<u>COVID ECONOMIC RECOVERY</u>

By Peter H. Wolf

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Returning to "normal": What will normal be after the coronavirus pandemic? It won't be like it was pre-covid. It shouldn't be. For one thing, our economy may be entirely different. It should be.

A *Washington Post* Letter to the Editor by Richard Young, April 19, criticized "domination of our political and economic existence by unbridled capitalism," and concluded with a weighty sentence: "It's time to construct economic models that put people first, not profits, and an economic system that doesn’t depend on growth but rather on inclusion."

In the United States "profits first" has put most people second, if not lower; neither is that majority included fairly in growth. Growth for growth's sake does not trickle down proportionately. Capitalist growth ownership has benefitted the owners, not the employees. There is little incentive to benefit employees, for the more cheaply they are paid, here or overseas, the more profit there is for the owners. The result is gross income disparity -- there's no other name for it. And politics has perpetuated it all because the Supreme Court has equated owners' monetary political contributions with free speech; disincentive for necessary change prevails. The nascent frustration has produced the proliferating disaster of Donald Trump.

The pandemic has also shown us that the resulting economic calamity falls heaviest upon those at the bottom of the disparity pit, especially minorities. So much so that populist appeals have led some to demonstrate to end shutdowns even at the desperate risk, before containment of the virus, of greater and disproportionate loss of life.

What to do? Start with the proposition that our democracy must strive for the most good for the most people consistent with maximum freedom. Disparity cannot, nor should it, be eliminated. Eliminating owners or ownership was communism or socialism; neither has worked, certainly without loss of cherished freedoms. But the curve must be flattened, to use a term with which covid has made us all too familiar. Spreading ownership more broadly will do so -- inclusion. So will downward pushes at the top of the disparity curve, and upward pushes at the curve's bottom.

Through the commerce clause of the U.S. Constitution much can be accomplished and has in the past. A higher minimum wage pushes the bottom up. Higher tax rates upon the wealthy push the curve down. Estate taxes keep wealth from being generationally shuffled to those that didn't create it. Our economy has done better for the bottom when unions were strong. Employee representation on corporate boards leads to less callous treatment, as does giving employees ownership, or at least a stake in it. Indirect subsidies also help, such as child tax credit, paid sick leave, subsidized childcare, food stamps, school lunches, adequate health care and benefits (yes, Obama Care!).

These have all been utilized, and proven, in the past, but have languished. Resurgence is required.

New proposals have emerged. Most are untried but ought to be. Presidential candidate Elizabeth Warren's proposed wealth tax is one, a push down on the top of the curve. Direct payments, proposed by candidate Andrew Yang, have now temporarily come about in covid relief legislation, a push up on the bottom of the curve.

My favorite flattener (and I think I originated it -- in these internet days it's hard to remember): Congress could pass a law that

> *No employee of any business enterprise engaged in interstate commerce may be compensated, in money or otherwise, that exceeds 100 times the federal minimum wage.*

This has the advantage of both downward and upward pushes on the disparity curve. At a $15 per hour minimum wage (we're not there yet), executives could be paid $3,120,000 per year -- that sounds like enough to live on! It would be a mighty push down from the tens of millions many executives receive today. There would be no more problem retaining executives -- they would all be in the same boat. There would also, however, undoubtedly be a considerable and continual push from the bottom to raise the minimum wage.

Mistakes will be made, but new approaches must take their place, not inaction.

We must learn to think long. If we don't pay now, we pay later. When, for example, will we realize that correcting our shortsightedness regarding climate change will cost less, in the long run, than we are increasingly paying for hurricane, drought, fire, flood, sea level rise, and pollution disasters? For not updating computer infrastructure to timely process untold jobless claims? For underfunding the Internal Revenue Service's collection capacity? We're paying trillions for covid recovery now because of failure to fund preparedness before it struck.

Let's get moving when we return to "normal" from our immense virus-induced economic dislocation. But let normal be different -- far, far different.

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