>> Good evening. Thank you for coming. My name is Annette Lareau. I'm the President of the American Sociological Association and it's a pleasure to welcome you and also it's a special privilege to have Robert Reich here. Robert Reich is not a sociologist. But I sort of think of him as an honorary sociologist because of many of his comments are deeply sociological. He received his Bachelor's Degree from Dartmouth where I understand his father also went. And he has an M.A. from Oxford where he was a Rhodes Scholar and a law degree from Yale. During the Clinton Administration, he was the Secretary of Labor. Currently, he's the Chancellor's Professor of Public Policy at the University of California Berkeley where he served for almost a decade. He's the author of 13 books; including "Work of the Nation," "Locked in the Cabinet," which is a memoir of his Clinton years, and his most recent book, "Beyond Outrage." His new film, "Inequality for All," has not only been an internet sensation, but it's been an incredibly valuable teaching tool in sociological classrooms. For these and many other activities, Robert Reich is widely seen as one of the most important public intellectuals of the day. Please join me in welcoming Robert Reich. [Applause]

>> Thank you very much, Annette. And it is a true privilege to be here. I had the -- actually the experience of being in the lobby when so many of you were joining together before dinner. And I did a little bit of an ethnographic inquiry into -- well, it was both the combination of observation and interviews with regard to the sociology of sociologists in their social setting, being socialable. [Laughter] I want to talk about inequality with you not only in its economic dimension but also in its social dimension and in its political dimension. I mean sociology, as you know, and economics, and political science, are artificially separated. Many of you are aware that the entire discipline of economics is launched in 1890 by Alfred Marshall with his great principles of economics. Before that, in the 19th Century it's political economy. But in the 18th Century, it is not political economy. Adam Smith called himself a moral philosopher. Didn't call himself a sociologist. Called himself a moral philosopher because the central inquiry was then, as I think it

should be now once again, what is a good society? What do we mean by a good society? How do we achieve a good society? And the issue of inequality is in many ways, a template for that kind of inquiry because it has, as you know, not only dominated public debate for a couple of years, but with Thomas Piketty's book, "Capital in the 21st Century," and the controversy and discussion that has ensued, economists are now beginning to do something that economists did not do. And that is look not only at issues of efficiency and economic growth and price stability -- I mean, those were mainly the issues that economists and microeconomics and macroeconomics looked at. But they're beginning now to look at distributional issues. And once you begin looking at distributional issues, it is almost impossible not to at least tacitly begin looking at issues of distributional justice.

What I'd like to do is pick up -- I don't know how many of you saw Emmanuel Saez and others the other night -- I guess it was last night -- talking about much of this. I assume that you know at least the research that Emmanuel Saez, Thomas Piketty, and others have brought to light. It's an enormous contribution. But what it shows is that in the United States, as elsewhere around the world, there has been a lurching toward widening inequality. More and more of the growth in the economy and the resources and gains that that growth represents have been going to the top. For at least 30 years, most of the people in the middle have gone nowhere. Now, every time you hear, particularly economists, talking about average wages, watch your wallets. Shaquille O'Neal and I, the basketball player, and I, have an average height of 6'2". [Laughter] You get my drift. People at the top tend to lift the average up. What you really want to look at is medians. And median income, median wages, median household income, median family income, most of that has been relatively stagnant, adjusted for inflation. Now, you can get into wonderfully arcane discussions about how we measure inflation. Are we using the right deflator? Even Thomas Piketty's work has been picked over.

But there is a broad consensus that inequality has dramatically increased. That the middle, the median, has gone basically nowhere over the past 30 years. Most of the gains have gone to the top and if anything, that pattern has been accelerating. In fact, what we know with the latest data we have is that since the recovery began, 95% of the gains have gone to the top 1%. And the top 1% has a median income of $1.2 million. The question I want to ask first of all is why, if this is such a long process -- I mean I began noticing it, many people began writing about it -- I began noticing it when I was Secretary of Labor in the 1990's; that is, median wages going nowhere. Certainly for the bottom 90%, median wages actually declining adjusted for inflation. Why hasn't there been more discussion? Why did it take Thomas Piketty, why did suddenly this past year Barack Obama, the Pope, others begin talking about this in a way that had not been talked about before? What happened, particularly after the recovery began in 2009, that stimulated a different kind of discussion about inequality than we had had over the past 30 years even though this pattern has been developing over the past 30 years?

