



PRESS RELEASE

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New National Study Shows Growing Income Inequality Causes Social Problems and Limits Economic Opportunity

New Mexico High on Inequality Index –

Current Legislative Proposals Would Decrease Inequality: Including Increased Minimum Wage and Working Families Tax Credit

Albuquerque – A new report released today by the Economic Policy Institute and the Center on Budget and Policy Priorities shows that income inequality has widened dramatically in the U.S. since the early 1980s. The report, titled *Pulling Apart*, examines state-by-state income inequality. New Mexico ranks very high on the inequality index and has also seen growing income inequality over time.

According to Gerry Bradley, economist and Research Director with New Mexico Voices for Children, “The bad news is that income inequality is a serious problem, and that it has grown worse in New Mexico over the last two decades. The good news is that there are two bills proposed in this legislative session that would significantly reduce income inequality in our state: the first is an increase in the minimum wage to \$7.50, and the second is the Working Families Tax Credit which would give working families a tax credit of about \$450. Wages and taxes are two very important policy areas to look at if we want to expand economic opportunity and reduce income inequality”.

The study shows not only the growing income gap between the rich and the poor, but also between the rich and the middle-class. Bradley says: “This gap is of great concern. It raises the fundamental question of what kind of country the United States wants to be. We have prided ourselves on being the land of opportunity and of economic democracy. The truth now is, we are looking more and more like those Third World countries with a Grand Canyon between the haves and have nots, and a disappearing middle class”. He continued: “We can expect to see increasing social tension as shown by high crime rates, high rates of drug and alcohol abuse, greater educational disparities, and entrenched poverty – all of which we see in New Mexico, as well as across the country”.

Looking at Census Bureau and Internal Revenue Service data, the study concludes that federal tax cuts and weak job creation since the end of the recent recession have widened the income gap, and that very high income families have benefited the most over the past two decades.

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