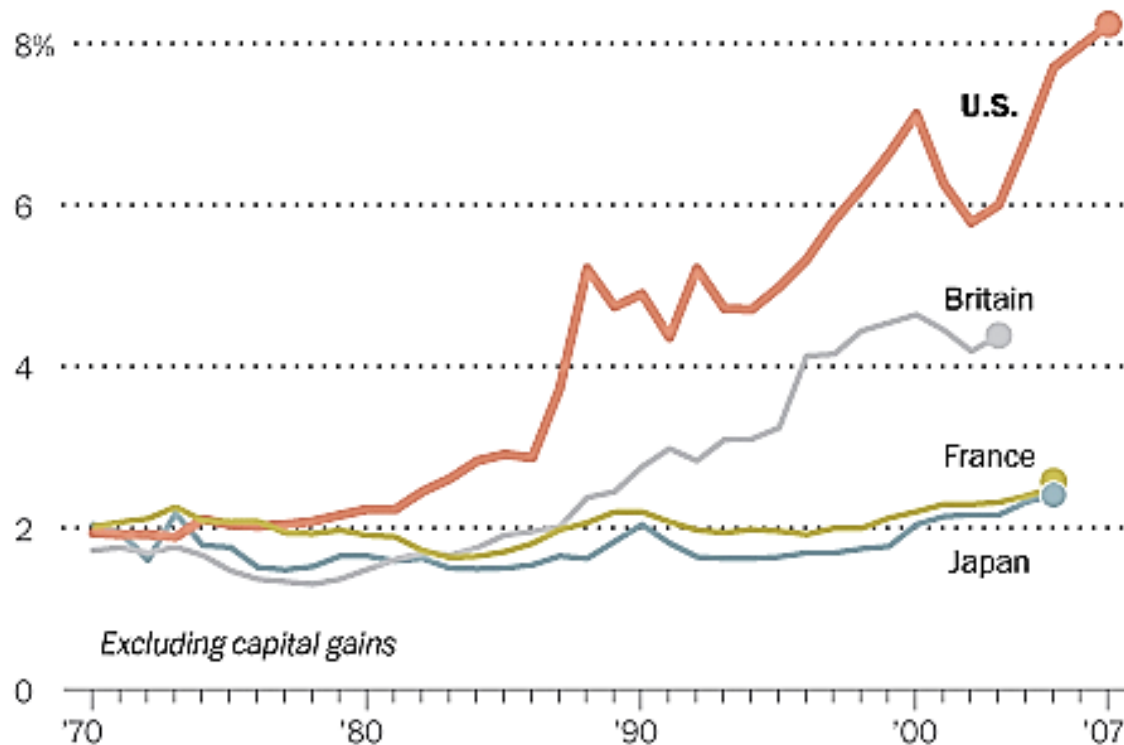
It's NOT 'pay for performance' when executive pay rises faster than corporate profits.



Whoriskey, Peter. 2011. With executive pay, rich pull away from rest of America. *Washington Post*, June 18.
http://www.washingtonpost.com/business/economy/with-executive-pay-rich-pull-away-from-rest-of-america/2011/06/13/AGKG9jaH_story.html.

Income Inequality: International Comparisons

Share of
income
earned by
top 0.1%



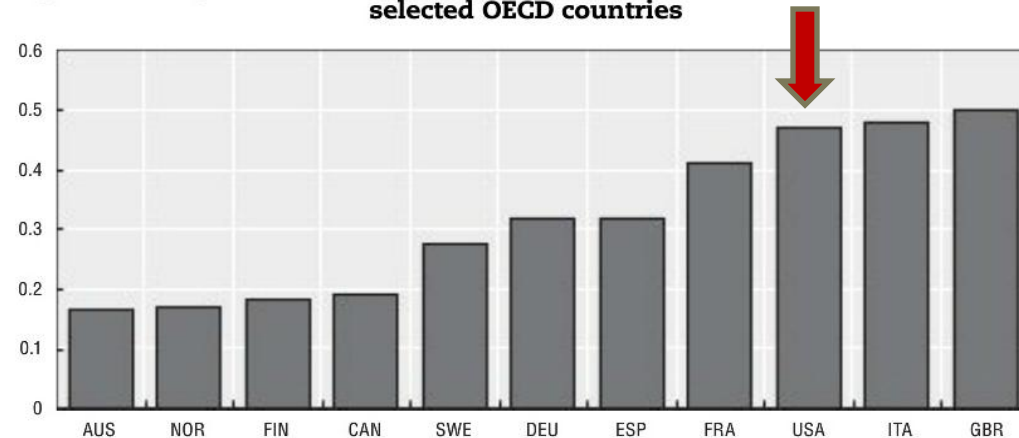
Washington Post. No date. (NOT) Spreading the Wealth

<http://www.washingtonpost.com/wp-srv/special/business/income-inequality/>.

Intergenerational Mobility

Causa, Orsetta and Asa
Johansson. 2010.
Intergenerational Social
Mobility in OECD Countries.
*OECD Journal: Economic
Studies*, Volume 2010.
p 3 (quote) and p 9 (chart)

Figure 2. **Intergenerational earnings elasticity,¹ estimates from various studies:
selected OECD countries**



1. The height of each bar measures the extent to which son's earnings levels reflect those of their fathers. The estimates are the best point estimate of the intergenerational earnings elasticity resulting from an extensive meta-analysis carried out by Corak (2006) and supplemented with additional countries from d'Addio (2007). The choice of empirical estimates in this meta-analysis is motivated by the fact that they are based on studies that are similar in their estimation technique, sample and variable definitions. The higher the value, the greater is the persistence of earnings across generations, thus the lower is the intergenerational earnings mobility.

Source: D'Addio (2007).

“Low mobility across generations, as measured by a close link between parents’ and children’s earnings, is particularly pronounced in the United Kingdom, Italy, the United States and France, while mobility is higher in the Nordic countries, Australia and Canada.”

