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# OPINION

## Great Divide of Income Inequality

The growing gap between rich and poor

BY MARC H. MORIAL

"Income inequality" has become the political buzzword of 2014. President Obama has made it a central theme of his second term. Both progressive Democrats and conservative Republicans in Congress are making it a focus of this year's mid-term elections, and leading voices for human rights have called on government and business leaders to take immediate action to close the income gap for the sake of long-term economic and social stability.



Even last week, as the world's elite — leaders from government, business and non-government organization sectors — gathered in Davos, Switzerland for the World Economic Forum's annual meeting, the issue of inequality was atop the agenda.

The forum's Global Risks 2014 report recently revealed that the "chronic gap between the incomes of the richest and poorest citizens is

seen as the risk that is most likely to cause serious damage globally in the coming decade."

Another voice was added to the chorus last week when the British-based anti-poverty organization, Oxfam International, released a report in advance of the Davos gathering, revealing that the richest 85 people in the world control as much wealth as the bottom half of the global population — about 3.5 billion people.

Commenting on the report; Oxfam's Executive Director Winnie Byanyima said, "It is staggering that in the 21st century, half of the world's population own no more than a tiny elite whose numbers could all sit comfortably in a single train carriage. Widening inequality is creating a vicious circle where wealth and power are increasingly concentrated in the hands of a few, leaving the rest of us to fight over crumbs from the top table."

According to the same report, in the U.S., where the gap between rich and poor has grown at a faster rate than any other developed country, the richest one percent of Americans have received 95 percent of the wealth created since 2009 — after the economic crisis — while the bottom

90 percent of Americans have become poorer.

While we are pleased that both sides of the political ping-pong table in the United States are now focusing on the domestic crisis and implications of this global problem, there are disturbing signs that the issue may fall prey to the same kind of ideological posturing that has stymied recent efforts to create jobs, reduce unemployment, raise the minimum wage and help the long-term unemployed.

In fact, as reported by CNNMoney, almost two-thirds of the delegates surveyed during a debate in Davos on Friday said that the widening gap, or what I call The Great Divide, "between rich and poor is having a corrosive effect on U.S. politics."

For example, Sen. Marco Rubio, R-Fla., sees the problem not as one of income inequality but of "opportunity inequality" and continues to resist efforts to raise the minimum wage. To be clear, opportunity inequality is alive and thriving in America; but any attempts to separate it from income inequality are divertive and lacking recognition of the correlation between the two. Sen. Rand Paul, R-Ky., during a re-

cent visit to Detroit, where unemployment has been above 15 percent for more than a year, said that it would be a "disservice" to the jobless to extend their unemployment benefits beyond the current limit. Further, Sen. Paul Ryan, R-Wis., another potential presidential candidate, has been traveling the country declaring how the government safety net — programs like Social Security, Medicare and Head Start — has "failed miserably."

In contrast, President Obama has warned that "The combined trends of increased inequality and decreasing mobility pose a fundamental threat to the American dream, our way of life and what we stand for around the globe." He has called for an increase in the minimum wage — a move the National Urban League has been pushing since 2006 — and an extension of unemployment benefits as first steps in addressing the problem. On Jan. 9, he announced the creation of five "Promise Zones," in San Antonio, Philadelphia, Los Angeles, Southeastern Kentucky and the Choctaw Nation of Oklahoma that will receive targeted government tax incentives to create jobs and reduce unemployment.

In a message to the Davos attendees, Pope Francis said that "the growth of equality demands something more than economic growth, even though it presupposes it... It also calls for decisions, mechanisms and processes directed to a better distribution of wealth, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality."

I am convinced that from such an openness to the transcendent a new political and business mentality can take shape, one capable of guiding all economic and financial activity within the horizon of an ethical approach which is truly humane."

The need is clear. The Urban League has raised this issue constantly over the last several years — and people are finally listening. We must not let the seriousness and urgency of this problem get caught in the crossfire of ideological warfare. Americans need policy solutions developed in partnership with corporate, government and non-profit leaders — now. Awareness is good... action is better.

