

# INCOME INEQUALITY IN MISSISSIPPI

## “MISSISSIPPI’S INCOME INEQUALITY AMONG NATION’S WORST”

--Center on Budget Policy and Priorities

**“Income inequality has a substantial effect on  
mortality.”<sup>i</sup>**

Hui Zheng, Ph.D, Ohio State University--

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The *Sun Herald* published a story on September 14 about Mississippi’s income gap. In it, Jeff Amy, the author, looked to conclusions reached by Standard & Poor’s [S&P]: (1) Mississippi is one of 10 states most reliant on sales tax as a share of revenue, and (2) states most reliant on sales taxes as a share of revenue may be particularly susceptible to an ever-widening income gap. Per S&P, State revenue growth in Mississippi slowed markedly since 2000. Amy says: “...the S&P report found [revenue growth] dropping from 7.22% annually in the state’s boom decade of the 1990’s to about 3.5% a year since.”

We are aware that incomes in Mississippi are low. In 2012, 14.9% of our population is living below the poverty level. The per capita income is \$28,051 and the median household income is \$53,064.<sup>ii</sup> Perhaps those statistics seem better than you had imagined, but consider this: the Center on Budget and Policy Priorities<sup>iii</sup> reflected that income inequality between the top 1/5<sup>th</sup> of Mississippi households and the middle 1/5<sup>th</sup> of Mississippi





households increased more than any other state from the late 1990s to mid-2000. The same is true for income inequity between the top 1/5<sup>th</sup> of Mississippi households and the lowest 1/5<sup>th</sup> of Mississippi households. During the same period, the top 20% of households based on income saw an income rise of 19.1% while the middle 20% saw income fall 5.1% during the same period and the bottom 20% saw income fall by 17.3%. This translates, according to the U.S. Census Bureau to the top 1/5<sup>th</sup> of Mississippi households having an average annual income of \$136,553, while the middle 1/5<sup>th</sup> of Mississippi households have an average income of \$37,235, and the bottom 1/5<sup>th</sup> have an average income of \$8,044.<sup>iv</sup>

The Mississippi Economic Policy Center listed the major factors contributing to Mississippi's income inequality as follows:

- Wages have remained stagnant. Mississippi's median hourly wage for workers has not changed substantially in the last 10 years and is below the Southern average.
- Education attainment affects family income and connecting more adults with education is a significant challenge in Mississippi. Over 500,000 Mississippi adults do not have formal education beyond high school, and over 350,000 of those Mississippians lack a high school degree.
- Manufacturing, traditionally a sector that pays quality wages for workers without higher education, has declined in employment in Mississippi. Since 2000, Mississippi's greatest job losses have been in the manufacturing sector. From 2000 to 2011, Mississippi lost over 88,000 jobs in manufacturing, a decline of 39%.
- High unemployment in the state means employers are under less pressure to raise wages to attract workers. Mississippi lost 5.5% of available jobs from 2000 to 2011, resulting in an unemployment rate above the Southern average. The latest jobs numbers show Mississippi with a 9.2% unemployment rate, which is higher than the national unemployment rate (7.8%) and higher than our neighboring states.
- Conversely, employers who are looking for highly skilled employees must raise wages to attract the high skilled workers. Thus, wages for higher income households would increase. Wages for Mississippians with a bachelor's degree (\$21.26) were 1.8 times as much as workers with a high school degree (\$11.77) last year.
- High skilled workers- those with a bachelor's degree or higher- experienced much greater job stability in the 2007 recession than those with only a high school degree. Unemployment for adults with a high school degree was double that of adults with a bachelor's degree in 2011. Job stability means more continuity in income, and advancement in wages and position.<sup>v</sup>

The effect of such a vast income gap does not only affect Mississippi economically. A variety of social problems come along with the income gap, each negatively affecting our citizens as well as our economy in its own way. For example, social scientists have demonstrated that income inequality contributes substantially to health and social issues and that the greater the gap, the greater the health and social damage. In a recent study, Wilkinson and Pickett<sup>vi</sup> demonstrated these findings:





**Childhood wellbeing:** The US has the highest level of income inequality of “rich countries” and it has the second lowest index of childhood wellbeing.

**Trust among citizens:** There is a strong negative relationship between income inequality and basic trust. Americans averaged a little below 40% in the level of trust among citizens. [An example of trust among citizens provided by the study: In Norway it is not unusual to see cafes with tables and chairs on the pavement and blankets left out for people to use if they feel chilly while having a coffee. Nobody worries about customers or passers-by stealing the blankets.]

**Status of women:** Women’s status was measured by political participation, employment, earnings, and social and economic autonomy. There was a significant negative relationship between women’s status and income inequality.

**Mental illness rates:** There is a strong positive relationship between income inequality and mental illness rates within the past year. The United States is at the top, with about 26%, while the lowest rates of national mental illness are about 8%. Among the mental illnesses, the strongest relationship to inequality is shown for the anxiety disorders and the impulse-control disorders.

**Illegal drug use:** There is a significant positive relationship between income inequality and illegal drug use. Australia has the highest rate of illegal drug use, with the US, the UK, and New Zealand a close second.

**Mortality:** Life expectancy is higher in countries with a high degree of income equality. Similarly, infant mortality – which provides a good measure of the quality of health care in a country – is lower in the more equal countries. The United States has the highest infant mortality rate among the rich countries, at about 7 infant deaths per 1000 live births.

**Homicide:** There is a significant positive relationship between homicide rate and income inequality. The United States has by far the highest homicide rate among the rich nations, at over 60 per million persons per year, and the highest level of income inequality of rich nations.

