

Social norms of income distribution

Society



During the period between 1929 and 1953, the United States occupational pay ratios and earning inequality is declined, mainly across World War II (Ober 1948, Phelps Brown 1977, Williamson and Lindert 1980, Goldin and Margo 1922b). The evidence showed that the condition of income inequality was occurrence in that period. Moreover, the problem of income inequality is declined. But, the problem of income inequality is existed. The government cannot spread the income distribution evenly. Many reasons obstructed the income distribution evenly. In my discussion, I concentrate to explain five reasons to influence the income distribution in the United States in the 20th century.

Changing in social norms is related to the income distributions. Many people think that women represented a cheaper alternative for employers. Their jobs were viewed as temporary to be abandoned in favor of marriage and a home. High turnover combined with a large pool of replacements in any occupation will tend to depress wages, but it also means there is no incentive to provide career opportunities or invest much effort to train persons for more responsibility.

Consequently, women tended to fill the more specialized and lower-paying work, while men moved into the new office manager roles. The fact is that clerical, service, and sales work does not yield significant financial returns to people with more formal education or longer work experience (Bibb & Form, 1977). In large part, this is because most of these are low ceiling careers, lacking in meaningful promotion opportunities for higher paying positions. The jobs have been filled advantageous position by one sex or the other. The point is strongly influencing the income distributions.

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The point of the unionization is related to the income distributions. Unions have improved wages and benefits, increased job security, and protected workers from discriminatory managerial decisions. Male workers are more likely to be members of trade unions, thus enjoying the advantages of collective bargaining for wages and earning more than women (Flaherty & Caniglia, 1992). Overall, women are about half as likely to be union members as men. Rinehart wrote, "§ This accommodation to capitalist power was formalized in what is known as the post "V World War II compromise forged in the midst of the intense class struggles of the 1940s. This settlement between labor, big capital, and the state featured the establishment of a new industrial relations system and stipulated a set of trade "V off. Unions were legally recognized and accorded organizational security." (P. 184)

Changing in the education level of the population is related to the income distribution. In the U. S, the financial return to a university or college degree also declined during the 1970s. One explanation of this phenomenon was the substantial increase the proportion of the population going to university, particularly the entry into the labor force of the "§ Baby-Boom" generation during the 1970s (Welch 1979). Freeman (1976, 1980) argued that the demand for educated workers also declined, so that not all of the change in relative earnings could be attributed to temporary developments on the supply side. Dooley (1986) concluded that the entry of the large baby"Vboom cohort during this period did lower earnings growth for this group, but that this demographic effect could not account for the observed harrowing of earnings differentials by level of education. Dooley"s results thus suggest that demand "V side forces may also have played a role.

Changing in the age structure of the population is related to the income distribution. The shapes of the earning streams reflect the main key factors which is earnings increase with age but at a decreasing rate. This concave shape reflects the fact that individuals generally continue to make human capital investments in the form of on-the-job training and work experience once they have entered the labor force. This job experience adds more to their productivity and earnings early in their careers due to diminishing returns to experience. However, to the extent that education increases productivity, individuals with the same amount of work experience but more education will earn more, perhaps substantially more.

Migration is related to the income distribution. Economic theory predicts that the forces of competition would serve to reduce pure regional wage differentials so that they reflect compensating differences, short-run adjustments, or noncompetitive factors. Those forces of competition were the movement of capital from high- to low-wage areas, and the movement of labor from low- to high-wage areas. Empirical evidence tends to verify the implications of migration as a human capital decision. In a recent study, Osberg, Gordon, and Lin (1994) explore the determinants of interregional and interindustry mobility of individuals in the Maritimes. Using the 1986-87 LMAS, they find that younger individuals and those with higher expected wage gains are more likely to migrate. As well, the process of migration tends to reduce the regional disparities that induce the migration decision.

In conclusion, the five reasons are influence the income distribution in the United States in the 20th century. The social norms show that the income inequality is happened between men and women. The unionization shows <https://assignbuster.com/social-norms-of-income-distribution/>

that the unions have a power to improve the wages and benefits for their members. In this situation, the income inequality is happened between union;s members and non-unions members. Although the demand for education workers was declined, education people still earn more than the uneducated people do because they have an expertise knowledge and experience. Migration is benefits for the young individuals. They can have a chance to prove themselves. Therefore, the movement of migration decreases the regional disparities.