Well, one answer I have and it comes by way of a hypothesis; one answer is that Americans have used several coping mechanisms to deal with flat or declining incomes so that they didn't really feel the impact of those flat or declining incomes. One coping mechanism beginning in the 1970's was as male median wages started really dropping because of globalization, because of technology change, and because of the decline of unionization, a variety of reasons, male median wages started to drop, women came into the work force -- the paid work force. Middle class and lower middle class women, wives and mothers in very large numbers. Now, some people assume that the reason that so many women went into paid work beginning in the 1970's was because of all these wonderful opportunities suddenly opened -- professional opportunities -- opened to women. That was not the major reason. The major reason they went in to work was because they had to make up for the declines in male wages with regard to maintaining standard of living. So let's call that coping mechanism number one. It was exhausted to the extent that you couldn't put in more hours of working mothers and wives. It was exhausted that mechanism number one around the 1980's and early 1990's when coping mechanism number two came into vogue. And again, I'm offering these coping mechanisms as partly explanations for why we didn't get terribly excited or upset about widening inequality. Coping mechanism number two was everybody working longer hours.

Again, mid-1990's, when I was Secretary of Labor, I looked at the data and was amazed to find the number of hours that partners, husbands, and wives and spouses in general were putting in. It was just a huge increase over what we had seen in the 1960's, 1970's, or 1980's. And there was almost no way to explain how people could conduct their family lives with that many hours. Many partners and many spouses were in shifts -- if they had kids, they did it in shifts. I had an acronym to describe these families. I called them DINS, D-I-N-S, double income, no sex. [Laughter] I don't know how we reproduced in those years.

And coping mechanism number three came in just as we were about to exhaust coping mechanism number two because there were just no more hours that could be put in. And coping mechanism number three was to borrow. A household's family increased their borrowing dramatically. Again, in order to maintain family incomes, standard of living, both in absolute sense and also relative sense. Relative to people who were doing better than they. And that borrowing was facilitated by an assumption that housing prices would continue to rise indefinitely. They were rising. Housing prices beginning in the late 1990's, many of you will remember, were rising very, very fast. And that third coping mechanism came into an abrupt halt in 2008 with the bubble bursting in the housing market which meant that all of the coping mechanisms used by middle class, lower middle class, and some poor households were over. There was no way of avoiding the reality of stagnant incomes. And I venture to say that that was one of the precipitating forces behind people becoming more aware, not hugely aware, we still have a long way to go before people are fully aware what's happening and I want to get into that. And there's another reason why there is still, not to my way of thinking, adequate knowledge or understanding of the degree of inequality or what can and should be done about it. But at least it was put on the map.

At least beginning in 2009 we're supposed to have a recovery. We are technically in a recovery. Jobs are coming back. But the reality is that most people don't feel that we're in a recovery and they don't feel we're in a recovery because for most people wages are still stagnant. In fact, most of the new jobs that have been created since the recovery began pay less than the jobs that were lost in the great recession. A sobering reality. Not only that, but the jobs that are being created have less economic security attached to them than the jobs that were lost. So even though there are new jobs, more of those jobs are part-time jobs. More of those jobs are contingent. More of those jobs are temporary jobs. And they don't pay terribly well. We have a recovery that at least on paper looks like it is recovering. The economy is recovering. It's not really a recovery. Certainly not as we have ever witnessed a recovery since the Second World War

Now, given all that, you sociologists would expect something perhaps more, expressed in a variety of ways in the public. Here we have what you assume to be and people assume to be a recovery. People are very scared. They're very pessimistic about the future. Sixty-five percent of Americans are living paycheck to paycheck. Most Americans by polls do not believe that their children are any longer going to live better than they are living. This is something quite new. But why are we not seeing more of a reaction, politically or in terms of other social phenomena? Well, I want to suggest to you that there's another something going on here and it has to do with mythology. You might even say if you were being unkind, propaganda. There are five -- I'm hypothesizing -- major mythologies that are being utilized in a variety of ways to convince most people that the economy notwithstanding widening inequality is nonetheless appropriate and just.

