Alissa J. Peterson, special assistant on the Poverty and Prosperity team at the Center for American Progress

Interviewed by Batul Hassan

BH: What's your official position?

AP: I'm a special assistant on the Half and 10 with the Poverty and Prosperity team at CAP.

BH: What's your definition of the income gap?

AP: The term that we use would be income inequality ratio or income inequality. Income gap works as a colloquial term. Anything is fine, but we tend towards income inequality. Economic inequality also tends to describe a similar concept.

BH: What are some of the misconceptions you've seen in media coverage?

AP: I don't know, personally, if I've seen misconceptions so much as … I've seen people trying to understate the problem. I've also seen a lot of coverage around inequality as how it affects the middle class. I'm interested more in how it affects low-wage workers. You see these sensationalized stories about low-wage workers and how little they earn, but you never see the policy proposals to combat inequality included in those articles. It makes it seem as if it's this intractable problem that has been created by policy, whereas we know that income inequality is very much a result of policy. So the end result, unfortunately, is that people throw up their hands and say, "Well, it's the American way," to have such massive inequality, rather than seeing how it is an effect of history and how it's really a recent phenomenon from within the past few decades.

BH: How do you define the middle class?

AP: I think there's a very American context for it. You have such a broad group of people who wouldn't be in the upper fifth of income, or even the middle fifth of income, but they're seeing themselves as a middle class person because there's such an aspirational American concept behind it. So it results in this very interesting phenomenon where people -- and there's significant stigma as well -- but people are very unwilling to identify as low-income or as living in poverty or poor, because everyone sees themselves as middle class. So I think what ends up happening is people don't necessarily end up supporting the policies that would most benefit them. Rather, they're looking to this aspirational idea of "pull yourself up by the bootstraps, middle class phenomenon when really the middle class has been shrinking tremendously and a great number of Americans who maybe could have grown up middle class are no longer middle class.

BH: What kind of context do you think people need to understand the policies you're talking about?

AP: Something that's very -- some data -- looking at how four-fifths of Americans will experience income insecurity in their lifetime. I believe the number is over 50 percent of the population will actually live in poverty in their lifetime. And seeing poverty as this very cyclical thing -- only three percent of Americans were actually poor in the last 12 months of the year. It's constantly people cycling in and out of poverty and I think that as that reality becomes more reported and publicly available in the press, people will see middle class less as this very solid construct and more as something people are constantly cycling in and out of.

BH: Do you think the current definitions of poverty are sufficient?

AP: Typically when people are reporting on poverty, they're reporting on the Federal poverty line, which has been pretty well documented in policy circles as a very flawed measure. It doesn't take into account transfers people receive from the government to supplement their income. So really when you look at -- you can see politicians like Paul Ryan, for example -- saying poverty hasn't moved since the 1960s, etcetera, etcetera, but when you use something called the supplemental poverty measure, which takes into account those transfers and other benefits, you see that a larger sector of the population that would have otherwise lived in poverty is not in poverty. So yes, the way we measure poverty with the Federal poverty line is flawed because it doesn't measure the programs people are receiving. It differs from the federal poverty line because it measures benefits people receive, so it's a much more accurate indicator of peoples' actual financial status, as opposed to peoples' income, which is what the fed poverty line measures.

BH: Do you think living standards can substitute as a definition?

AP: I think it's possible, but there's such a regional variation that it's difficult. But that's the first way people who identify as middle class realize that they're economically insecure -- when they see that drop in their living standards. So I think it's a really important anecdotal measure, but difficult to otherwise document. But what some people consider comfortable isn't necessarily comfortable for other people and etcetera, but I think that it's a really good measure in terms of people looking at their own experiences and judging their own income level.

BH: Have you seen any long-term trends that have been undercovered?

AP: I think the supplemental poverty level is the thing that -- when I look at articles that aren't using it, I feel like they're less credible because they're just not reflective of reality. It's like when people say, "The war on poverty failed miserably." Well, when you're not looking at the benefits people have received as a result of the war on poverty, it looks bad, but when you're seeing a realistic picture, you'll see the war on poverty was successful. That's something reporters should familiarize themselves with. Something we do at CAP is stories of low-income people and they can talk about their experiences with the safety-net, their experiences with what inequality actually feels like. Because it's very much also a psychological concept. For example, in DC, which is extremely unequal, you have people shopping in the same housing market -- people who are very wealthy and people very low income. So if you look at your neighbor, who might be this gentrifying person, and you see everything they can afford and then everything you go without, and you're living in the same area. So it increases your housing prices because you have people of such a range of incomes shopping in the same market. So I think it has a very psychological effect that people aren't necessarily covering. But most of the coverage I've seen has been very economically-based, which is important, but i think including more low-income people in discussions of this and discussions of wages, and how that affects their ability to survive and feed their families is important.

BH: What's your opinion on coverage of the stock market?

AP: It depends. There's a lot of readership demand for that coverage, so I think it is going to be overstated. And I think something that's not really talked about is how you have this situation where the stock market is booming and booming and booming and you have all the gains going to the extremely wealthy, and they're less likely to consume -- for every dollar they earn, they're more likely to save that dollar, while low and mid-income people are more likely to spend it, which boosts economic growth. So looking at the stock market and how those gains are going to the very top are not reaching the rest and driving the consumption, which slows down economic growth, is something that's not discussed much.

BH: Do you have a definition for 'income inequality'?

AP: The definition we tend to use -- If you're looking at talkpoverty.org, we have an interactive map in which we include income inequality for each state, and we call that income inequality ratio, and basically we define that as the difference in the share of income going to the top 20 percent of households and the share of income going to the bottom 20 percent of households. And then you can measure the ratio between that and the larger the ratio, the greater the inequality. We have a measure for every state. For example in DC, the top 20 percent controls 30 percent, which is 30 times the income of the bottom 20 percent. That's an astronomical number. And the middle parts are divided between upper-middle, middle and lower-middle.