**Educational performance (math and literacy):** One measure of educational performance is average math and literacy scores. There was a significant negative association between income inequality and average math and literacy scores. The United States was near the bottom for math and literacy scores.

**Imprisonment:** There is a very strong positive relationship between imprisonment rate and income inequality. The United States has a far higher imprisonment rate than the other rich nations of the world – and in fact has the highest imprisonment rate of any nation in the world except the Soviet Union.





Wilkinson and Pickett also provided comparisons between states within the US by using the same indicators. Their findings:

In virtually every instance the relationship was very similar. Those states with the highest levels of income inequality demonstrated on average a significantly higher “Index of health and social problems”, lower levels of trust, lower women’s status, lower life expectancy, higher infant mortality rate, lower math and literacy scores, and higher imprisonment rates than those states with low levels of income inequality. The southern states, with the exception of Florida, stood out on most of the indicators of social problems as being very high – even higher than would be expected based on their relatively high levels of income inequality.

The explanation the researchers give for income equality as a predictor of social problems is that income inequality is a reflection of a hierarchical -- or class based -- society. Not only do large inequalities produce all the problems associated with social differences and the divisive class prejudices which go with them, but it also weakens community life, reduces trust, and increases violence.

A new study published in *Social Science and Medicine* has recently confirmed that the high levels of income disparity in the United States lead to more deaths in the country over a period of years. The findings demonstrate that income inequality at any one point doesn’t work instantaneously; rather it begins increasing mortality rates 5 years later. Its influence peaks after 7 years, and fades after 12 years. According to Hui Zheng, the study’s author, and professor of sociology at Ohio State: “This finding is striking and it supports the argument that income inequality is a public health concern.”<sup>vii</sup>

According to the Center on Budget and Policy Priorities and the Economic Policy Institute, only two states have a larger income gap between rich and poor families than Mississippi, and only one state has a larger gap between rich and middle class families. Only New York and Alabama have larger income gaps than Mississippi between the richest and poorest families, the report finds; only Oklahoma has a larger income gap between those with the highest incomes and middle-class families. The study is based on data from the U.S. Census, adjusted for inflation and takes into account the cash value of food stamps, subsidized school lunch, housing subsidies and the effects of the Earned Income Tax Credit.

“Rising inequality doesn’t just raise basic issues of fairness. It also dampens economic prosperity, as incomes stagnate for tens of millions of average Americans, and it threatens to widen the nation’s political cleavages, generating more cynicism about political institutions,” said Elizabeth McNichol, senior fellow at the Center on Budget and Policy Priorities and co-author of the report.<sup>viii</sup>





According to Thomas Picketty, professor and researcher at the Paris School of Economics, U.S. inequality is now close to the levels of income concentration that prevailed in Europe around 1900-10. "History suggests that this kind of inequality level is not only useless for growth, it can also lead to a capture of the political process by a tiny high-income and high-wealth elite. This directly threatens our democratic institutions and values."<sup>ix</sup> Mr. Picketty has recently published *Capital in the Twenty-First Century*; therein he explains the lopsided distribution of rewards unique to capitalism from the vantage point of a researcher with extraordinary historical data. His conclusions are primarily economic, not socially focused. He explores the structure of capitalism and the expectation of income inequality. He reminds us, however, that capitalism brings with it inherent income gaps between the rich and the poor and those gaps can lead to social inequities which impact all of us.

#### ENDNOTES

<sup>i</sup> Id.

<sup>ii</sup> <http://quickfacts.census.gov/qfd/states/28000.html>

<sup>iii</sup> [www.cbpp.org](http://www.cbpp.org)

<sup>iv</sup> <http://census.gov>

<sup>v</sup> <http://mepconline.org/what-contributes-to-income-inequality-in-mississippi>

<sup>vi</sup> <http://journals.democraticunderground.com/Time%20for%20change/573>

<sup>vii</sup> <http://www.sciencedirect.com/science/journal/02779536>

<sup>ix</sup> <http://www.cbpp.org/cms/index.cfm?fa=archivePage&id=4-9-08sfp-pr-ms.htm>

<sup>x</sup> <http://economix.blogs.nytimes.com/2014/03/11/qa-thomas-piketty-on-the-wealth-divide/?php=true&type=blogs&r=0>

#### ABOUT THE AUTHOR

Lydia Quarles is a Senior Policy Analyst at the John C. Stennis Institute of Government, Mississippi State University. She received her *Juris Doctorate* from Cumberland School of Law, Samford University, and her MA and BA from Mississippi University for Women. After over a dozen years in the private practice of law in Alabama and Mississippi, she joined the Mississippi Workers' Compensation Commission as an Administrative Judge in 1993. Eight years later, in 2001, she was appointed Commissioner of the agency. In 2006, she resigned to join the Stennis Institute and return to private practice.

Quarles was honored in 2006 by the American Bar Association's Administrative Law and Regulatory Practice Section, receiving the Mary C. Lawton Award for lasting contributions to the Mississippi Workers' Compensation Commission in the areas of alternative dispute resolution and access for Hispanic workers. She is also a recipient of the American Society of Public Administrators' Joan Fiss Bishop Award, honoring a woman who has promoted increased participation of women in public administration, exhibited a defined contribution to increase women's involvement in the public sector, and demonstrated innovative leadership and accomplished professionalism in her own public sector career.

Recognized by Martindale-Hubbell as an AV rated lawyer, the highest peer-evaluated designation, she also holds the Martindale-Hubbell designation as a Preeminent Women Lawyers in America.



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