Mythology number one -- people who are doing very well, CEO's of big companies, very wealthy people generally, large corporations showing higher rates of profitability and also in terms of national income accounts, higher percentages of total national income than we've seen at any time since data were first kept in 1941. All of these people, CEO's, very wealthy people, big corporations, they are the job creators. And because they are the job creators, they not only should have special tax cuts, certainly don't raise their taxes, but they also deserve a certain social standing. A certain status. I mean, after all, they are the creators of jobs. If we didn't give them those tax benefits, if we didn't give them that social standing, if we didn't consider their opinions particularly important, then maybe they wouldn't create jobs if they're the job creators. And so there is a frame on this mythology that is not only economic but it is also sociological.

Now, the reality is quite different. The reality is that they are not the job creators. In fact, I don't know how many of you noticed about 10 days ago, Standard & Poor's downgraded its estimate of economic growth for the United States over the next 10 years from 2.8% per annum to 2.5% per annum based upon not only Standard & Poor's assumption that upward mobility was going to be less for a lot of people and therefore productivity was going to be sacrificed. But also because the vast middle class and poor would not have enough purchasing power to keep the economy going. In other words, the job creators, even according to Standard & Poor's are not the people at the top. The job creators are the vast middle class and everyone aspiring to join the middle class who under normal circumstances when the economy is behaving like a virtuous cycle, a virtuous circle, would be using their enlarged pocketbooks to buy more and the buying would have a multiplier effect and that would keep the economy going and would create incentives for the corporations and for the CEO's and for the very rich to invest more and expand and create jobs. In other words, the job creators are not at the top. The job creators are in the middle and below. It's their purchasing that creates the jobs. So such innovations or public policies such as raising the minimum wage, expanding the earned income tax credit, and so forth, that puts more money in people's pockets actually creates jobs. But the mythology of people at the top being the job creators makes it very difficult for us to frame the conversation in a way that generates that kind of social understanding.

Mythology number two -- people are paid what they are worth in the market. Have you heard that? Not long ago, I was struck by the fact that in 2013, a hedge fund manager, David A. Cohen is his name -- I don't want to impugn his integrity at all. He's probably very good at what he does. In fact, he's worth a lot in the market. He was paid $2.3 billion in 2013. One person, 2013, $2.3 billion, not million, billion dollars. Notwithstanding that he and his hedge fund had to pay $1.8 billion in penalty for insider trading. Now I want you to get your head around this because this is very interesting in terms of mythology number two. And I wrote something about this and I said, well, how could it be that one man is worth $2.3 billion? Well, somebody wrote back, an eminent economist and I won't give you his name because I don't want to embarrass him. He's not here to defend himself. It would be inappropriate. Right, Annette? It would be inappropriate. [Laughter] But this economist wrote an article in which he said obviously David A. Cohen is worth $2.3 billion because he was paid $2.3 billion. Now, to me, there is a little bit of a tautology there. That is, if you assume that the issue of what people are paid and their worth is what they are worth in the market, then obviously they're going to be justifiably -- and there is kind of a moral issue question mark here -- they're going to be paid what the market believes they are worth by definition. Right? So the real issue is not what the market thinks they're worth, it is what their social worth is. That is, David A. Cohen, I'm sure he's worth something. I just don't think from a societal point of view. Now granted, it's going to be terribly difficult to measure this what a society -- what kind of worth somebody's work is to a society. But it's hard to imagine that David A. Cohen -- and I don't mean to impugn him, but $2.3 billion for a hedge fund?

I mean I think personally somebody who is providing childcare or elder care or early childhood education is worth maybe not $2.3 billion, but worth a lot more often than they're paid.

