



Reduce Extreme Economic Inequality

The Issue

Extreme economic inequality has become a common characteristic of American society. The top 1% owns nearly half of the total wealth in the U.S, while one in five children live in poverty. These division and disparities lead to slower economic growth, increased social dysfunction, and rising political instability.

Societal Goal

Economic inequality permeates our society and has increased dramatically over recent decades. We need a new social contract to reverse this trend. Innovation that focuses on increasing the income of the poor, building income and wealth stability, and changing policies and mechanisms that concentrate wealth solely among the wealthy can reduce the current disparities.

A Decade of Work

Over the next ten years, researchers, practitioners and policymakers can engage in a variety of activities that will advance this Grand Challenge and ignite social work achievements, including efforts to:

- Strengthen labor standards and reform employment opportunities for the low-skilled and part-time job sector.
- Expand the EITC to noncustodial parents.
- Convert the Child Tax Credit into a universal child allowance.
- Expand childcare opportunities to low-income families to promote stable employment and healthy child development.
- Expand active employment creation through public programs and support for business start-up capitalization.
- Strengthen unemployment insurance through altering and relaxing requirements.
- Reduce wealth inequality by redeploying wealth-building subsidies in retirement and shelter.
- Create inclusive and lifelong asset-building through implementation of universal child development accounts.
- Reduce the role of income and wealth in the education system on the primary, secondary, and postsecondary education levels.

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- Budget reforms that remove tax policies that privilege capital earnings over labor income.

Resources

- Elliott, W., III, Henly, J. R., Lambert, S. J., Lein, L., Romich, J. L., Shanks, T. R., & Sherraden, M. (2016, September). *Policy recommendations for meeting the Grand Challenge to Reduce Extreme Economic Inequality* (Grand Challenges for Social Work Initiative Policy Brief No. 10). Cleveland, OH: American Academy of Social Work & Social Welfare.
- Lein, L., Romich, J. L., & Sherraden, M. (2015). Reversing extreme inequality (Grand Challenges for Social Work Initiative Working Paper No. 16). Cleveland, OH: American Academy of Social Work and Social Welfare.
- Policy action statement. [Build financial capability and assets for all and Reduce extreme economic inequality. Actions target universal and progressive Child Development Accounts as a policy vehicle for lifelong asset building.](#)
- Policy action statement. [Reduce extreme economic inequality. Convert the child tax credit into a universal child allowance.](#)
- Website: <http://www.GrandChallengesforSocialWork.org/12-challenges/reduce-extreme-economic-inequality/>
- Working groups
 - Taxation and Inequality
 - Labor Market
 - Universal Child Allowance
 - Inclusive Asset Building

Network Leadership

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