Wealth Overview

- Wealth (net worth) = assets – liabilities

Wealth is about
SECURITY and POWER

- Median net worth, 2010 = \$77,300
[mean = \$498,800]
 - White, non-Hispanic = \$130,600
 - Nonwhite or Hispanic = \$20,400
 - Black = \$15,500



Jesse Bricker, Arthur B. Kennickell, Kevin B. Moore, and John Sabelhaus. 2012. Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances. *Federal Reserve Bulletin*, vol. 98, no 2. P 17 and 21.

<http://www.federalreserve.gov/pubs/bulletin/2012/pdf/scf12.pdf>.

If you were going to be randomly placed in a society, how would you distribute wealth?

Each block represents 20% of the population

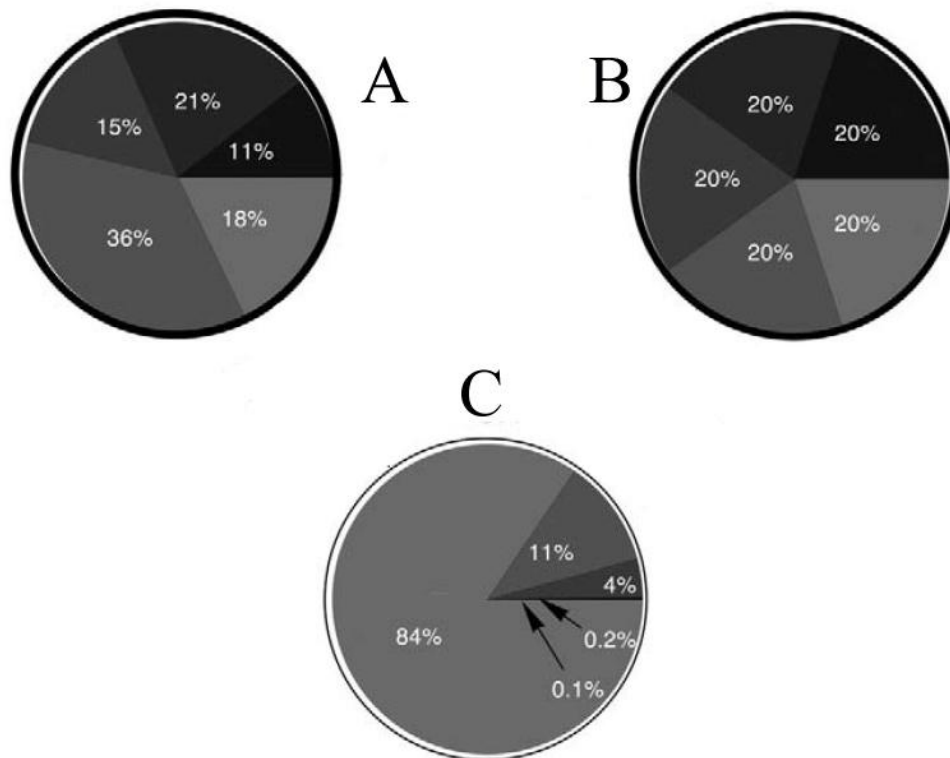
How much wealth does each block get?

What % of the wealth do the poorest 20% get?

The richest 20%?

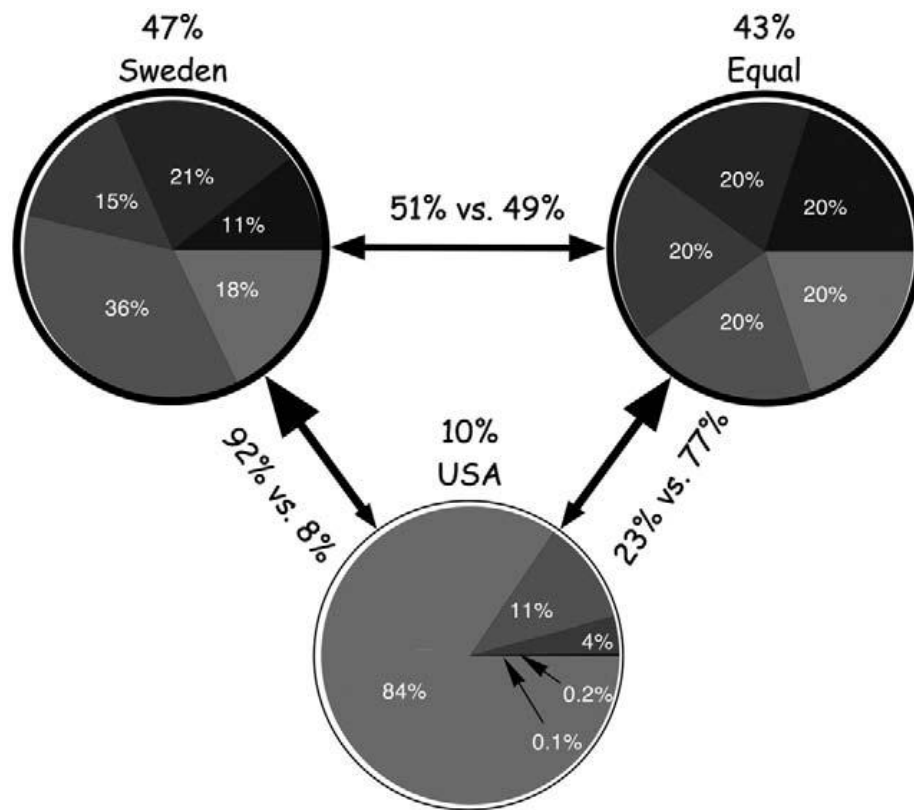
Poorest 20%		Middle 20%		Richest 20%
----------------	--	---------------	--	----------------

If you were going to be randomly placed in a society, which one would you choose?