Very often they're paid $16,000 or $20,000 a year. I think the social benefit that comes from -- or say artists, many musicians, many people who write. I mean there are a lot of people who arguably they are paid not what they are worth to society. But as long as this mythology number two that you're paid what you're worth dominates public discourse, then it is very difficult to get a purchase around the question of whether widening inequality is appropriate or is it good or is it a problem or should we do something about it because if people are paid what they're worth, then there's not a problem by definition.

When the young film maker, Jay Kornbluth who directed our film "Inequality for All," filmed a union rally in which I was speaking. There's a little sequence in that film in which I'm talking to a worker at a particular firm that is trying to decide whether to join a union and whether to have a union. And the worker says to me, "But I'm not worth more than I am earning. If I had more education, if I had gone to school, if I had gone to college, maybe then I'd be worth it. But I'm -- I'm just not worth it." Now what struck me in that conversation -- and it's not the first time; I have a lot of these kinds of conversations -- was that that worker had internalized myth number two. That worker had not been aware of the labor union history we've had in this country. So that, for example, in 1955, just to pick a year, 35% of the private sector workforce was unionized. And even those who were not unionized got the benefits of unionized workers' prevailing wages and working conditions because their employers assumed if they didn't follow those prevailing wages and working conditions, they would be the next one to be unionized which meant that you had enough critical mass of workers in unions to actually lift substantially what the wages of ordinary working Americans were. It was not a matter of education. It was a matter of bargaining power. This particular worker, who I interviewed on this film, thought it was all about his own education and his own inadequacy. He did not understand that there is an institutional history here. That there's a very powerful set of norms that were attached to that institutional history about what people were worth and could actually summon in the market if they were organized. So in other words, you have David A. Cohen at $2.3 billion. You've got workers unorganized, non-unionized who feel they're not worth it actually rejecting unions, in this particular case, because feeling that if they just did not have enough education. A different frame that makes it harder to talk about what's happening distributionally in the economy.

Mythology number three -- anyone with enough guts and gumption can make it in America. You ever heard that one? This is Horatio Alger. This is very fundamental American mythology. Upward mobility. All you need is guts, ambition, gumption, courage, anybody can make it. We love this mythology. By the way, this is one of the most popular American mythologies going and to a large extent, it was the case or at least for many people. Obviously for many in the underclass, it was never the case. For a lot of minorities, for a lot of women, it was never the case. But let's assume that there was some truth to this. But it is less and less the case.

We know now that 42% of children born into poverty will be in poverty as adults. We know that upward mobility is less than it used to be. And relative to other nation -- I mean even a nation like Britain with an aristocratic past -- only 30% of children born into poverty there will be impoverished as adults. And yet we cling to this mythology, this myth, of upward mobility. That it's a broadly based opportunity because we prefer to have that as our self-image. But again, like the other two myths, it gets in the way of discussing reality.

There are five myths. I'm now approaching mythology number four. And mythology number four really comes almost as an admonition and I've heard it a lot for the last couple of years as inequality has become more and more in the foreground. And mythology number four is we really should not worry about inequality. We should worry about the poor. Worry about upward mobility. Worry about equal opportunity. But don't worry about inequality because inequality is divisive. It's better if we want to do something that is socially progressive to worry about the poor. Help the poor. Any of you heard this argument? Well, it is in a way a comforting argument. Because it means that particularly with regard to the increasing extent to which resources, income, and wealth are concentrating at the top, we really don't have to deal with that as long as we deal with the poor. But it is a mythology in the following sense. If you have a middle class that is shrinking and under greater and greater stress with more and more people on a downward escalator, it's going to be by definition harder for people who are already poor to get on an upward escalator. There aren't that many places in the middle class left. And the middle class, in addition, is going to be less generous, is going to be less willing to adopt policies that create opportunities. Less willing to invest their tax dollars in good schools for poor people and poor communities.

For example, the Organization for Economic Cooperation and Development recently came out with a study showing that of the 36 nations that are classified as advanced nations, advanced economies, there are only three of them that pay per pupil less for poor kids in schools than for middle class and wealthy kids in schools. One is Israel, the other is Turkey, the third is the United States. And I think a lot of that has to do with the fact that school funding, 40%, 45%, is still basically locally based. We are segregating by income more than we have ever segregated before. Many people in higher income school districts or in states that are higher income states don't want their tax dollars going to "them." There is less by hypothesis, less generosity in a middle class that is under greater and greater stress.

