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MAYOR DE BLASIO DELIVERS REMARKS ON FIGHTING INCOME INEQUALITY AT DRAKE UNIVERSITY

Remarks as Prepared for Delivery – Embargoed until Remarks Begin

Thank you Senator Harkin for that wonderful introduction!

I'll have a lot more to say about Tom in a moment, but first let's hear another round of applause for Domenic Lamberti.

Dominic is great student, a caring mentor to others, and exemplifies what's best about the Drake community.

Now, I don't know if any of you have seen photos of me when I was around Domenic's age, but let's just say he's a bit more clean cut than I was at that point.

I want to thank Drake University's Law, Politics, and Society program and the Harkin Institute for Public Policy and Citizen Engagement here at Drake.

And I want to extend a special thank you to Senator Harkin himself inviting me to be here.

Tom has been an inspiration to me, and to so many others who serve in public life. He embodies public service at its best – always doing what he believes is right, even when it's difficult.

Throughout four decades in Washington, Tom Harkin was consistently a force for progress -- whether it was fighting for the rights of those with disabilities, or for quality affordable healthcare for all...fighting to ensure millionaires pay their fair share in taxes, or to close unfair corporate tax loopholes.

We ALL owe him a tremendous debt of gratitude for years of tireless work in the name of economic justice.

As you know, Tom Harkin is part of a proud Iowa tradition of progressivism.

It's why this state has not only led the way on civil rights issues like marriage equality, but also why Iowa boasts one of the most progressive state income taxes in the country.

I sometimes hear the pundits talk about the so-called "progressive wing" of the Democratic Party. But as Tom Harkin said to me this morning, one only look back at history to understand the progressive movement is the MAJORITY of the Democratic Party – and has been since the Roosevelt era.

I share those values. And, while it might surprise you to hear my accent, I actually have some familial roots in Iowa.

My grandmother, Nina Warren, was born in Iowa in December of 1888, and spent the early part of her childhood in the small town of Blanchard, Iowa, in Page County.

And family lore has it that Nina's father – my great-grandfather Solomon Warren – at one point held the position of MAYOR of Blanchard.

So that would mean I'm NOT the first person my family to become a mayor. What can I say? I guess I'm part of a political dynasty, and didn't even know it!

I was in Omaha last night, and after the speech, I met one of the attendees – a young man named Luke – who told me that his grandfather actually lives in Blanchard right now – a town with a population of 37.

What are the odds of that? What's 320 million divided by 37?

In any event, I'm so happy to be in Iowa, and so proud to be standing before you today.

I'm here today to speak to you about what I see as the biggest economic challenge we face: income inequality.

It's not a theoretical problem for us to study, or a byproduct of a robust economy that we must simply accept. It is THE crisis of our time.

To understand how we can address this crisis, we must first understand how we got here.

So let's go back to the fall of 2008 – when a financial collapse sunk our country into the worst economic turmoil since the Great Depression.

As the Great Recession receded, a new dynamic emerged. In relatively short order, those at the very top not only recovered – they saw their wealth climb to extraordinary new heights.

And nowhere did we see this new reality in starker terms than in New York City.

Wall Street came roaring back, breaking record after record. The net worth of millionaires and billionaires...skyrocketed.

In Manhattan, a single apartment sold for a jaw-dropping \$100 million. Another apartment RENTED for \$500,000 – per MONTH.

I can just imagine the guy who bought the first apartment running into the guy who rented the second place and saying "Oh – you're just renting, huh? Don't worry – things are gonna get better for you!"

At the same time that those at the top are doing so well, 46 percent of New Yorkers – nearly half our city – is living at or near the poverty level.

As I said in my 2013 campaign – and so many times since – New York had truly become a Tale of Two Cities.

New York's middle class wasn't just getting squeezed; it was disintegrating before our very eyes.

I said that we didn't want to live in a Gilded City...that if every day New Yorkers were getting priced out of their own city – if New York became little more than a playground for the rich – then we would lose the promise of opportunity that has made our city such a remarkable place for so many generations.

I campaigned in part on a pledge to provide free, full-day universal pre-Kindergarten, and a massive expansion of after-school programs – and we set out to finance it with a small tax on those making a half-million dollars a year or more.

Now, the pundits didn't give my campaign much of a chance. Indeed, knee-jerk conventional wisdom said that asking the rich to pay their fair share would make me enemies in high places AND be politically impossible.

But the people of New York City knew better. They knew our plan wasn't designed to punish success. They knew that our plan would create more success stories.

Once in office, we fought to make our Pre-K plan a reality. Again, the naysayers said it would never happen.

But in the end, while we didn't get the tax increase on the wealthy that we sought from our state government – we DID get the funds we needed to secure free, full-day Pre-K for every family that wanted it...and we more than doubled the number of young people with access to after-school programs.