Marc H. Morial is president and chief executive officer of the National Urban League.

## Too Often 'Development' Means 'Displacement'

End gentrification to advance economic equity

BY DEDRICK MUHAMMAD, AUDREY TERRELL AND RACHEL GILMER

As President Obama noted in his State of the Union address, economic inequality has reached an epic height in our nation, shutting the doors of opportunity for millions of Americans. In urban centers we see this growing inequality through gentrification.

Too often the "development" of urban centers means the displacement of low and moderate-income long-time residents and new housing and amenities for the rich. A first step in ending the growing economic inequality, which is deeply tied to ongoing racial inequality, is to stop this displacement.

The corrosive effect of gentrification can be found throughout the nation, even in the liberal and so-called whitest city of America, Portland, Ore., known internationally as a leader in urban design with many boasting of its bike-friendly streets, accessible 20-minute neighborhoods and quaint local business culture.

Unbeknownst to many, however, Portland is also a case study in gentrification, a glaring reminder that

urban economic disparities will persist as long as the structural inequalities of our economy remain.

Other cities riding the cusp of the latest development trends have experienced the same results. In Washington D.C., Chicago, Los Angeles and New York, inner city neighborhoods that were once majority black have been inundated with plans for redevelopment. The upward redistribution of wealth through public-private partnerships, have rewarded real estate speculators, exporting long time black residents and bringing in higher income predominately white residents.

To halt this practice a growing community-led movement calls for an end to displacement by promoting policies that dismantle systemic barriers to economic opportunity and prosperity.

Last November, the Portland's Development Commission announced plans to provide a 2.4 million dollar subsidy to develop a long time vacant property with billion-dollar California developer Majestic Realty. The property is in the heart of the city's historically black community; which happens

to be one of the fastest gentrifying zip codes in America. This decision was announced only weeks after the city committed to including a new network of black leaders, the Portland African American Leadership Forum, in any major development decisions that would impact the black community, and months after inviting Portland's NAACP chapter to a key PDC advisory group — only to later deny their application.

In a recent open letter, the leadership forum called into question the cronyistic city policies that continuously funded the rich at the expense of the poor, and then demanding that any further development in the area support the stabilization of its historic black residents. A statement released by the Portland NAACP strongly encouraged a stop to the development.

As more and more Americans find themselves barred from economic opportunity, ideas once considered extreme are becoming mainstream. Nationally, there are signs that this movement is accumulating political power. In Seattle, the NAACP is fighting for a \$15 mini-

mum wage and collaborating with newly elected City Council Woman Kshama Sawant in an effort to reshape their economy. In New York, Mayor Bill de Blasio successfully ran a "tale-of-two-cities" electoral, declaring economic and social inequality his highest priority.

Nationally there is much to be done that can address the record level of American economic inequality. It is a fight which must occur city by city. Growing economic inequality will only cease with an end to

gentrification. There must be restorative policies that address past wrongdoings, and forward thinking policies that will make our urban centers as places of opportunity for all racial and income groups.

Dedrick Muhammad is senior director of the NAACP National Economic Department; Audrey Terrell is president of the Portland branch of the NAACP; and Rachel Gilmer is a member of the Portland African American Leadership Forum.

### Letter to the Editor

#### Squandering Opportunity

I can't remember a time in which the black community is in better position to take advantage of economic opportunity in northeast Portland. But elements of the black community cannot continue to be foolish in squandering this opportunity by alienating the very forces who are now poised and committed to righting past wrongs.

Current Portland Development Commission and city officials bear little responsibility for past deeds

and now have a clear trend of working on behalf of the black community. With community oversight, why not give them a chance to demonstrate a serious effort to reinvest resources back into the black community and forge future partnerships for progress?"

James Posey, chair of Coalition of Black Men Economic Development committee and member of the National Alliance of Minority Contractors