Norton, Michael and Dan Ariely.
2011. Building a Better America.
Perspectives on Psychological Science, 6(1): 9-12

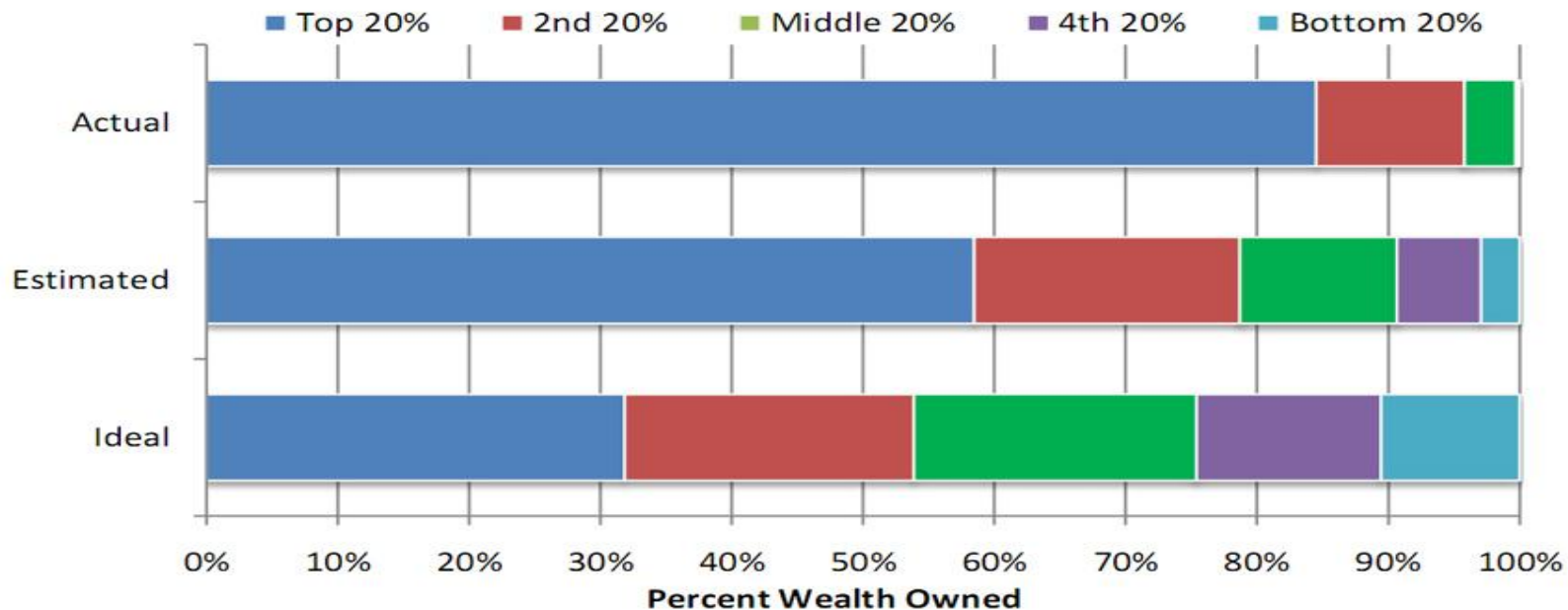
If you were going to be randomly placed in a society, which would you choose?



N = 5,000

Norton, Michael and Dan Ariely.
2011. Building a Better America.
Perspectives on Psychological Science, 6(1): 9-12

Actual, estimated and ideal distributions of wealth



Top 20% *actually* control 84% of wealth; people *believe* they control 59%; *ideally*, top 20% *should* control 32%

Bottom 60% *actually* own 5% of wealth; people *believe* they control about 20%; *ideally*, the bottom 60% *should* control 45% of wealth.

Wealth Distribution, 2010

Households	Share of Aggregate Wealth (2010)	Notes (from 2007 data)
Bottom 50%	1.1%	At 10 th Percentile, wealth = \$0
50 – 90 th percentile	24.3%	Upper limit of 75 th percentile = \$372,000 90 th percentile = \$908,200
90 – 99 th percentile	40%	
99 – 100 th percentile	34.5%	Own 52% of stock and 63% of equity in private business

Top percentile does not include Forbes 400. 2010 total wealth = \$1.27 trillion
(min = \$950 million, max = \$50 billion)

Kennickell, Arthur. 2011. Tossed and Turned: Wealth Dynamics of U.S. Households 2007-2009.

<http://www.federalreserve.gov/pubs/feds/2011/201151/revision/201151pap.pdf>. Page 12.

Kennickell, Arthur. 2009. Ponds and Streams: Wealth and Income in the U.S., 1989 to 2007.

<http://www.federalreserve.gov/pubs/feds/2009/200913/200913pap.pdf>. Table 2, 4, A1, A3a

Inequality: Update from 2010

WSJ BLOGS



Real Time Economics

Economic insight and analysis from The Wall Street Journal.

September 10, 2013, 4:57 PM

Some 95% of 2009-2012 Income Gains Went to Wealthiest 1%

- the top 1% saw their incomes climb 31.4% — or, 95% of the total gain — while the bottom 99% saw growth of 0.4%
- Last year, the richest 10% received 50.5%, the largest share since such record-keeping began in 1917

- Minimum = \$1.3 billion (61 billionaires not on the list)
- Maximum = \$72 billion (Bill Gates)
- “Basically, the mega rich are mega richer,” said Forbes Senior Editor Kerry Dolan.

