

# Wealth redistribution in america critical thinking examples

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The United States is founded on equality, but capitalism is an economic and social system, which promotes inequality. In a free economy market economy like the United States, slight income equality is considered essential, but the gap between the rich and poor is constantly widening. According to the OEC (Organization for Economic Co-operation), the United States is ranked fourth in terms of wealth and disparity in comparison to other developed countries

(Dadush 41). A report released by the Census Bureau in the United States reveals that the bottom fifth of the population live under the poverty threshold. The top percentile of the US population has a control of about 45 percent of the total wealth while the bottom 80 percent only controls 7 percent of the total wealth. Wealth Distribution is one of the ways of addressing the problem of income inequality in America and worldwide. Nonetheless, the debate on wealth distribution is controversial with both the proponents and the opponents giving a number of pros and cons. The opponents argue that redistribution of wealth causes laziness, and it opposes the basic values of capitalism and that the accumulation of wealth should be based on individual efforts with those working extra hard receiving a bigger share of the available wealth (Dadush 51). Nevertheless, distribution of wealth is necessary in ensuring there is equality among the American citizens and thus peaceful coexistence. Therefore, there should be a redistribution of some of the wealth from the top one-fifth to the lowest one-fifth in America.

One important aspect the wealth redistribution is that it ensures there is a sense of fairness, and it is good for both the rich and the poor. Psychological

experiments reveal that human beings have a natural value of fairness and wealth distribution allows humankind to feel and experience that there is an establishment of fairness (Norman, “ Redistribution of Wealth: Pros and Cons”). In addition, there is an occurrence of economic inefficiencies if the gap between the rich and the poor is extremely wide.

Wealth distribution also helps in ensuring that there exists peace and stability in every country. Income inequality is unfavorable to social justice, economic growth and the well-being of the people of any country (Norman, “ Redistribution of Wealth: Pros and Cons”). A report by the World Bank indicates that high levels of income and wealth inequality threatens the political instability in all countries because those low incomes are dissatisfied with their level of economic status. Therefore, a wide gap between the poor and the rich can result in social unrest, looting, and it can sometimes result in revolution. A good example is the “ Occupy Wall Street movement,” which began in 2011 with an aim advocating for equal distribution of income and reduced unemployment rates. Even if, the social unrest does not succeed in bringing equality, its effects can be severe to the country.

If properly implemented and scrutinized, wealth redistribution can be beneficial to the society. Redistribution of wealth helps in eliminating poverty in the United States thus ensuring that every family lives above the poverty threshold of USD 22, 811 annual income for every family of four. Reduced levels of poverty ensure that there is a more stable economy and every individual in the country benefits from a stable and a stronger economy. The mechanisms for wealth redistribution include taxation and other monetary and fiscal policies, which controls the movement of finances within the

country. For example, high-income earners should pay higher taxes and welfare programs such as transfer payments to the low-income earners and the disabled in the society will ensure that the gap between the rich and the poor reduces thus resulting in equitable distribution of resources.

### **Work Cited**

Dadush, Uri B. *Inequality in America: Facts, Trends, and International Perspectives*. Washington, D. C: Brookings Institution Press, 2012. Print.

Norman, Tex. *Redistribution of Wealth: Pros and Cons*, 2008. Web. Feb 23 2013.