And thirdly, the assumption that we can do something about the poor and give them more upward mobility when the middle class is not spending enough to generate any growth in the economy because it doesn't have the cash makes it even harder for the poor to get on the ladder of upward mobility. So you cannot realistically talk about improving the plight of the poor without doing something about the structure of the economy that is generating wider and wider inequality and greater and greater stress in the middle. But that mythology is blocking a lot of constructive discussion.

And finally, mythology number five, and this is actually fairly new, with regard to -- that's why it's number five. Mythology number five is the reason we can't do anything right now about inequality is not so much that we don't have the money. We do have the money or we could have the money. The problem is that our politics are so polarized. We're in such gridlock. If we could overcome the degree of polarization and gridlock we have, we might be able to get on and do something about widening inequality. A variety of policies.

Here's the problem with this fifth mythology. It states, in my view, cause and effect absolutely backwards. It's not that we can't get on with solving inequality because our politics are deadlocked and gridlocked and because of polarization, it's that the polarization and the gridlock and all of the anger that is coming out is as a result of widening inequality. In other words, a lot of political scientists have shown that there's a very, very strong correlation between polarization -- political polarization, and widening inequality. But the cause and effect I believe run from the widening inequality to the polarization in the following sense -- when you have a large portion of your population feeling that they are not getting ahead and cannot get ahead regardless of how hard they work, and are fearing in terms of the security of their jobs, are living paycheck to paycheck, are worried about their children living even as well as they do, that population is going to be not only fearful but also frustrated and angry. And they are ripe for demagogues on the right or the left who want to point the finger of blame and indulge in the politics of resentment by blaming, you name it; the poor, the rich, government, corporations, immigrants, the French. [Laughter]

And we see a degree of nastiness in our politics that I haven't witnessed in my lifetime even though I'm old enough to have remembered and to remember a lot of divisive issues. Joe

McCarthy and the Communist witch hunts and Vietnam, and the civil rights struggle, and you could go on and on. A lot of very deeply divisive issues, but they did not inspire the degree of polarization and anger and nastiness that we are experiencing right now. I think a lot of it comes out of the fear of being downwardly mobile.

So the next question, in fact, let me summarize the five mythologies in a way that twerks them; that is, I am very optimistic. How can I possibly be optimistic? Well, I'm optimistic in the following respect. Historically, every time in the United States, capitalism has got off track. We've seen very, very wide inequality. We've had urban squalor. We've had a problem with our democracy in terms of democratic institutions being corrupted by big money. And that, by the way, is also a reason in my view that widening inequality is making it more difficult to tackle these issues. Corruption in the form of political spending by very wealthy individuals and big corporations. Well, every time in our history we've seen this pattern, most notably at the end of the gilded age and also to some extent in the 1930's and again to some extent in the 1960's. What we have done is not as some other countries and some other societies have done, go toward communism or socialism or another ism, we tend toward reform. We reform capitalism. We save capitalism from its own excesses. We did this in the progressive era. We did this in the 1930's. We did it again in the civil rights era. And I believe inevitably we will do it again. There is a kind of homeostasis in the American political economy.

And so when I hear these mythologies, these five myths, repeated over and over, I believe that they are more fragile than they actually are. When I hear, for example, to take a very interesting political race, I don't know how many of you followed the race of David Brat versus Eric Cantor in the Republican primary, Seventh District in Virginia in which to the surprise of almost everyone, Eric Cantor was defeated by David Brat, a Tea Partier. But his platform and his criticism of Eric Cantor was that Eric Cantor was in the pockets of Wall Street and big business and crony capitalism. Well, I thought that was interesting. In fact, I'm beginning to pick up two interesting threads of argument that run counter in some senses to these five mythologies. One is that the Tea Partiers who are beginning -- in fact, they started, the Tea Party grew out of an anger over the bail out of Wall Street. The common origin of the Tea Party and the brief Occupy movement was the Wall Street bail out. That still is animating much of the Tea Party movement. And you hear again and again references to corruption, crony capitalism, Wall Street bail outs and big corporations living off of corporate welfare.

