Higher Education Can Solve Hawking’s Problem

Social Mobility Symposium

June 18 – 19, 2018
HAWKING’S PROBLEM

“We can’t go on ignoring inequality, because we have the means to destroy our world but not to escape it.”

- Stephen Hawking
"Two experiments involving children under the age of two have led researchers to conclude that fairness is an innate and universal concept. "
MIDDLE AGES

SOCIAL JUSTICE

ABSOLUTE WEALTH INEQUALITY

RICH MAN TO HEAVEN = CAMEL THRU EYE OF NEEDLE
EQUAL IN THE EYES OF GOD
ACCESS TO CATHEDRALS
“...The United Kingdom, Germany, and France not only exhibited extremely high wealth and income inequality before the war, but their inequality was at a historical peak never achieved before or after...establishing the evidence consistent with the Hobson-Lenin-Luxemburg hypothesis simply shows that all the ingredients necessary for a large conflict were present. It was up to human agency and historical accidents to transform such ingredients into a worldwide conflagration.”
Could America's Wealth Gap Lead To A Revolt?

Dr. Dale Archer, CONTRIBUTOR

I'm a psychiatrist and discuss business, markets and human behavior FULL BIO

Opinions expressed by Forbes Contributors are their own.

“...Aristotle was the first to state that inequality triggers a revolution and that was certainly the case during the French Revolution, when onerous taxes on the lower and middle classes enhanced the lives of the wealthiest aristocrats...

...The key to this not happening here and now has always been our belief in upward mobility. As long as average Americans feel they can better their lives and rise up the social and economic ladder, they will work within the system. But, more and more, we are seeing this possibility fading in America...”
EXPLODING DIVERGENCE IN THE US

• US now the least economically mobile among all developed nations

• US levels of wealth and income inequality are approaching the extremes of the Belle Epoch

• Collision between the myth of America as the land of opportunity and the reality. (Economic Mobility is not the same thing as ease of access to lottery tickets.)
WIDENING DIVIDE IN AMERICAN WEALTH
HIGH MARKS
U.S. income inequality very high for developed world

Note: Gini coefficients based on equivalised incomes for OECD countries. Source: OECD, DB Global Markets Research
"The 30 social mobility “coldspots” identified by the Social Mobility Commission all voted Brexit. So did areas where property prices were stuck, where life expectancy was falling, where antidepressants were widely prescribed and where life chances were thin."
It’s the German economy, stupid! Economic inequality, not immigration, explains far right rise in Germany

Beverly Crawford, Professor emerita, Political Science and International and Area Studies | September 27, 2017

3 comments | Leave a comment
"Trump supporters might not be experiencing acute economic distress, but they are living in places that lack economic opportunity for the next generation."
White House to Impose Metal Tariffs on Key U.S. Allies, Risking Retaliation

Trump imposes tariffs on closest allies, Mexico and Europe announce retaliation

Trump hits allies with metal tariffs; Mexico, EU and Canada vow to retaliate

President Trump's steel and aluminum tariffs: Winners and losers

U.S. to place steel & aluminum tariffs on American allies

SWAMP FEED
Trump’s Turbulent Tariff Policy Has Been Nirvana for K Street
Tens of millions of more dollars has been spent on lobbying as industries grapple with a moving target.
BETSY WOODRUFF, LACHLAN MARKAY 05.30.18 2:37 PM ET
This past winter, a subsidiary of a Chinese state-owned chemical company needed help fending off the possibility of new sanctions from the Trump administration on their solar industry. So they did what any smart company
CHANGES IN US WEALTH (TRILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Top 10%</th>
<th>Bottom 90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>80.3</td>
<td>20.07</td>
</tr>
<tr>
<td>2015</td>
<td>84.9</td>
<td>21.22</td>
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<tr>
<td>2016</td>
<td>88</td>
<td>22</td>
</tr>
<tr>
<td>2017</td>
<td>94.8</td>
<td>23.7</td>
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</table>
WEALTH GAP BETWEEN TOP 10% AND BOTTOM 90% (TRILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Wealth Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>40.1</td>
</tr>
<tr>
<td>2015</td>
<td>42.5</td>
</tr>
<tr>
<td>2016</td>
<td>44.0</td>
</tr>
<tr>
<td>2017</td>
<td>47.4</td>
</tr>
</tbody>
</table>
WEALTH TRANSFER FROM BOTTOM 90% TO TOP 10%

