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Uphill Battle:

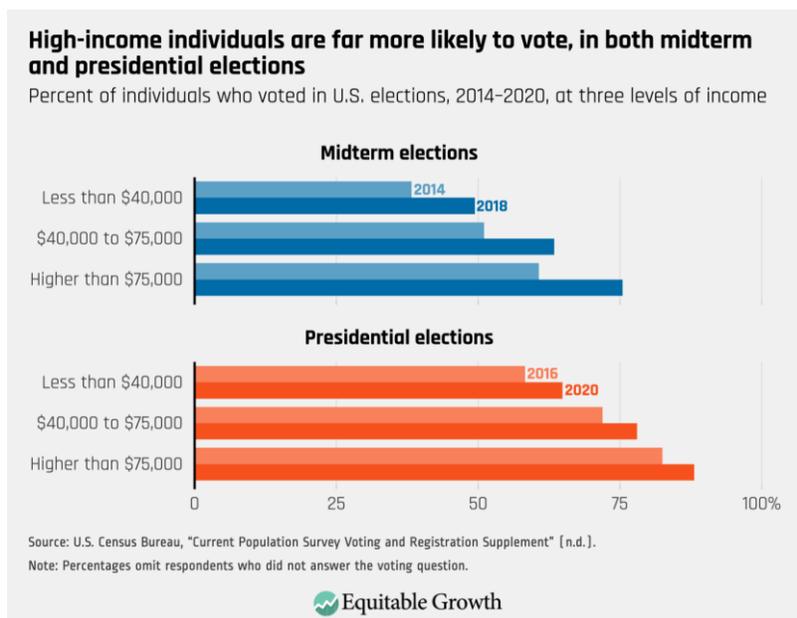
As Congress Whittles Down the Spending Package, Don't Bet Low-Income People Will Get Much More - or the Monied, Much Less.

Karl Polzer – [Center on Capital & Social Equity](#)

With about half of the U.S. workforce earning either [low wages](#) or unemployed, a person might think the [social spending package](#) Congress is debating will result in a major wealth transfer. (Especially with Democrats in charge.) Don't count on it.

Low-wage workers lack the necessary political leverage to make this happen for many reasons: Politicians know they are much less likely to vote than higher-income people. Poor people don't contribute much to campaigns or hire lobbyists who draft much of the legislation that ends up becoming law. They have relatively less time and wherewithal to speak up for themselves.

All [members of Congress](#) are high-paid professionals. Most are [wealthy](#). They tend to see the world through those lenses. The drafters of the U.S. Constitution deliberately designed the republic to have a strongly conservative rudder – [the U.S. Senate](#). The Democrats' tiny margin in the Senate means that one defection could break apart the entire "Build Back Better" legislative expedition.



Slicing Up the Pie

Intraparty political dynamics have created a spending proposal arguably loaded with waste. The [Wall Street Journal](#) recently characterized a major portion of the Democrats' \$3.5 billion bill as "alms for the affluent." While shielding families making less than \$400,000 from tax increases, the well-to-do on either side of that benchmark would get child tax credits, paid family leave, Obamacare subsidies, \$12,500 electric care tax credits, and, possibly, bigger offsets against state and local taxes.

The liberal-leaning [Washington Post](#) has called for better targeting government help toward people who need it. On Oct. 7, the [L.A. Times reported](#): "Under Democrats' 'Build Back Better' plan, a married couple earning a combined \$500,000 a year could get \$10,000 a month from the federal government when taking paid family leave to care for a sick relative or a newborn baby. The same program would provide a middle-class family with one wage earner much less, [about \\$3,100 a month.](#)"

Some of the freebies don't make much sense. Subsidized college and childcare for higher earners would likely result in them bidding up prices, thereby crimping access for low- and middle-income workers, especially if subsidies are trimmed by more conservative regimes in the future.

Some of proposed spending is equitable and on target. Before this year, federal child tax subsidies went disproportionately to the upper-middle class. During the pandemic, child tax credits were expanded on a time-limited basis to include low-income families – and have begun to help them [pay for necessities](#). But even as the first checks went out this summer, some Republicans began demanding [work requirements](#) that would cut out many low-income families. Little is said about reducing child subsidies for the better off to make the package affordable.

Meanwhile, lawmakers ignore [low-cost changes](#) that would help people at the bottom, including [paid sick days](#), raising the [minimum wage](#), improving the [Supplemental Security Income](#) program for the poorest of the elderly and disabled, and including low-wage workers in the [\\$250 billion in annual subsidies](#) the federal government provides for retirement savings.

Higher-wage workers get thousands of dollars in tax breaks to save for retirement. Most low-wage workers now get nothing. To be fair, since a high-income worker putting aside \$15,000 gets about a \$5,000 tax exclusion, someone making too little to be able to save could get at least a \$300-\$500 annual tax credit to put in an IRA or 401(k). [Boosting individual savings and investment](#) by low-wage workers can reduce economic inequality and poverty while increasing their personal freedom and standard of living.

