As this most crucial of presidential elections approaches, we at Challenge believe it is important to remind our readers how much work remains to be done. Foreign affairs rightly dominates concerns these days. We collectively cannot remember a time when the nation was so poorly perceived around the world—and, indeed, feared.

But in this issue of Challenge we wanted to draw attention to important battlegrounds at home. The most important of these is that American society remains intolerably unequal. Despite a brief period of unusual prosperity in the late 1990s—as measured by a rapid growth rate and a low rate of unemployment—the list of unkept promises and broken social contracts over the past thirty years is deeply disturbing.

Four articles in this issue address some of these issues. The first is a provocative piece by Randall Wray, a leading student of the insightful economist Hyman Minsky, and a colleague, Stephanie Bell. Minsky is best known for his work on the financial instability of developed economies. But as Bell and Wray have seen in newly discovered documents, he also believed that the nation’s War on Poverty, now forty years old, was doomed to only partial success. As Bell and Wray explain, Minsky believed that structural problems would make it impossible for economic growth on its own to raise wages adequately and reduce poverty to a reachable minimum. After thirty years of mostly disappointing wage growth and relatively high unemployment, Minsky’s points have a poignant relevance. He argued that targeted jobs programs were required to meet the social goals once thought imperative, and Bell and Wray believe his advice is as relevant today.

Whenever critics note that male wages have fared poorly for thirty years, a counterargument is that female wages have risen rapidly. According to the Census Bureau, average female wages are now about 77 percent of the level of male wages. But is that the most accurate way to measure the pay gap? Labor economist Stephen Rose and women’s
issues specialist Heidi Hartmann, also an economist, teamed up to
discover how much women really make over time compared with
men, not just what they make in a single year. Because women drop
out of the workforce for a year or more, typically for childbirth or to
care for the family, the amount of money they make over fifteen years
is typically less than 40 percent of what men make. In the real world,
you show, the gender wage gap is still simply enormous.

Sociologist Lane Kenworthy has performed a true service with a
brief statistical note we publish in this issue. Typically, analysts dis-
cuss inequality in terms of how well the better off have done—as if
the rest of us are lagging behind merely because the rich are getting
richer. We are told that Americans characteristically do not resent
this. But as Kenworthy clearly demonstrates, the better off in America
(the top 40 percent) are increasing incomes no faster than they did in
the immediate post–World War II decades. Rather, it is the bottom 40
or 50 percent whose incomes are hardly rising at all. The fact is that
the rich continue to get richer, but much of the rest of the nation is
no longer becoming better off.

Oren Levin-Waldman has done a fascinating job studying which
localities are likely to pass new living-wage ordinances. At a time
when the federal minimum wage is only $5.15, living-wage campaigns
are gaining ground. The most likely candidates for a living wage, in-
terestingly enough, are not merely cities with a large low-wage popu-
lation, but also ones with a high proportion of immigrants from
south of the border. To Levin-Waldman, one message is to focus labor
organizing on immigrants.

We follow these pieces with two interesting articles on interna-
tional issues. International economist Ethan Kapstein raises a broad
idea that is rarely discussed: What is a moral global economic policy?
Given scarce resources, do we feed the hungry abroad or train the
unskilled at home? He lends some clarity to a complex moral issue
about our obligation to our society and to the world that is probably
deliberated obscured. But unless we make the moral issues clear, and
define objectives unambiguously, we will not solve the problems.

The second piece is by a naval professor, Robert Looney, who has
examined the economic policies imposed by the United States in Iraq. Now that the United States has formally handed over authority, the questions of economic reform are all the more important. Yet almost nothing about these issues is written in the traditional media. Looney believes we have passed on a cookie cutter set of policies that is unlikely to work. He presents an objective accounting of those policies and the principles behind them.

And finally our interview is with the estimable economics scholar, Lance Taylor, who has produced a new, challenging textbook for graduate students that lays out a comprehensive alternative to mainstream economics today. In sum, Taylor considers himself a realist who derives economic knowledge not from a set of questionable assumptions about allegedly rational economic men and women, but from institutional and historical realities that change from place to place and time to time. His work is important—so important, in fact, that we have also published a comprehensive review of the book by macroeconomist Gerald Epstein, who is largely but not entirely sympathetic to Taylor’s point of view. These two economists present an alternative vision of economics that is almost never reported in the wider press. To the contrary, few believe that such work is going on. We at Challenge are proud to be able to show that it is.

—Jeff Madrick