And we didn't stop there.

We secured paid sick leave for 500,000 additional New Yorkers. We extended the living wage to thousands more. We're fighting to increase the minimum wage.

And this year, we're pushing the most ambitious municipal affordable housing plan in U.S. history – committing ourselves to building or preserving 200,000 units of affordable housing, and requiring – for the first time ever – that developers include affordable housing as a CONDITION of building in New York.

We've got a very long way to go, but we're tackling inequality every way we know how.

Now I realize New York City is a long way from Des Moines – and the city I'm so honored to lead is different in many ways from other cities and towns across America.

But income inequality isn't unique to New York. The crumbling of the middle class isn't just a problem on the East Coast.

The everyday struggle of hardworking people to just keep their heads above water is a crisis that's gripping states and cities across America.

It's a national problem, and it requires a national commitment to solve it.

Across the nation, wealth is becoming increasingly concentrated at the very top of the economic ladder.

For decades, prosperity has become elusive and exclusive: enjoyed intensely by a select few, but out of reach for far too many who work hard and play by the rules.

A typical American family, in real income terms, is making less today than they were a quarter century ago.

The wealthiest one percent captured 91% of all the income gains since the Great Recession ended.

And now we have the greatest income disparity since the 1920s – and it's getting worse.

Income inequality in America is not some “academic issue” or some liberal pet cause.

It's the reason why so many in this country wake up each day wondering why things feel like they're getting more and more difficult.

It's why parents worry that even the basic opportunities THEY enjoyed growing up will elude their own children.

It is the answer to the question of why the American Dream feels out of reach for MILLIONS.

Polls show that fewer and fewer Americans even IDENTIFY as middle class any more. If we do not act -- and act boldly -- we risk losing our middle class altogether.

How did we get here?

A big part of the problem is that we have a system — especially a tax code — that rewards WEALTH, rather than WORK.

In 2011, Warren Buffett, one of the wealthiest people on the planet, calculated his federal tax rate at 17.4% — about half the rate of his office staff...and less than his own secretary.

And look, I think we all understand that Warren Buffett isn't exactly a left-wing socialist — despite what you might hear on FOX News! Rather, he recognized this was a problem not just of fairness, but also of ECONOMICS.

Robert Reich, the former U.S. Labor Secretary, explains that about 70 percent of economic activity derives from consumer spending.

And as Secretary Reich says, QUOTE: "If consumers don't have adequate purchasing power, businesses have no incentive to expand or hire additional workers. Because the rich spend a smaller proportion of their incomes than the middle class and the poor, it stands to reason that as a larger and larger share of the nation's total income goes to the top, consumer demand is dampened." END QUOTE

Billionaire investor Nick Hanauer described it THIS way. QUOTE "I buy a few pairs of pants and a few shirts a year.... I guess I could have bought 1,000 pairs. But why would I? Instead, I sock my extra money away in savings, where it doesn't do the country much good." END QUOTE

So why is inequality so hard to address?

Well unfortunately, when it comes to tackling this crisis, we've seen a lack of political will...on both sides of the aisle.

In 2014, Democrats across the country talked about helping the middle class, but relatively few supported bold policies to actually STOP the middle class from shrinking.

VERY few did more than pay lip service to those Americans struggling to just get by. And almost NOBODY talked about poverty.

It's like that word — poverty -- has been erased from politicians' vocabularies — even while it's become more of an everyday reality for so many. That's gotta end — and end now.

What's standing in the way is more than a lack of political courage. It's money.

In discussing the roots of inequality in America, Nobel Prize-winning economist Joseph Stiglitz analyzed the problem this way. He said, QUOTE "The American political system is overrun by money. Economic inequality translates into political inequality, and political inequality yields increasing economic inequality." END QUOTE

In other words, the rich and powerful are dominating the political discourse — which means they rig the game in their own favor — and the whole thing drives the gap between rich and poor wider and wider.

When candidates and elected officials are unwilling to take direct aim at the inequality crisis, it runs counter to our shared values, and it undermines efforts to make our economy work for EVERYONE.

So how can we SOLVE this crisis?

I want to lay out three simple principles today that — if supported by BOTH parties -- could make such a profound difference in the lives of Americans.

FIRST — Making Work Pay.

We need to build an economy that works for Americans with second jobs and second mortgages, not just those with second homes.

SECOND — Helping Working Parents.

No parent in America should fear their kids won't have the chance at a better life than THEY had. If we accept that, we will have shattered the very foundation of the American promise.

THIRD — Honoring Work, Not Just Wealth.

Here's an immutable truth: no government has a secret pot of money.

So when the wealthy don't pay their fair share of taxes, it means that we're shortchanging something else — and that "something else" is almost always meant to help the poor, the working class, or the middle class.

