



## How income equality helped Trump

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Frenzied rhetoric about income inequality was a larger theme in Hillary Clinton's 2016 presidential campaign than in any previous American election. When the ballots were counted, however, not only did income inequality fail to move voters, but a massive shift in voting preference among lower-middle and middle-income Americans led to the election of the wealthiest president since George Washington. Now, startling new data on government spending and taxes suggests a novel explanation for this voter shift: It was a backlash against rising income *equality* among the bottom 60% of American household earners.

The new analysis was published in April by the Cato Institute's John F. Early, a former assistant commissioner of the Bureau of Labor Statistics, and it provides the most comprehensive accounting to date of how taxes and government payments affect income distribution in the U.S. His study includes the roughly \$1 trillion of annual government spending not currently counted in the U.S. Census Bureau's income-distribution tables. That includes Medicaid, food stamps, the earned-income tax credit, and 85 other federal payments and services, along with similar state and local income supplements. The study also subtracts federal, state and local taxes from individuals' measured income, an adjustment not contained in the census data.

The most surprising finding is the astonishing degree of equality among the bottom 60% of American earners, generated in part by the explosion of social-welfare spending and the economic and wage stagnation during the Obama era. Hardworking middle-income and lower-middle-income families must have recognized that their efforts left them little better off than the growing number of recipients of government transfers. The perceived injustice of this equality helped drive the political shift among blue-collar workers, many of whom supported the pro-growth candidacy of Donald Trump in 2016 despite having voted for Mr. Obama in the two previous presidential elections.