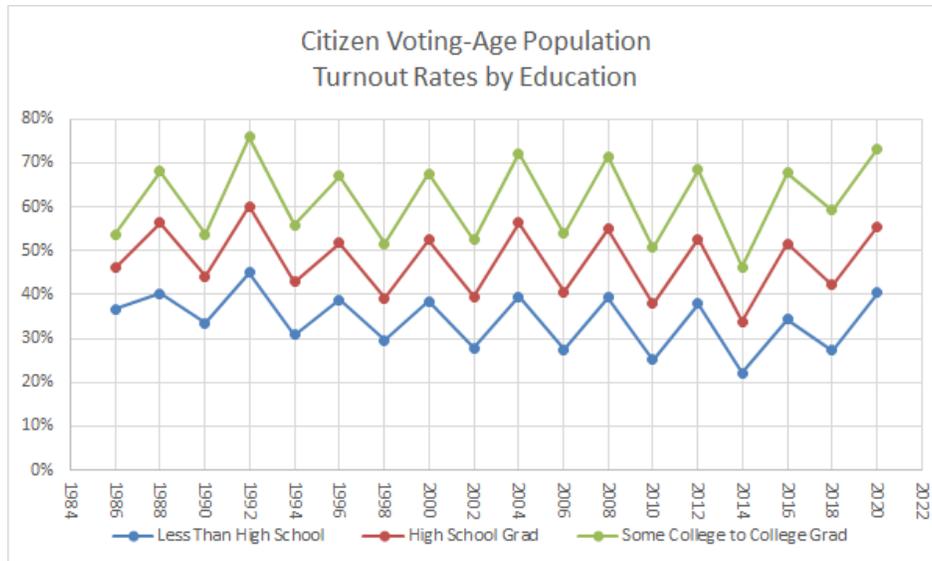
Given the country's state financial and physical health, Congress would be wise to whittle down the social spending package into financially disciplined investments that help families most in need.

If lawmakers can't say 'no' to shelling out more money to people who don't need it and raising taxes to cover the cost, they might reach a familiar compromise by raising the national debt. The United States' dominant position in the world's [monetary system](#) has allowed the luxury of [expanding the money supply](#) in order to borrow [funds to cover new government spending](#). This often-used alternative hurts future taxpayers who, of course, can't vote until years after the money is gone. It also tends to trigger inflation.

Unprecedented levels of [national debt](#) will constrain the country's ability to deal with future crises and help people in need. Meanwhile, there's deafening silence on the Hill about the more than \$16 trillion in long-term funding or benefit cuts needed to maintain the financial stability of [Social Security](#), the country's most important social insurance program.

Political Arithmetic

Politics don't make it easy to agree on fair and sensible laws. While some fight to help the poor, the 15,000 staffers on Capitol Hill and their bosses can do the math. Low-income people might constitute almost half the population, but not that many vote. So, let's discount their "political weight" from 50% to 30%. They don't contribute much money and don't have many PACs to fight for them. So, discount that 30% to 20%. Poor people can be easily divided on racial and cultural issues. Besides, a lot of these folks aren't well educated. So, discount their political significance some more.

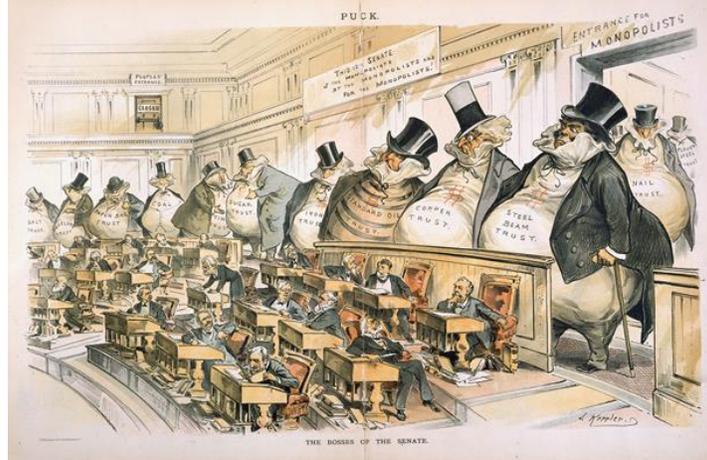


Source: [Voter Turnout Demographics](#), United States Elections Project.

Low-wage workers might achieve “critical mass” to drive political change if a sizeable segment of middle-income people identified with them and their struggles. In normal times, the U.S. middle class is more focused on getting ahead. People in the economic and cultural middle tend to feel that increasing their economic status is possible given enough effort. Middle class ambition to move up the economic ladder overshadows fears of falling off.

During times of crisis, such as the Great Depression and World War II, when more voters worry their income or way of life could vanish, more might support a working-class agenda and higher taxes for the upper-middle class and wealthy. The [Covid shutdown](#) shifted the middle-class perspective to some degree. But for [how long?](#)

Protecting patrician interests is embedded in the government’s DNA. The U.S. Senate was designed to check the excesses of democracy. Chosen by state legislatures, its members were presumed to be men of wealth. At the country’s inception, only owners of substantial property could vote. Slaves – described in the Federalist Papers as “part person, part property” – amplified the voting leverage of property owners and their states at a rate of 3/5 of a vote per head. Low-income workers competing with slave labor in all sections of the new nation were disenfranchised.



[“Bosses of the Senate,”](#) Joseph Keppler, 1889.

Just about all adult citizens can vote these days, but the [legislative apparatus](#) and its cast of characters retain a bias toward citizens with property and businesses. Absent an existential crisis, what would it take to get Congress to give equal weight to votes of people at the economic bottom? A constitutional amendment giving low-income workers 8/5 of a vote? One might laugh, but such a policy would echo the handiwork of the founding fathers.

Though it took a civil war to break the chains of slavery, history shows that once-disenfranchised people can improve their standing and lives through the U.S. political system. Progress for people at the economic bottom is won inch by inch more often than by leaps ahead. At times, it’s two steps backward, one step forward.

If it’s an uphill battle in a still unfair arena, one might ask, why bother to fight for change? Not trying means falling farther back. And having a few dollars left over at the end of the week and paid sick days would help millions of people.

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