Washington Post, Sept 16, 2013. [The rich keep getting richer as the combined net worth of America's 400 richest rises](#)

theguardian

News | US | World | Sports | Comment | Culture | Business | Money

Business > Rich lists

US super-rich hit new wealth record five years after financial crisis

Forbes magazine says the 400 wealthiest Americans are worth a record \$2.02tn, up from \$1.7tn in 2012

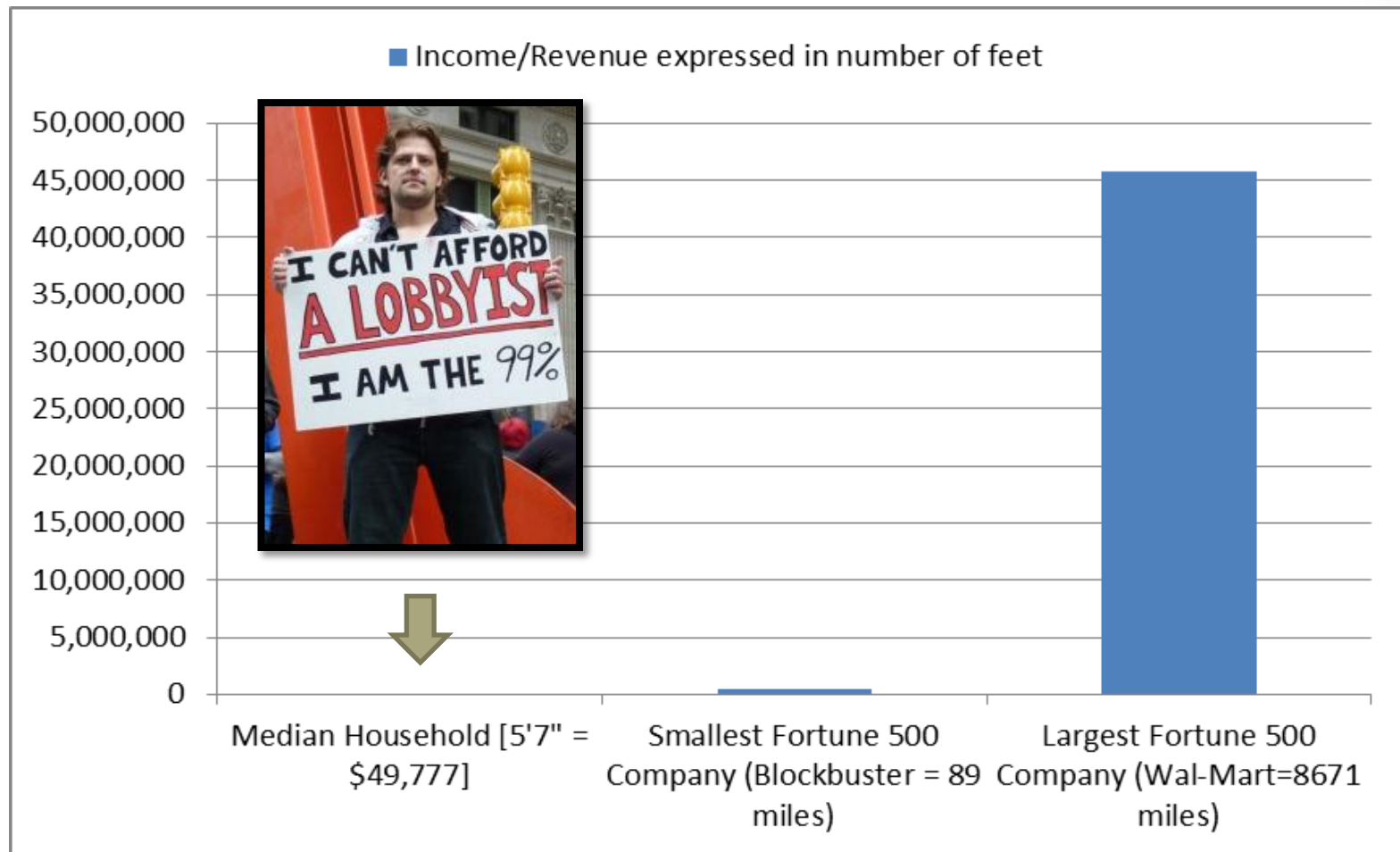
Jennifer Rankin
The Guardian, Monday 16 September 2013 14:02 EDT

Wealth: International Comparison

U.S. (share owned by percentile group)	Percentile group	U.K. (share owned by percentile group)
2.5	Bottom 50	13
26	50 to 90	42
71.5	Top 10	44

Calculated from Kennickell (2009: 35) and HMRC (2011: Table 13.8). U.K. numbers are based on data from 2005 to 2007.

Inequality between real and corporate persons, 2010



International Monetary Fund, World Economic Outlook Database, April 2011. <http://www.imf.org>
Fortune 500, 2010. [http://money.cnn.com/magazines/fortune/fortune500/2010/full list/](http://money.cnn.com/magazines/fortune/fortune500/2010/full_list/).