(1/2 WEALTH)

<table>
<thead>
<tr>
<th>Year</th>
<th>Top 10%</th>
<th>Bottom 90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2.3T</td>
<td>1.5T</td>
</tr>
<tr>
<td>2016</td>
<td>1.54T</td>
<td>0.72T</td>
</tr>
<tr>
<td>2017</td>
<td>3.4T</td>
<td>1.7T</td>
</tr>
</tbody>
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"As a species, one of our greatest strengths is our ability to find meaningful patterns in the world around us and to make causal inferences. We sometimes, however, see patterns and causal connections that are not there, especially when we feel that events are beyond our control."
ECONOMIC DIVERGENCE

\[ r \geq g \]

CAPITAL IN THE TWENTY FIRST CENTURY

p. 166
Annual rate of return or rate of growth

- Pure rate of return to capital $r$ (after tax and capital losses)
- Growth rate of world output $g$

Legend:

- Pure rate of return to capital $r$
- Growth rate of world output $g$
1940 - 1980 US

Social Justice Scale

- Income Inequality
- Wealth Inequality

- Education
- Guns
- Church
- The Vote
“Education is the most important rung on the ladder of economic mobility.”
“Education is the most important counterweight on the social justice scale.”
THE HIGHER EDUCATION COUNTERWEIGHT HAS TRANSFORMED INTO A FORCE FOR INEQUALITY

• Tuition bomb
• The admission game
• Standardized testing biased to the rich
• Spending for US News glory
• The retiring US generation is now better educated than the replacement generation - first time for any developed nation
"SAT originally stood for Scholastic Aptitude Test. But parsing the results by income suggests it’s also a Student Affluence Test."
"Colleges, too, are shown to be stuck in a quandary: to rely less on the SAT could mean that the average score of admitted students falls. That would cause a college’s rankings to slip, which would hurt its ability to recruit students and raise money."

Review: ‘The Test and the Art of Thinking’ Is About A) The SAT
Executive Summary

Policymakers and the media use the Pell Grant program to measure the share of low-income students enrolled at specific colleges and universities, but the reliability of this measure is rarely scrutinized. This paper discusses several limitations of the "Pell proxy" that...
Pell Grants Are Being Awarded More Frequently to Richer Families

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
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<td>19.5%</td>
</tr>
<tr>
<td>2016</td>
<td>21.5%</td>
</tr>
<tr>
<td>2017</td>
<td>22.9%</td>
</tr>
</tbody>
</table>

Source: IPEDS
All data is for first-time, full-time undergraduate freshmen
Colleges Recruit at Richer, Whiter High Schools

Colleges like to tout their commitment to diversity, but the way they recruit students tells a different story. For example, the typical high school visited by Connecticut College during recruitment events was richer and whiter than the typical high school they didn't visit.
Racial Wealth Inequality Is Rampant In The U.S.
Median household wealth by race/ethnicity in the United States (1983–2024)

- White
- Black
- Latino

Statista
Source: Prosperity Now & Institute For Policy Studies

Forecast
ECONOMIC HOMOGENEITY DILUTES EDUCATIONAL RIGOR AND UNDERCUTS THE DEVELOPMENT OF CRITICAL THINKING SKILLS

- The value of diversity on a campus is not as a feel-good aesthetic or as a sop to social justice, but as a key foundation for idea challenge and collision
BASIC CRITICAL THINKING

IDEAS

IDEAS

IDEAS
ADVANCED CRITICAL THINKING

MY IDEAS
prestige

\[\text{pre’ stēZH,pre’ stēj/}\]

**Origin**

**LATIN**
- praestigiae
  - conjuring tricks

**LATE LATIN**
- praestigium
  - illusion

**FRENCH**
- prestige
  - illusion, glamour

mid 17th century (in the sense ‘illusion, conjuring trick’): from French, literally ‘illusion, glamour,’ from late Latin praestigium ‘illusion,’ from Latin praestigiae (plural) ‘conjuring tricks.’ The transference of meaning occurred by way of the sense ‘dazzling influence, glamour,’ at first deprecatory.
2018

Social Mobility Index

Opportunity through US Higher Education

socialmobilityindex.org