

VIEWPOINT

Columbus Business First welcomes letters to the editor

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LEE HAMILTON

Facing income gap's threat



Lee Hamilton

When the history of this year's presidential campaign is written, one of its more remarkable features will be that both parties felt it necessary to talk about income inequality. Surely this is a watershed moment.

The issue is hardly new. As historian Jill Lepore pointed out, income inequality in the U.S. has been rising since the late 1960s.

More notable is that it has become a defining issue, with Republican candidates seizing on it as avidly as Democrats – though with different views of its causes and solutions. Some reformist Republicans have argued for the right mix of public policies to give poor and middle-income Americans more opportunity without shifting power to the federal government. On the Democratic side, Bernie Sanders and Hillary Clinton press for a firmer public stance to redress the problem. No one suggests solutions are easy.

To be sure, there are politicians, especially on the right, who say market forces will sort it out. In this telling, inequality has come about because of globalization and technological changes that are unstoppable and that on the whole have raised living standards. They believe the gap between the highest earners and the

rest of us eventually will diminish. Instead of fighting inequality, we should be expanding the rewards for skill, leadership and entrepreneurship.

This argument assumes the very wealthy won't act to tilt the field even more in their favor. Yet as the *New York Times* noted last month, they are doing just that. "With inequality at its highest levels in nearly a century," the newspaper wrote, "the very richest Americans have financed a sophisticated and astonishingly effective apparatus for shielding their fortunes... Operating largely out of public view... the wealthy have used their influence to steadily whittle away at the government's ability to tax them."

Some reform-minded conservatives agree with Democrats on at least one point, which is that government needs to act to achieve greater fairness and opportunity in the economy. The stresses we see in our political system today – public anger and distrust of government and large institutions – stem in part from widespread perception that economic insecurity has become entrenched in our system and there's little ordinary people can do about it.

No one is arguing for a straight-ahead equalization of economic resources, which would require extreme restrictions on personal freedom and almost certainly

hamstring economic growth. Nor should government make the problem worse – which is what would happen under some politicians' call for further tax reductions on the richest.

But there are broad directions we should be moving. We need to shift resources to education and work-force training. Encouraging technological change will matter. So will protecting the progressivity of the income tax, encouraging the well-to-do to follow the excellent examples of their peers who are sharing their wealth, focusing on trade deals that favor workers and not just the business community, and providing incentives for people of ordinary means to save and invest.

We need to promote policies that help all children advance. These are incremental changes requiring limited government action.

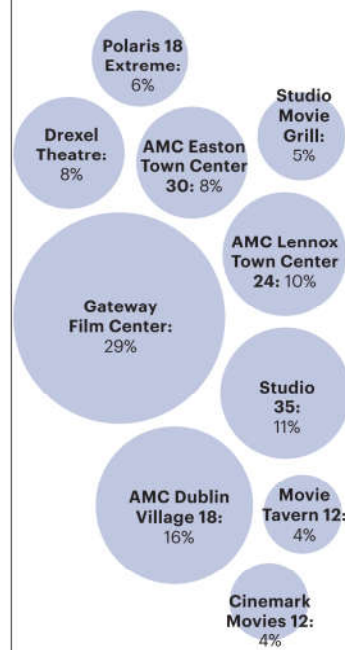
A reduction in inequality is essential to a healthy democracy. To let the gap between rich and ordinary Americans grow larger will allow political pressures to build in our economic and political systems. We should aim for a country where opportunities are more equal and the distribution of wealth and income is fairer.

Lee Hamilton is a Distinguished Scholar at Indiana University School of Global and International Studies and was a member of the U.S. House of Representatives for 34 years.

► BUSINESS PULSE SURVEY

WE ASKED

WHAT'S YOUR FAVORITE AREA MOVIE THEATER?



Survey response: 745. Results may not equal 100 percent due to rounding.

THIS WEEK'S QUESTION

GRADE MICHAEL COLEMAN'S TERM AS COLUMBUS MAYOR?

TO THE EDITOR

Kasich must lead with courage on Ohio's clean energy push

Editor: American Electric Power and FirstEnergy claim they need Ohio's electric customers to subsidize their old coal-fired power plants and a nuclear plant to keep them operational for eight to 15 years in the name of energy grid reliability.

Many large corporate electricity users, such as Wal-Mart and Kroger, opposed these profit guarantee proposals that would place financial burdens on utility customers instead of on each utility and their investors. Recently, Cooper Tire's CEO wrote to the governor opposing the proposals after an analysis showed the plans would increase the cost of his company's operations.

Industrial Energy Users, a group representing energy-intensive businesses, dropped their opposition only after AEP offered to pay its members \$8 million.

While that works out fine for IEU-Ohio, the proposal still leaves Ohio small and midsize businesses and residents to bear the cost of subsidizing outdated power plants.

Small businesses are some of the most important drivers of our economy, making up roughly 98 percent of Ohio businesses and employing half the state's private-sector work force. If Gov. John Kasich plans to honor his commitment to "Small Business as the Engine of Jobs Creation and Economic Well-Being" as stated on the state's website, he needs to give big utilities some tough love. The utilities should be making investments in clean, renewable technologies to replace their uncompetitive coal-fired plants. Allowing investors to shift their risk onto the public is irresponsible and shortsighted.

There are better ways for Ohio to invest in reliable energy.

Ohio has over 400 renewable energy manufacturers and service providers. The industry is ready to grow Ohio's capacity while creating jobs. We need strong incentives to build renewable energy capacity for businesses and small communities with distributed generation that creates redundancy and reliability.

Ohio's renewable energy and efficiency standards, which spurred investment in renewable energy before being "frozen" by the General Assembly, should be allowed to resume. Energy efficiency advocates and the wind industry believed the state was on course to exceed federal CO₂ emission requirements had the standards been left in place.

The benefits of investing in renewable energy and efficiency are clear for businesses. Companies can reduce their energy costs by harvesting power from the wind, sun, water or

biomass. Implementing renewable energy sources is getting cheaper. Time has come for renewable energy.

Late last year, Kasich told the Statehouse News Bureau the state has to do "what's in the long-term best interest of making sure that Ohio is a place where people can have certainty about power." If the governor is serious about that statement, he must bring stakeholders to the table to develop new incentives for renewable energy investment. He should demonstrate leadership and courage to move Ohio toward a clean, reliable, sustainable energy future despite the special interests that want to keep the state in the fossil-fuel age.

Ohio's small and midsize businesses should urge Kasich and the legislature to lead us toward a clean energy future.

MAYDA SANCHEZ
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