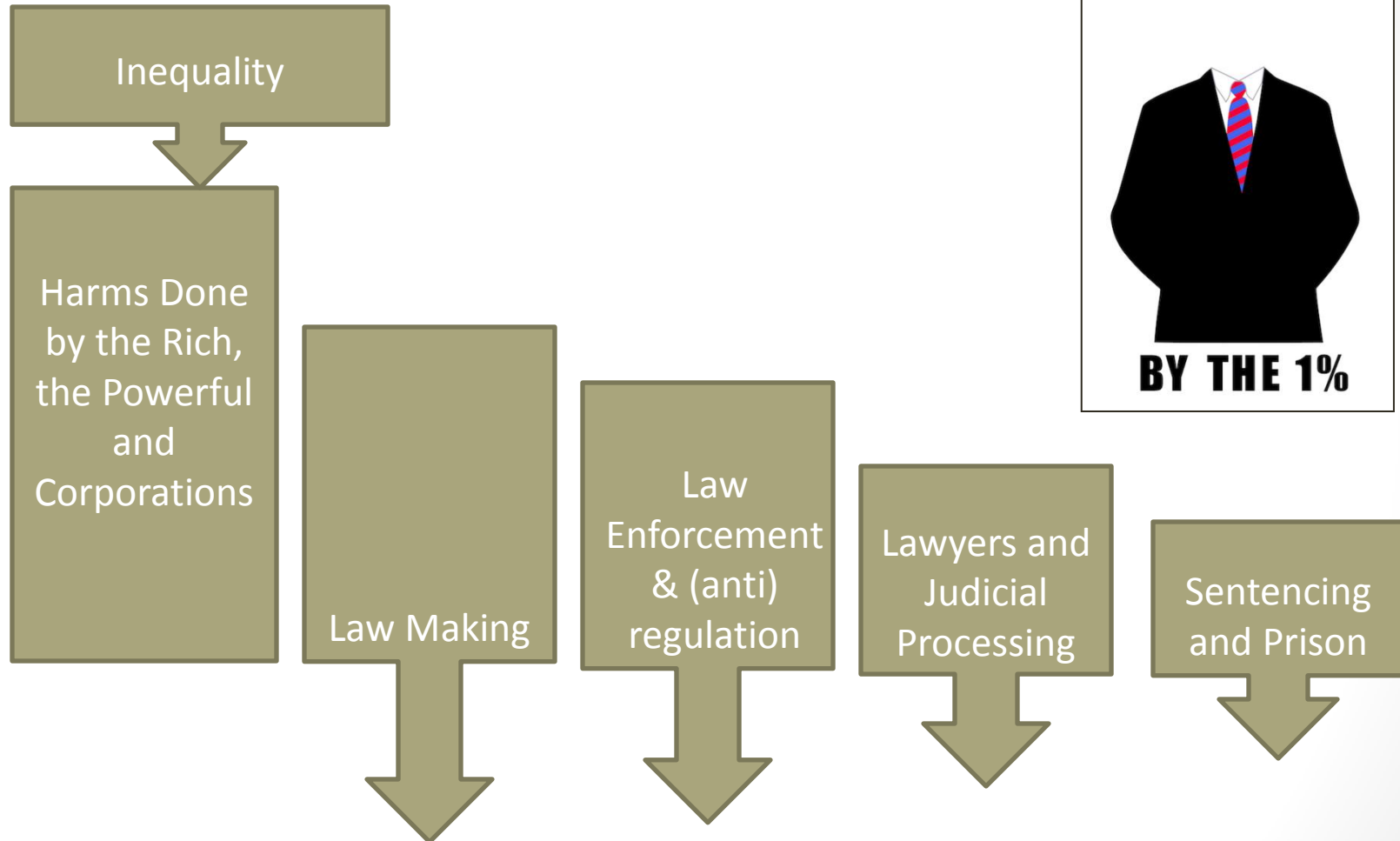
Country GDP v Corporate Revenue, 2010

Overall Rank	Country Rank	Company Rank	Country/Company	GDP/Revenue*
1	1		United States	\$15,065
29	29		South Africa	\$560
30		1	Wal-Mart	\$422
32		2	Exxon-Mobil	\$354
62		6	General Electric	\$152
66		9	Bank of America	\$134
70	58		Vietnam	\$121
71		13	J.P. Morgan Chase	\$116
73		14	Citigroup	\$111
86		23	Wells Fargo	\$93

Fortune 500 from http://money.cnn.com/magazines/fortune/fortune500/2011/full_list/.
 International Monetary Fund, World Economic Outlook Database, September 2011. Gross domestic product is expressed in current (2011) U.S. dollars.
<http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx>.

* In billions of US dollars

Inequality, Crime and CJ



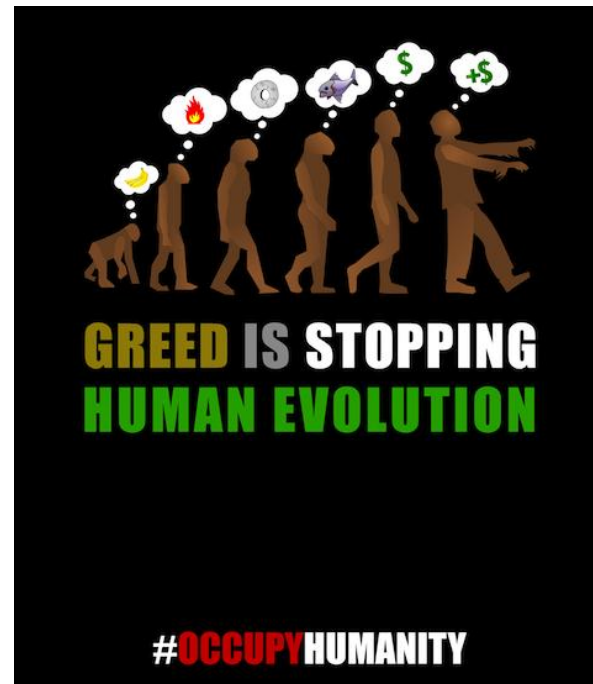
Inequality worsens crimes of rich and poor. CJ system focuses on poor while rich are processed out of the system at every stage

Inequality & Criminology

- Inequality worsens both crimes of poverty motivated by need and crimes of wealth motivated by greed