And it's not just elected officials like me who understand this.

Lloyd Blankfein, the CEO of Goldman Sachs called income inequality in America QUOTE "destabilizing" and said that if we as a country can't deal with inequality then QUOTE "you can't drive growth and you can't drive the success of the country." END QUOTE

To those who argue that higher taxes on the rich will hurt our economy -- Warren Buffett — a man who has weathered good and bad economies pretty darned well, I'd say — has some wisdom to share.

Mr. Buffett writes QUOTE: "I have worked with investors for 60 years and I have yet to see anyone — not even when capital gains rates were [nearly 40 percent] -- shy away from a sensible investment because of the tax rate on the potential gain. People invest to make money, and potential taxes have never scared them off." END QUOTE

The cost of asking the wealthy to pay their fair share pales in comparison to the cost of allowing inequality to soar.

If we have an economy driven by opulence instead of inclusiveness and innovation, then we ALL lose.

So we cannot sit idly by as the inequality crisis deepens.

This threat is too great to accept the cold convenience of status quo politics.

Let's talk about what we can DO about this.

Here are eight things we can do RIGHT NOW that would squarely address our inequality crisis — by lifting the floor for working people, helping working parents, and making our tax code more progressive and more fair.

1. Raise the minimum wage to keep up with the cost of living. In New York, we are fighting for a \$13 minimum wage, with indexing — which would get us to \$15 by 2019.

As some of you may know, yesterday was Fight for 15 Day – a national day of action, where progressives pushed to increase the minimum wage from coast to coast. It was the largest protest by low-wage workers in U.S. history – with nearly 60,000 people in more than 200 cities walking off the job to demonstrate for the dignity of work. 60 THOUSAND. This, my friends, is a genuine movement. And yesterday was a turning point.

The people are there. And their leaders should listen.

This shouldn't be a controversial issue: no one in America who works full time should live in poverty. Accepting otherwise is bad for our economy, and indeed, for our country.

2. Pressure businesses to raise wages for all workers – and establish a wage-tracker to shine a light on those that do...and shine a light on those that don't.

3. In awarding federal government contracts, give special consideration to businesses that recognize the right to organize.

Since the late 1960s, the middle class has steadily been losing its share of national income — and it's no coincidence that this trend line tracks very closely with that of declining union membership.

4. Give every child in America access to full-day Pre-Kindergarten.

Let's get our kids on the right path and ready to learn at the earliest age.

5. Here's how we can pay for that. Make the Buffett Rule the law of the land - not only so millionaires aren't paying a lower tax rate than their secretaries, but to help fund Pre-K for every child.

6. Pass national legislation that provides paid sick leave. Workers shouldn't have to worry about losing a day's pay – or even a week's pay – just because they get sick.

7. End tax breaks for companies that ship jobs overseas. Instead, we should use that money to invest in roads, bridges, and mass transit in cities and towns across THIS country.

8. Close the carried interest loophole – which allows Wall Street money managers to have THEIR income taxed less than EARNED income – and use that money to expand the Earned Income Tax Credit for the working poor.

There's no reason that a hedge fund billionaire should pay a lower tax rate than the woman who cleans his beach house, or the guy who pilots his private jet.

Those are some simple, achievable steps that we can take to rebuild the middle class, lift people out of poverty, and reward a day's work with a decent wage.

I realize that some of these ideas might be dismissed as unrealistic, or called class warfare.

Senator Harkin has probably heard similar criticism from cynics as he's fought so long for economic fairness. It's never politically safe or easy to ask the most privileged Americans to pay more in taxes.

But it's the right thing to do.

Another fallacy we hear all the time: "we can just grow our way out of this crisis."

But as economists like those at the Roosevelt Institute have said, economic growth alone cannot end our inequality crisis.

Our national economic policy shouldn't be predicated on the notion that growing the economy and reducing inequality are mutually exclusive.

They're not.

In fact, the opposite is true: the massive gains by those at the top are directly RELATED to the fact that so many are stuck with stagnant wages, or are slipping further and further behind.

Right now, the rules are written to PRODUCE this outcome.

That's why we should – why we MUST – rewrite those rules.

We need economic policies that lift the floor for working people;

policies that help working parents raise their kids to be the next generation of innovators and highly-skilled workers;

policies that honor sweat equity over private equity;

policies that reward those who make things, serve people, and generate ideas, rather than those who find clever ways to make their wealth generate MORE wealth.

We all know that tackling income inequality is no small thing.

We face a massive crisis – one that wasn't created overnight, and one that won't be fixed overnight.

But given the passion, the determination and the grit that have always defined this country – from Des Moines to New York, and all across America -- I know that we'll rise to the challenge, and overcome it...and we'll do it by working together.

Thank you so much.

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