The United States of inequality: this timeline will help you keep track of how we got here

Post-WWII reforms like the New Deal and the ensuing consolidation of the labor movement increased income equality in the U.S., but the playing field started to tilt in the 1970s due to the forces of globalization and pro-corporate government policies that hurt the working class.

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Post-World War II America experienced both the continuing benefits of the New Deal and the consolidation of the American labor movement. During this period the wages of the lowest- and highest-paid workers rose together, while the share of the top 10%'s income decreased–validating a growing popular belief that, in John F. Kennedy's words, "a rising tide lifts all boats."

The New Deal, from which this relative golden age sprang, hadn't begun as a visionary social blueprint so much as a series of laws, passed during the emergency of the Great Depression, that aimed to restore America's battered prosperity by increasing employment opportunities, providing assistance to the elderly and dependent children, and establishing the rights of workers. In his first term, President Franklin Roosevelt strengthened banking regulation with the Glass-Steagall Act, provided jobs through the Works Progress Administration, and brought electricity (and economic development) to the rural South through the Tennessee Valley Authority.

But by the early 1970s, beginning with a pivotal pro-business essay written by a Virginia corporate lawyer—and future Supreme Court justice—named Lewis Powell, things began to move in the other direction, inexorably so. Nearly 50 years later, the gap between the rich and the poor has grown. The wealthiest 1% are capturing an increasing share of the national income. The fortunes of the rich and the poor have diverged to the point that, in some places in the United States, there are levels of inequality reminiscent of the Gilded Age. How did this happen?

Many scholars blame trade globalization, foreign competition, or labor-reducing technology. But others point to people in power making conscious decisions. "Increasing inequality is a matter of choice: a consequence of our policies, laws and regulations," wrote the economist and Nobel laureate Joseph Stiglitz in 2018.

Presidents, business executives, Supreme Court justices, and members of Congress made decisions to erode workers' power, confer benefits upon the wealthy, and slash the social safety net. These choices happened together and within a system to disadvantage the poor and working and to reward the wealthy.

Economic inequality–especially the tearing of the social safety net woven by the New Deal—did not happen by accident. Nor did it all happen with the end of President Lyndon Johnson's Great Society programs. Somewhere between the passage of the Social Security Act and the Powell Memorandum, a slow counterattack against the New Deal had begun to find its voice and its weapons; some of the seeds of the New Deal's dismantling were sown during FDR's four terms and, sometimes, by his own administration. New Deal benefits excluded vast

1971—Lewis Powell sends a memo to the U.S. Chamber of Commerce urging government and business leaders to fight to maintain corporate dominance in politics

"[Powell's] saying, 'Our institution is under attack. Business really has to reassert itself or we're gonna lose this thing,'" says Colin Gordon, a professor of public policy, political economy, and history at the University of Iowa.

Powell, a future associate justice of the Supreme Court, urges the Chamber to launch a coordinated effort to thwart "communists" and "leftists" who decry the free enterprise system. He sends this memo two months before his Supreme Court nomination–a series of events uncovered years later by journalist Jack Anderson. "This is an important document of business reasserting itself," says Gordon, "at what we would call the dawn of the Reagan era."

1978—Senate Republicans defeat Taft-Hartley reform

Utah Senator Orrin Hatch leads the effort against amending Taft-Hartley. He describes the bill as "a loaded organizing gun [aimed] at the throats of small business" and warns of the cost of mass unionization. Labor holds rallies to pressure the Carter administration to pass labor-law reform and strengthen the ability of unions to collectively bargain. "It's the federal government backing you off the commitment it made in 1935 to majority rule unionism. That's the big change," says Gordon.

The modern foundations of inequality

1980–Jimmy Carter signs the Motor Carrier Act

The act deregulates the trucking industry, allowing thousands of small firms to spring up. This results in lower industry costs but will also decimate the industry's unionized workforce. Heralding an era that will lead to corporate monopolization, Carter begins a wave of deregulation that continues into the Reagan and Clinton administrations with the Bus Regulatory Reform Act of 1982, the Trucking Industry Regulatory Reform Act of 1994, the Ocean Shipping Reform Act of 1998, and the Telecommunications Act of 1996. Most industries will see a contraction in the number of firms, the neutralizing of organized labor, and a reduction in wages, along with price cuts for consumers.

1980s—Under Ronald Reagan, aid to poorest families and housing programs is cut dramatically

The Omnibus Reconciliation Act of 1981 made hundreds of thousands of families ineligible for Aid to Families with Dependent Children and contributed to an increase in poverty. The budget allocation for the U.S. Department of Housing and Urban Development was cut 74% during the 1980s. "One of Reagan's most enduring legacies was the steep increase in homeless people," Occidental College professor Peter Dreier would later write in *Newsday*.

1981—Ronald Reagan breaks the PATCO strike

President Reagan ends one of the most public strikes in U.S. history by destroying the Professional Air Traffic Controllers Organization, which had supported him in the 1980 election. Although the walkout violated an anti-strike clause in PATCO's contract, Reagan's firing of more than 11,000 striking employees signals to private- and public-sector unions that labor strikes are no longer the fearful threat to management they have been.

people abroad," recalls Nelson Lichtenstein, a professor of history at the University of California, Santa Barbara. Lichtenstein adds that NAFTA establishes the principle of capital mobility, which makes it easier for companies to change locations and avoid high costs. And it gives companies new tools in collective bargaining. Management, says Lichtenstein, can now "threaten to move if workers don't keep their wages stagnant or even don't take a pay cut."

1996–Bill Clinton and Republicans' welfare reform cuts program benefits and participation by families in poverty in half

Clinton replaces the Aid to Families with Dependent Children with the Temporary Aid for Needy Families program. Welfare reform significantly cuts cash aid to the poor and shifts the supported population from everyone in need to focus instead on workers with children. "You have to be working and you have to have a kid to qualify for most of these benefits," says Gordon. "If you're struggling and you're a childless adult, you're out of luck."

1997–President Clinton and a bipartisan Congress fail to raise the minimum wage higher than $5.15 per hour

Federal legislation raises the minimum wage from $4.25 to $4.75 in 1996 and to $5.15 in 1997. It won't be raised again until a decade later.

1999—Clinton and a bipartisan Congress repeal key provisions of Glass-Steagall, a New Deal banking regulation law, contributing to the "too big to fail" problem

The 1933 Glass-Steagall Act regulated United States banking, but starting in the 1960s, federal regulators liberally interpreted U.S. statutes and allowed banks to take part in activities that the law prohibited in order to insulate commercial banking from investment activity. That move increased the power and importance of the financial sector of the economy as the country's dominance in manufacturing waned. "Between 1970 and 2010, who [comprises] the 1% changes dramatically," says Gordon, "It used to be all CEOs and managers. Now, it's almost all [people in] finance."

Deregulation of the banking industry allows the rich to amass even greater wealth and, many argue, the repeal of Glass-Steagall exacerbated or even led to the 2008 financial crisis by creating too-big-to-fail financial institutions that required government bailouts.

2001—Tax cuts championed by George W. Bush contribute to ballooning deficit, income inequality

Enacted in 2001 and 2003, the Bush tax cuts were intended to pay for themselves but instead became a large driver of the federal deficit. In 2010, the year they were fully phased in, the top 1% of households saw their after-tax income grow by 6.7%, while the middle 20% of households saw a 2.8% rise. Meanwhile, the bottom 20% of households received only a 1% increase in their after-tax income due to the tax cuts, according to the Tax Policy Center. The Bush tax cuts also eliminated the estate tax in 2010, though it was reinstated with a lower rate and higher exemption level in 2011.