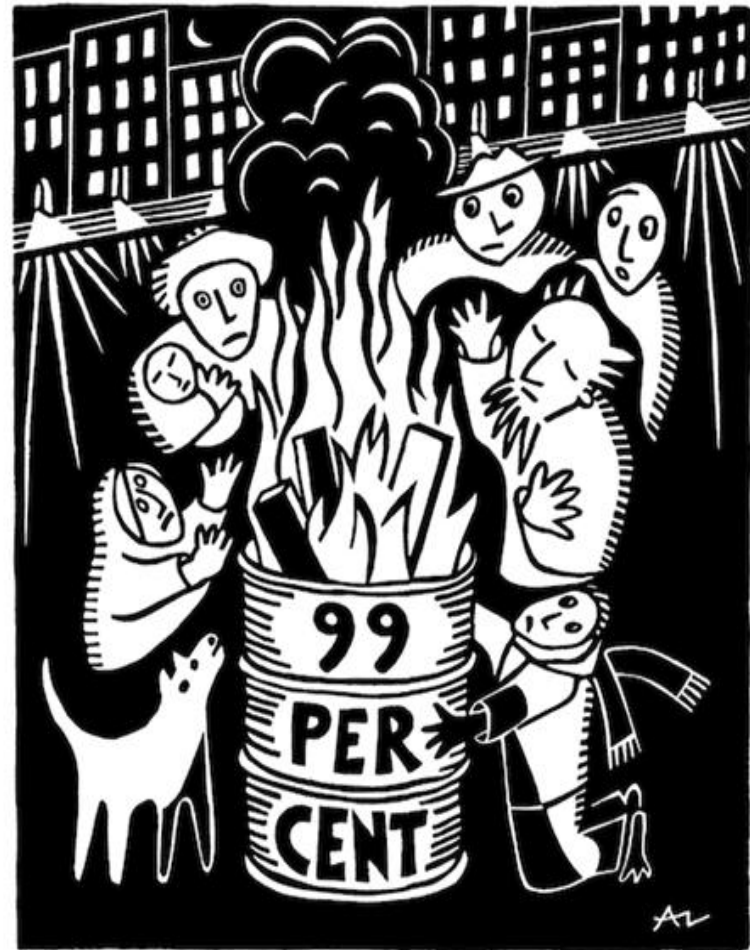
Braithwaite, John. 1992. Poverty Power and White Collar Crime, in Schlegel and Weisburd, White-Collar Crime Reconsidered (Boston: Northeastern University Press).

<http://occupyprint.org>



Inequality & crimes of the poor

- “Need”: absolute, perceive others to have, what whites have, expectations based on “advertising and dramatization of bourgeois lifestyles” (Braithwaite 1992 p 83)
- Fewer legitimate means to success, so more people try illegitimate means



<http://occuprint.org>

Inequality & crimes of the rich

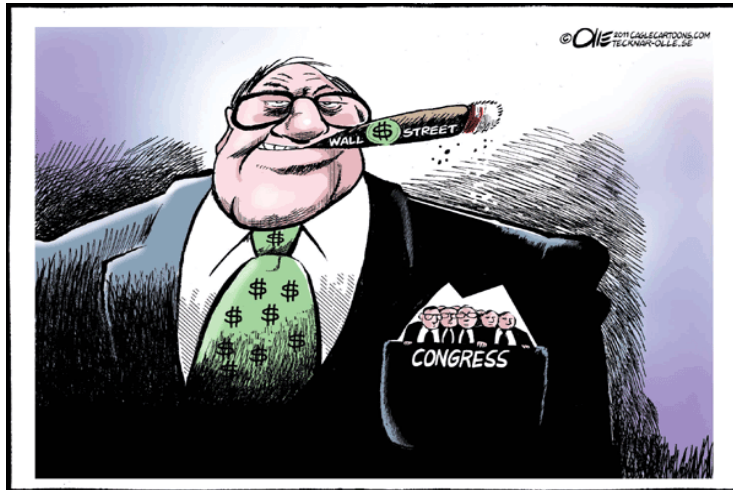
- Having additional money matters to the rich
- “increasing concentrations of wealth [enables] the constitution of **new forms of illegitimate opportunity**” (p 85)
 - Novel illegitimate strategies that “excel because they **cannot be contemplated by those who are not wealthy**” (p 88)
- “people in positions of power have opportunity to commit crimes that involve the abuse of power, and **the more power they have, the more abusive those crimes can be**” (p 89)
- “**undermines respect for the dominion of others**” (p 80)



All quotes from Braithwaite 1992

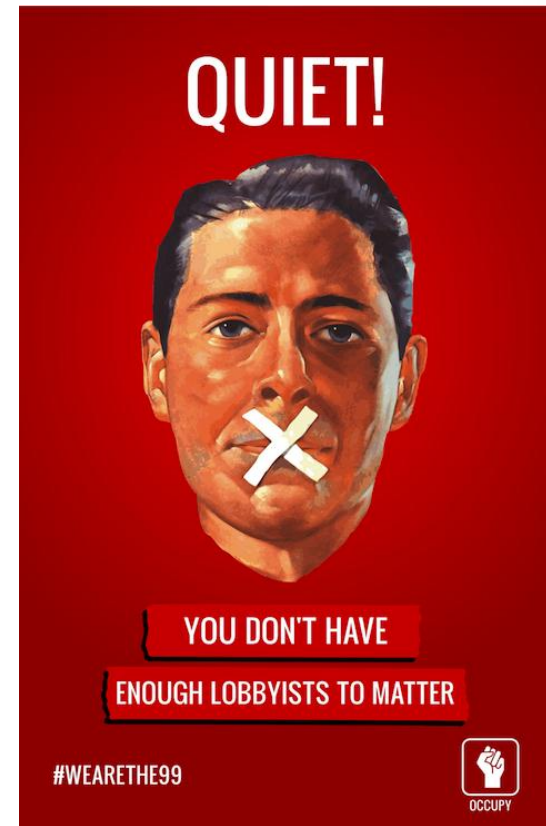
Inequality & Law Making

- The 1% are not seen as a special interest and lobby so that the harms they do are
 - Civil violations (fines) not criminal (prison)
 - Misdemeanor (minor) not felony
 - not recognized in law



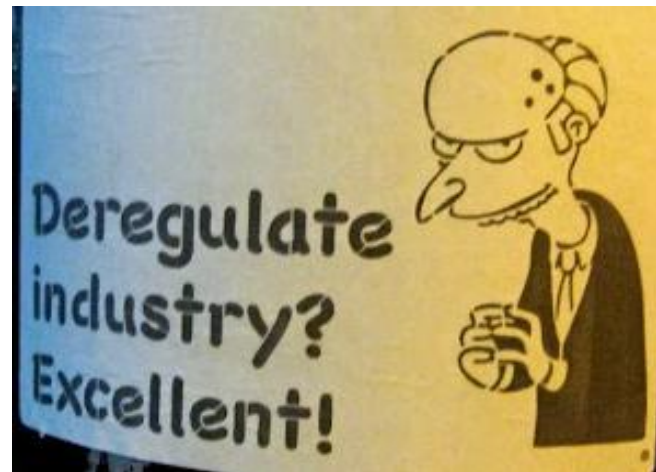
“Capitol Hill works like a vending machine. You put coins in the slot, select your law, and the desired legislation slides out” ([Ritholtz 2012](#))