The second interesting narrative that I'm hearing over and over again, I began to hear a year ago from a fellow who is the CEO of PIMCO. Do you know what PIMCO is? It's the largest bond trading firm in the world. He said that widening inequality is bad for the economy, is dangerous for society, and we have got to do something about it. He was followed, not that long ago, by almost exactly similar sentiments from a fellow who you would not expect it from, let alone PIMCO, the CEO, Lloyd Blankfein the CEO of Goldman Sachs, said almost exactly the same thing. Why are they saying it? Because they are afraid of two things; number one, they're afraid of inadequate purchasing power in the bottom 90% of the population knowing that the top 10% don't have as high a marginal propensity to consume. The bottom 90%, if they don't have enough money, they're not going to consume, the economy is not going to grow, we are back to exactly what Standard & Poor's said.

But they're also worried about instability -- social instability. They're worried about the anger getting out of hand. These are exactly the same kind of worries that animated the portion of the elites during the early progressive era and the first five years of the new deal in terms of supporting structural changes that generated widening prosperity. In other words, my optimism comes from the fact that we've been here before. We've done the right thing before. My optimism also comes from the fact that demographically the groups who are growing fastest in the electorate in terms of exerting political power, African-Americans, Latinos, young people, and women who have more economic power than they've had before, all of them in poll after poll express sentiments that recognize the importance of moving to a more shared prosperity. They also -- I believe find the five dominant mythologies less persuasive than they have been.

My third cause of optimism is frankly the fact that like many of you, I teach. And when you spend your days with young people between the ages of 18 and 25, it is very hard not to be somewhat optimistic. Because my students, like many of your students, are fabulous people. They are idealistic, they're cynical about politics, but they believe in public service, and they care. What more do you want in terms of optimism?

So on that upbeat note, I'm going to just conclude and then I would like to have a couple of minutes for your questions. Is that OK? If you have them, I hope I've stimulated some of your questions. I do believe that over the next few years American politics is going to be tricky. I have a confession to make right now I've not made in public. I would appreciate it if you kept it in this room. [Laughter] Will you? In 1965, I had a date with a young woman named Hillary Rodham. I had not remembered the date actually until 2008 when a reporter from the New York Times called me and said, "Hillary Clinton had a whole stash of letters from the 1960's that we have looked at and she mentions that she had a date with you. And is there anything that you can tell us about that date that might shed light on how she would function as a President?" [Laughter] First of all, I didn't remember the date and I thought that would not be a good thing to share publicly. So I planted my tongue firmly in my cheek and I said, "Well, we went to see a movie and all I remember is that she wanted an inordinate amount of butter on her popcorn" [Laughter] There was then silence on the other end of the phone. After a few seconds, I said, "Are you still there?" And he said, "Yes, I'm just writing this down" And then it did appear in the New York Times which makes me worry about the quality of our journalism. [Laughter] But I know Hillary Rodham Clinton very well and I also know others who are potentially running for office like Elizabeth Warren is a friend. [Applause] Let's do it very quick. Show of hands. Nobody will write this down or even hold you to it. Elizabeth Warren. Hillary Clinton. Rand Paul. Bernie Sanders. Anybody I missed? Howard Dean. Anybody's missing? Anybody missing? No. Corey Booker.

I think there are a lot of good candidates out there and we could have listed more. You just limited my repertoire. But I think that leaders emerge for the times and I think there are a lot of people, young people especially, who are getting involved in politics, who I admire greatly. I spent this morning with many of them and that's another cause for optimism. So thank you all. Thank you for coming tonight. Thank you for sharing tonight with me. And peace be with you. And let's go on to your questions. We have -- [Applause] Thank you. Thank you. You want -- why don't you just put your hands in the air. And I'll call on you. We'll keep this very informal. We'll just do a little bit. I know many of you are tired. You've traveled a long way. Yes. Oh, there's a microphone.

