

# Factors that affect on growth of economic inequality

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A myriad of riots, complaints, petitions, documentaries, and even articles about economic inequality are a common occurrence in today's society as the chasm between the 1% of income earners and the bottom 99% grows ever more. Even so, America happens has the "largest economy in the world as measured by Gross Domestic Product" (Mahoney) and even has a high standing in GDP per capita. Despite such great placings, many Americans today still struggle with paying bills while it appears that the rich continue to get richer. For some reason America has a huge chasm between the rich and poor even though it's a democratic society. Perhaps this is so due to the capitalist faith that most Americans tend to follow, they favor more so in the power of the privately owned corporations and organizations rather than the government. Economic inequality has increased throughout the U. S. due to efforts of the middle class that help add more to the pockets of the rich, whilst political inequality derives from economic inequality due to the existence of lobbying alongside presidential campaigns, and the effort of those who try to take matters into their own hands with social movements and protests.

Firstly, the reason economic inequality grows is due to the fact that everything revolves around the middle class itself. The basis for income inequality is displayed within the suspension bridge that was depicted by Robert Reich in "Inequality for All." The graph demonstrates two peaks of inequality during the stock market crash (the Great Depression) in 1929 and during the second crash in 2007. This creates a suspension bridge as income inequality falls from the 1940s to 1970s, only to rise back up from the 1980s to the 2000s. Furthermore, Reich points out that the "middle class is the

heart of consumer spending” and that “ 70% of the economy is consumer spending.” One can clearly see that the rich get richer based off of the consumer middle class, and it just so happens that the rich are the ones who provide jobs for those in the middle class meaning that the middle class’ wages are controlled by the rich which pretty much enable the rich to run our economy. The only possible intervention to stop this would be taxes from the government; along the suspension bridge one can see that as income inequality falls, the tax rates are higher yet as it rises towards the crashes, taxes are lower. Taxes aside, education for those in the middle class affects income inequality, as prices for college increase, the inequality increases as well which is why many of those in the generation before ours had multiple opportunities to obtain degrees and jobs. This correlates to the suspension bridge since our parents were in college around the 1970s when inequality was lowest, cheap education and multiple job opportunities existed. Also, middle class wages have leveled out over the years, as seen in Figure 2 of the 2014 Census for Income and Poverty in the U. S., the median earnings of men have remained static at around \$50, 000 from the 1970s to the present. Women’s median earnings have increased by about \$10, 000 due to unions and a society who now shows more respect and equality for women. Because wages have remained the same over the years, there is no room for growth of the middle class which enables the rich to further themselves away from the wages of the middle class as their salaries go up as CEOs and founders of many big corporations. Therefore, after proving that the “ middle class is the center of the universe” (Reich) and why it affects us today, this is why our economic inequality exists.

Furthermore, one might point out that economic inequality exists due to political inequality, the main factors of this would be lobbying and presidential campaigns. Interest groups, whose job is to “convey the policy views of individuals and groups to public officials” (Mahoney), are at the heart of lobbying. Most political and economic inequality derives from private interest groups whose main interests are for the corporation’s own advantage, which can definitely cause the wealthy to have lower tax rates. Lobbyists get paid high amounts to influence government officials into passing certain bills that benefit the corporation or wealthy individual. This proves that only those who can afford lobbyists, the rich, have an actual influence in the political system. Interest groups can even pay someone who knows a government official personally who can directly influence the politician to vote on a certain issue. Corporations also have more “resource inequality - more funds” and “access inequality - more access,” enabling them to establish a greater dominance over the lobbying industry to cut their taxes and bypass certain regulations, for example, emission laws. Not only do interest groups provide political inequality, even presidential campaigns do as well. Campaigns usually raise funds through donations to the Political Action Committees or through individuals who directly give money, but most funds really come from the candidate running. With that said, most presidential candidates must have accumulated some form of wealth so they can properly fund their campaign to get their voices heard, otherwise the candidate will be forced to drop out of the presidential race. The rich can also offer to financially support a campaign under the circumstances that the candidate agrees to try changing a certain law or regulation for the

individual. Money especially matters as runners attempt to make it through the primaries and they attempt to put ads to influence those in the smaller states which ends up costing lots of money to do. Having the rich become richer creates more political inequality since mostly the rich can actually influence laws through lobbying and presidential campaigns.

Subsequently, many are unhappy with the economic and political inequality, so many average Americans attempt to collectively face these challenges with social movements. Social movements attempt to influence politicians to follow their cause by pressuring them with the utilization of huge public events such as protests. Many protests can actually end up disrupting people's daily lives which can actually create an opposite effect, thus making the general public want to go against certain social movements. But even protesting and public events end up not causing enough pressure on politicians, so they actually do end up raising funds to get their own lobbyists. For example, " The environmental movement had certainly believed that it was playing the big game. Bartosiewicz and Miley estimate that the groups behind the climate-action partnership spent hundreds of millions of dollars in the effort to pass their bill" (Lemann). Even social movements such as the environmental movement are not exactly able to accomplish any feats without the usage of funds, an individual cannot simply sit down with corporations or politicians and attempt to negotiate with what the social movement wants. Social movements also need to bring awareness through advertisements and producing signs to catch people's attention which also requires sufficient funding. Social movements such as the Occupy Wall Street Movement which fought for income inequality which continuously

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brought up, “ We are the 99%,” ended up having little to no effect on the economy or government. Yet, they managed to bring awareness to the public about the inequality, according to a YouGov poll in 2013, about 62% of people asked have heard of the Occupy movement. Social movements can only do so much to achieve their goals without having a handful of funds, hence why the Occupy movement was only able to bring awareness whilst the environmental movement actually brought change.

The ever so stagnant middle class is a huge driver for economic inequality, while those at the upper part of the inequality spectrum create political inequality with their wealth, and those at the lower part of the inequality spectrum (the 99%) end up being very limited in their capability to change their current economic situations. With wealth being essentially the main resource that people can use to actually assert some form of influence over this problem of economic income, how will those who lack money be able to put themselves in a place of wealth to promote change? If bringing awareness and pressuring politicians is all that the 99% can do, essentially change seems only possible with government intervention.