<http://occuprint.org/>



Inequality in Policing/Regulation

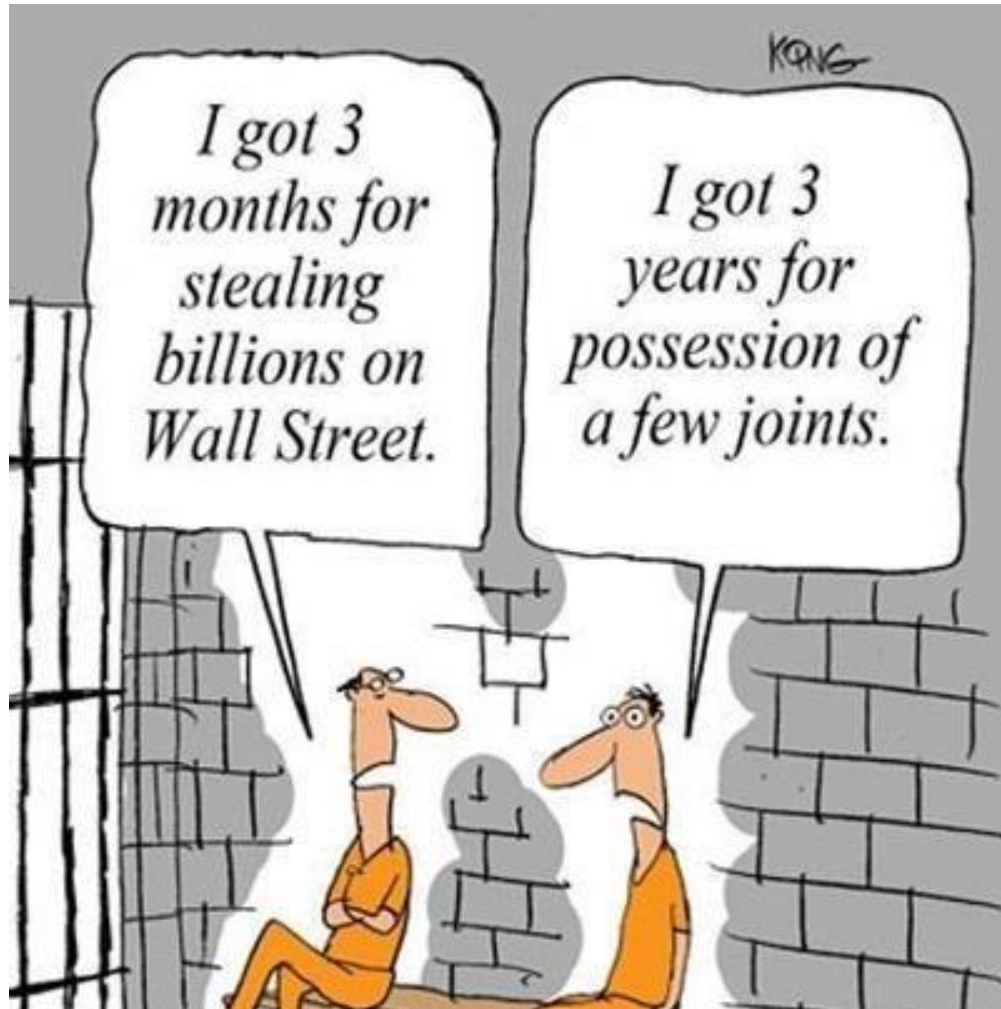
- Crimes of poor: “get tough” ~ “zero tolerance” ~ “WAR on crime” ~ “law and order”
- Policing of the powerful: “deregulation”
 - Regulators = cops on the beat
 - We wouldn’t allow the Super Bowl to be played without referees because “we *know* that players would give in to their worst impulses.” The financial system is the same. Barry Ritholtz, [“Where’s the Ref?”](#) *Forbes*, September 12, 2008.



Inequality in Lawyers & Legal Outcomes

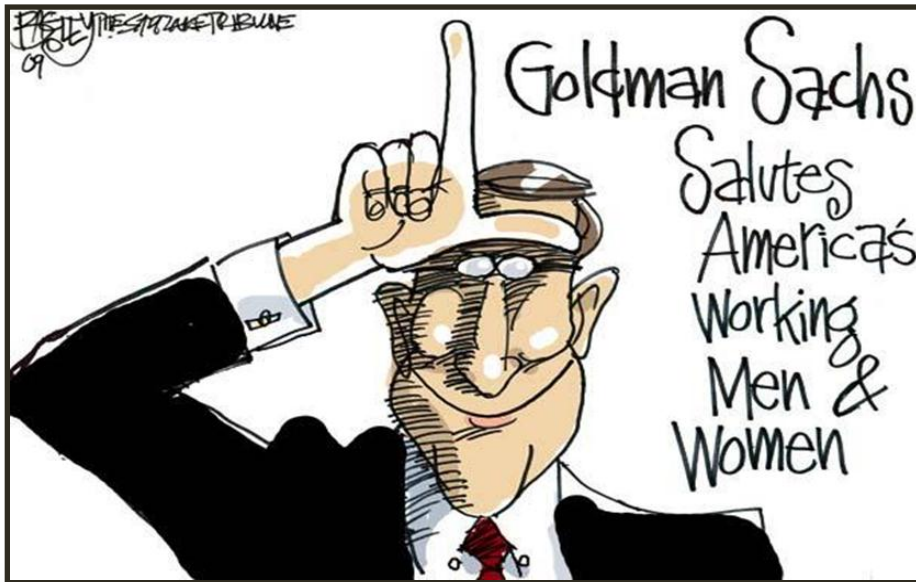
- Indigent man on death row: “the lawyer himself was on probation for public intoxication and addicted to crystal methamphetamine... the lawyer would be charged with drug possession, declare bankruptcy and commit suicide” ([NYT 2013](#))
 - A 2011 study found that death penalty lawyers “often spend little time preparing their cases and put on only the barest defense. They neglect basic steps, such as interviewing defendants, seeking out witnesses, and investigating a defendant's background.”
- One upper-class campus drug dealer studied in *Dorm Room Dealers* described himself as “untouchably wealthy,” ended up with a “possession ticket” because “I got real good lawyers [laughs]. Like real good lawyers... fucking like six lawyers.” (p 159)

