

# Inequality Is Shaping U.S. Electoral Politics, Stiglitz Says

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- ▶ In first 3 years of recovery, 91% of income gains went to 1%
- ▶ Trump, Clinton set to win nominations after 'Super Tuesday'

Anyone who wants to understand what's going on in U.S. electoral politics should look at the economy, according to Nobel Prize-winning economist Joseph Stiglitz.

“There are a lot of people that are described as angry and they finally figured out that they're not doing very well,” Stiglitz said in London on Wednesday. “They're not doing as well as their parents; some Americans aren't doing as well as their grandparents.”

While the U.S. economy is growing and unemployment is at its lowest rate since 2008, the recovery since the financial crisis has not been felt by all parts of society. That's fueling support for populist candidates in the election campaign on both sides of the political divide. Republican front-runner Donald Trump is drawing upon economic frustration to argue for immigration curbs and hefty tariffs on imports from China, while Democratic contenders Hillary Clinton and Bernie Sanders have both put income inequality at the center of their campaigns.

“Americans have seen lots of injustices -- people were thrown out of their houses that didn't owe money, and none of the bankers were held accountable” for the financial crisis, Stiglitz said, speaking at an event at the Resolution Foundation, a research group. “I think that really has motivated the anger across the spectrum.”

## New Rules

In the first three years of the U.S. recovery, 91 percent of income gains went to the top 1 percent of earners, according to Stiglitz, a professor at Columbia University. Meanwhile, the minimum wage adjusted for inflation is lower than it was 60 years ago and the median income of a full-time male worker is below its level 40 to 45 years ago, he said.

“The American economy is a failed economy” he said. “We have to once again rewrite the rules of the economy for the 21st century.”

That’s the focus of Clinton’s campaign and Trump is unlikely to cut back on social security because of his support among low earners, Stiglitz said. Ted Cruz, another Republican contender, is “more likely to go on a war path” against social security and access to health care, he said.

“For most Americans, the issue is, ‘what recovery?’” Stiglitz said. “In my mind, an economy that is not delivering for such a large fraction of their citizens is clearly an economy that’s not working.”

Before it's here, it's on the Bloomberg Terminal.

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