>> Two microphones.

>> There are two microphones. Oh, there are two microphones. Okay. We'll get a little bit organized and why don't you come to the microphones and stand in front of the two microphones. And yes.

>> Okay. You've talked about the extent to which you feel optimistic given changes and correctives that were made during the progressive era and elsewhere. But I'm wondering to what extent, if any, do you feel that globalization will complicate the picture in terms of the corrective or the ability to correct inequality?

>> I think globalization does complicate the picture, but there are other countries that are just as subjected to the forces of global capitalism as we are that have done a much better job in terms of maintaining their middle classes and providing a kind of social safety net. We haven't got into particular policies. I mentioned the minimum wage. The earned income tax credit. I think it's also very important, and I think we will move toward a single payer system in this country. [Applause]

We have a beginning with regard to the Affordable Care Act. I think it's also very important that we not allow any deductibility of executive pay in excess of a million dollars at all. And that was something that Bill Clinton provided as a campaign platform in 1992. And I could go on. I think that the form of the corporation we might want to think a little bit harder about what Germany is doing with co-determination for many years providing avenues of voice for workers. And in education, early childhood education is so critically important. We know that. [Applause] We don't do nearly enough. I could go through. But my point is that we -- it's not a mystery what can be done. Other nations are doing a better job. Globalization is certainly an issue. It is -- but I think we can still do a far better job than we are doing.

>> All right. Thank you.

>> Thank you. Yes.

>> I loved your talk and I just wondered if you thought there might be a few other myths just as important. There seems to be this notion that there is a link between God, Jesus, and the Constitution and that no matter -- it's part of power civil religion. And that no matter what happens in this country, things are going to be taken care of. It's kind of the religious version of Adam Smith's glad hand. And second, I wonder why you do not talk more about the oligopolization of economy in this country, especially when you get on MSNBC because their commercials are dominated by these oligopolies. And finally, what I think you're referring to by all this political division is what's called status politics. There's a group of people, old, white men who play banjos and own guns and engage in other forms of behavior and who think Obama is a half breed, aren't going to be around much longer and they're aware that the fact that their time is passing. And I think that is a major reason for some of this discord.

>> So your suggestion is God, oligopolies and old white men are responsible to some extent. And I think that sociologically you may be right. But, you know, the issue of religion in America --

>> Yeah.

>> The issue of big oligopolies that used to be called the trusts, and the issue of the dominance of white men before we even had a female suffrage were all issues there in 1901 when suddenly things turned around very, very dramatically. So, again, I don't want to overdo the parallels, but I do believe that they are worth looking at very, very carefully.

>> Thank you.

>> Yes. I might have this slightly wrong because it's been a number of months since I saw "Inequality for All." But I remember that there was an omission, I think, about who took and passed Glass-Steagall? And there was a moment when you were talking about Clinton's leadership and you didn't bring that up. You just said he didn't act firmly enough. And I would -- I'm a little afraid of having Hillary Clinton as President because she was exposed to all of, you know, what Bill Clinton was doing in deregulating the banks. And not to mention probably getting rid of a 1935 welfare thing in exchange for very temporary payments by the government and mandatory work at low wages with little future, you know, part of the group of precarious workers. So, would you make any amendments to the rather vague statements you made in that film about the Clinton era with respect to Glass-Steagall and maybe to that --

>> Yeah. Well, let me, there are many things that had to be left out of that film not because of desire to leave them out because that film was condensation of an entire course that runs 13 weeks and we had to do it in 90 minutes. But let me say very clearly that Bill Clinton's decision to go along with the Republicans in getting rid of Glass-Steagall in 1999 was, I think, a terrible decision. In addition, the Clinton Administration with Bob Rubin as Treasury Secretary, decided

not to go forward in the direction that Brooksley Born wanted to go in and that is to put the regulation of derivatives under the commodity futures trading corporation. Another terrible decision. Am I worried about Hillary Clinton being too close to Wall Street? I'm worried about everybody being too close to Wall Street except perhaps -- and I say perhaps -- and I say perhaps only because Wall Street has so much money in politics particularly after that scandalous Supreme Court decision Citizens United opened the floodgates to money. It's going to be very hard for anybody to become President without unfortunately some dependence on Wall Street. But the person I think who is least dependent on Wall Street is probably Elizabeth Warren. Let me also say I did not, when I talked about to you a moment ago about people you might have supported, it just dawned on me that we left out somebody who many of you probably are very supportive of. And let me just ask you, Ted Cruz. [Laughter] Well, there it goes.