Inequality and Criminal Justice



Conclusion I: More inequality than you realize

“to claim to be apolitical or neutral in the face of such injustices would be, in actuality, to uphold the status quo – a very political position to take and on the side of the oppressors” -Sister Helen Prejean, *Dead Man Walking*

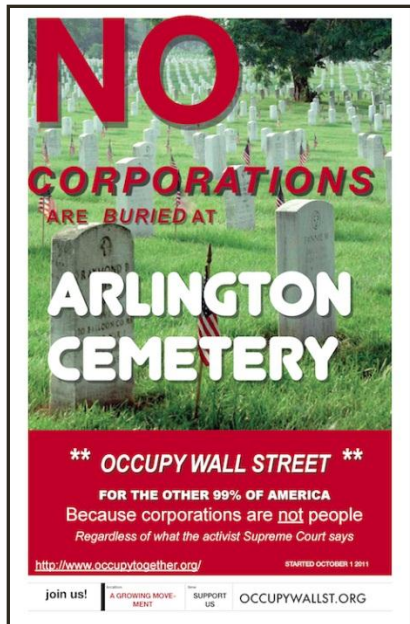


Conclusion II: Corporations have more power than you realize

“people in positions of power have opportunity to commit crimes that involve the abuse of power, and **the more power they have, the more abusive those crimes can be**”

(Braithwaite 1992, p 89)

<http://occupyprint.org/>



Conclusion III: Social Analysis and Criminology 'Declassed'

- But Class is a crucial social variable because
 - Without attention to white collar and corporate crime, we have the wrong pictures of harms that threaten us and do not pursue policies to advance public safety
 - CJ can be no more fair than the society for which it provides 'law and order' - reflect and recreate injustices in social order
 - 'Equality under law' requires assessment of class bias in CJ



Conclusion IV:

Rule of Law increasingly broken

- "Everything's fucked up, and nobody goes to jail"
- "Power corrupts and unaccountable power corrupts with impunity"
- Peaceful protesters get arrested for disorderly conduct, while those who created serious disorder with the world economy keep getting bonuses and go about business as usual. Financial crooks lobby against reform legislation and consumer financial protection.



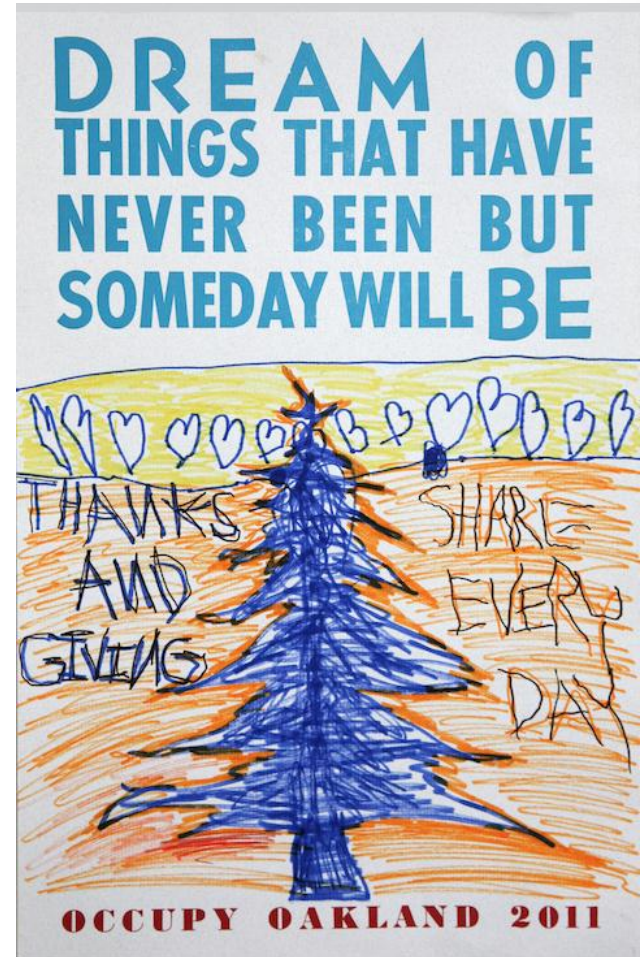
Taibbi, Matt 2011. Why Isn't Wall Street in Jail? *Rolling Stone*, Feb 16. <http://www.rollingstone.com/politics/news/why-isnt-wall-street-in-jail-20110216>

Braithwaite 1992, p 89

Reiman, Jeffrey and Paul Leighton. 2013. *The Rich Get Richer and the Poor Get Prison*, 10th ed. Boston: Allyn & Bacon

Conclusion V: Need to Raise Basic Questions About Society

In *The New Jim Crow*, Alexander writes of the poor and working class needing to come together in a multiracial alliance, not to do better within the existing political and economic structure, but (in M. L. King's words) to "create an era of revolution... We are called upon to raise certain basic questions about the whole society" (in Alexander 2012:259).



Dr. Paul Leighton is a professor in the Department of Sociology, Anthropology & Criminology at Eastern Michigan University.

More information about him is available on his website,
<http://paulsjusticepage.com/paul/pauls-cv.htm>

I believe and hope my use of the images in this presentation is covered by 'fair use.' Requests to remove materials should be sent to the presenter through his address on this page
<http://paulsjusticepage.com/paul.htm>

