

Is inequality simply
an economic reality
or can should
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The paper "Inequality An Economic Reality" is a perfect example of an article on macro and microeconomics.

Reality Krugman (2006) analyzes and deals with the growing concern regarding the rising economic inequality prevalent in the United States of America today. His article exposes the hidden truth of this disparity that has been silently suppressed from Roosevelt's regime till date. The chronological timeline of statistical data presented in connection with productivity, wages, and growth in the American economy clearly contradict the government's official statements. The Treasury secretary, Henry Paulson, acknowledges that economic inequality is a cause for concern in America but also qualifies the statement by mentioning that the inequality is due to the highly educated population's rising wages (Krugman, 2006).

The analysis of the chronological statistical data acknowledges the fact of each era's economic situation was governed by the political ruling party of that time. Roosevelt favored the workers while loathing the tycoons. His era saw the magnates' real income dropping 17 percent as opposed to workers gaining 67 percent. On the other hand, diplomatic Eisenhower allowed both sides of the divide to flourish. The political aspect has not been the only cause for economic inequality present today. Government policies like changes in the Labor Department's attitude from protecting workers' rights to rebuffing trade unions and their policies. Tax cuts and shifts have also allowed the rich to become richer (Krugman, 2006).

The Democrats fear of speaking out about the economic injustice for they

could be accused of class discrimination and thereby lose out their wealthy voters' support. This has allowed the political parties agendas (from the 1980s onwards) to be silently maneuvered by a movement which believes that whatever is good for the rich has to be good for America. The article concludes on a positive note by suggesting that this disparity in economic growth will change. Whether the Democrats can or will do something about it is yet to be seen but for the moment, the wheels of change are in motion regardless of Mr. Paulson's view (Krugman, 2006).

In the Greenhouse-Leonhardt article, the discussion encompasses the political, economic and social aspects of the growing economic inequality present in America. What seems to be produced for the economy-driven government has actually affected real wages and their workers differently. From 2003, the average hourly wage for a worker has dropped by 2 percent after deducting inflation costs. Productivity, which is the fuel for the American nation's living standards, has risen at the same time. The fears amongst the ruling governments are that the present economy could affect those in power after considering that the overall growth has been flourishing since the past five years. (Greenhouse-Leonhardt)

The article features extensive research on government-documented data concerning productivity, inflation, wages and salaries, added benefits and how the government is tackling these issues. Analysts, bankers, economists, and political figures' statements have been spread throughout the commentary in contrast to Krugman's article. Taxes introduced by previous regimes have recently been cut or shifted for the wealthy one percent of the American population thereby amassing a 52 percent increase in their

spending. Labor policies and trade unions have been made more stringent so <https://assignbuster.com/is-inequality-simply-an-economic-reality-or-can-something-be-done-about-it/>

as to serve the better interests of the affluent. As a result, wages and salaries are on the lowest rung that makes up the American gross domestic product (GDP) with global wages in Europe and Japan being affected as well.

(Greenhouse-Leonhardt)

To make up for the loss, policymakers have counterbalanced the lower wages by granting benefits such as health insurance, lower interest rates, rising house and stock values to the population's majority. The Federal Reserve chairman's speech stressed on wages and the need for speedy economic changes else the decades-long trade liberalization could be derailed. Mr. Bernanke added that the global economic situation would be greatly affected. Analysts, too, are divided on the issue but President Bush and his fellow Republicans remain un-flinched. Mr. Paulson, the Treasury secretary, blames the increase in wages is largely consumed by high energy prices and medical costs but does not blame any party. (Greenhouse-Leonhardt).

In conclusion, Krugman addressed the history of economic inequality and its birth while Greenhouse and Leonhardt tackled the present day situation with references to the last century. Neither authors included a statement made by the more concerned group of people i. e. the middle-income earners but fished for people sitting in high offices. This gap will continue to increase if it is not handled immediately else it will have lasting consequences on the economy of the world's wealthiest nation. I feel that Huck Gutman in his article, Economic Inequality in the US, sums up the economic crisis in three words - capitalism, government and pay to make it a plausible counterpoint for the two main articles. All three aspects are the causes of economic

inequality with the government being the controlling body and the <https://assignbuster.com/is-inequality-simply-an-economic-reality-or-can-something-be-done-about-it/>

responsible party for the blame of inequality (Gutman, 2002).

I think that no other party is as much responsible for the economic inequalities present in our system as the government of the people for the people and by the people. It is essentially the responsibility of the government to prevent the exploitation of the people and from the facts mentioned in these articles, it is not hard to see that successive governments have not been successful in this task. At the same time, governments are only made up by the people who vote and those who support the systems which uphold these governments, therefore (at the very root of the matter) the economic reality of inequality is simply a creation of the people.