>> Okay, thank you.

>> Anyway, the other thing I want to say very quickly, we not only have to resurrect Glass-Steagall, but we also have to put a limit on the size of the big Wall Street banks. That is, we've got to break up the big banks. It's not just me saying this and it's not just Democrats occasionally saying this. It's also Representative David Camp who is the Republic Chairman of the House Ways and Means Committee who came out with an extraordinary bill several months ago. You know, looking for silver linings, this is like a gigantic platinum lining. I mean David Camp's bill not only puts a huge and very substantially -- not a huge but very substantial tax on the biggest Wall Street banks to make up for their too big to fail problem. But also puts a transaction tax on all financial transactions and on top of that, eliminates the carried interest loophole that allows the big hedge fund and private equity managers to treat their incomes as capital gains subject to a lower -- how is it that you have a Republican Chairman of the House

Ways and Means Committee doing all this? The times are changing. It's very interesting. We need to talk about this. Yes.

>> I would like to say may events prove better than you're envisioning, however, I feel very strongly that we are about to be the birth of a new era and I don't believe we're ready for the contractions. One of the things that I feel that you have failed to address is the energy issue as far as the increased possibilities of unreliable energy which is fundamental to any culture. And the implications of climate change and those issues that may not contribute to your optimism.

>> Well, here's what I think, momentum is building. Some of you may remember in 2008, John McCain and also Barack Obama, both of them came out with a cap and trade or a modified cap and trade carbon tax proposal. Now that was immediately shelved as we went deeper and deeper into partisan fighting. But there is still a lot of interest under the surface in a carbon tax. Not called a carbon tax, called a carbon fee. And I've heard a lot of it on the Republican side as well as the Democratic side. And one of the reasons there's so much interest is not only does it deal in a market way with the issue of climate change and put the incentives where it should be and says okay, once we put the tax on, or the fee on, government can then step back and let the private sector work it out, but also it generates about $500 to $600 billion a year that can be used for deficit reduction and for investments in education or infrastructure or whatever we want. In other words, it's a giant two for. So that also I believe is a substantial possibility. Let me work -- we're coming to the end. Can we -- one more. And then I have a closing --

>> I'll make it quick.

>> Yes.

>> In terms of the tax code, certainly it could be made more progressive by a higher marginal rate. I was also glad to hear you mention the transaction tax. Certainly you also mentioned eliminating deduction, but what else would you do to fix it? Would you phase out the mortgage

interest deduction? Studies have shown that it does not increase home ownership and it is fundamentally regressive. What else could you see us doing with the tax code?

>> If you want policies, I would take a look at all of the tax expenditures; that is, all of the major deductions and tax credits, particularly the ones that are regressive. Mortgage interest is one. And every time I've mentioned this people get very nervous. The charitable deduction is another. There are pension deductions and health care deductions. Most of them are very, very regressive. What you can do is not phase them out entirely, but put a cap on them so that no billionaire can basically use a mortgage interest deduction to finance a second home; that is, another mansion on top of the mansions they already have. That's a source of potentially a lot of money. I think it will be a lot of action in that arena in the future.

Let me just -- and thank you for that. Thank you for your questions. Let me say one final point. I want to -- you sociologists, not only do you understand a lot, you care a lot. Unfortunately, so much of the policy debate in this country has been dominated by the field of economics. I am of the view, humbly expressed, that you have a great deal to contribute as well. Many of you have already. But I want to urge you to consider in addition to the extraordinary research you already do to consider the importance of public sociology in terms of its influence on the public debate using what you have discovered, your insights in the public domain to help guide not only policymakers, but the public discussion overall. Thank you all. [Applause]