

Economic inequality in the united states essay

[Sociology](#), [Poverty](#)



While the recession of 2008 has frightened many people because of the seeming inability of many industries to return to a pattern of growth, the widespread panic does not rival the national turmoil that took place during the Great Depression that started in 1929 and did not really end, in the sense that people went back to work in large numbers, until the start of the Second World War. The massive production spurred by that war effort started an economic boom that benefited all classes until a slowdown began in the early 1970s. At that point, a trend of income inequality began in many developed countries but most starkly in the United States (Weeks, 2007).

While many on the Left have blamed sexism and racism for this gap, the largest gap is not between the poor and the middle class. Even though that gap has grown, it is not as large as the gap between the middle class and the highest earners (Noah, 2012). Much has been made of the coming shortfall in the Social Security trust fund for the retirees for tomorrow; some studies have shown that almost half of that shortfall has occurred because of this upward redistribution of annual income (Center for Economic and Policy Research, 2013). Clearly, this redistribution is having seismic effects on the future of the nation.

In 2011, the Congressional Budget Office calculated that, between 1979 and 2007, the top-earning one percent of homes gained approximately 275 percent. For the 60 percent in the middle of the income distribution, the gain was not even 40 percent (CBO, 2011). This trend has continued to grow since then (Noah, 2012). However, it is not equally spread throughout the country; after factoring in income tax inequalities by state, the highest level of income inequality was found in Texas in 2009; the lowest was found in

Maine (Cooper, et al., 2011).

For those who might dismiss as the simple result of hard work and, as such, not necessary to address, there are aspects of this inequality that threaten the common fabric of the national culture. As Robert Frank has noted, “

Today’s rich [have] formed their own virtual country a self-contained world unto themselves, complete with their own health-care system (concierge doctors), travel network (destination clubs), separate economy they were recreating their own country within a country (Frank, 2008, p. 187).

George Packer has noted that “[i]nequality hardens society into a class system [and] divides us from one another in schools, in neighborhoods in what we think, in our children’s futures, in how we die. Inequality makes it harder to imagine the lives of others” (Packer, 2011, p. 22). There is a lot to consider in these two passages. The idea that the rich have walled themselves off from the rest of society is problematic – and the opposite of the tendencies of the 1800s and 1900s, when the highest echelon of socioeconomic America had as its goal the creation of a great country for everyone. Such benefactors as the Vanderbilts and the Carnegies used their vast holdings to create great opportunities for those around them, in the form of institutions of learning and venues for the performance of art, as well as the creation of foundations that poured private funding into non-profit projects and organizations throughout the country. While there are still charitable foundations, the exacerbation of the wealth gap, combined with the increased consumption by the highest echelon of society, means that there is much less capital for the accomplishment of good. More importantly, it means that the highest performers in our society have turned their

attention away from the greater good, and toward their own benefit.

Perhaps the most corrosive effect of this appears in Packer's last sentence.

When we lose the ability to imagine the lives of others, we lose the ability to empathize, to put ourselves in the situations of others. This makes it easier to ignore their suffering and to focus all of our energies on our own personal lives rather than taking what one has earned and using it to make the nation a better place.

One theoretical approach to the problem of inequality is the notion that the capitalist system cannot (or will not) provide enough jobs that pay a wage that will give adult Americans the income they need to thrive. In the height of the Great Depression, as many as one in four adult Americans was out of work. During the 2008 recession, unemployment has climbed above 10 percent at times (CBO, 2011). This means that something beyond capitalism is necessary to bring all Americans out of the poverty cycle.

This calls into question, of course, whether 100 percent of adults are capable of staying above the poverty line. Because of the instance of mental health issues, there is a certain percentage of the population that will always need public assistance. However, it is the duty of a civilized society to help those who cannot take care of themselves. This assistance may involve full-time care, and that care should be provided in a way that bestows dignity on all people. However, there are also many people who cannot find work even though they have the physical ability to perform labor. Many of these have struggled throughout childhood with the generational effects of poverty, which often include access to inferior public school systems as well as a lack of parental support. Others have pursued and attained undergraduate

degrees, or even advanced degrees, and then moved into positions of significant responsibility, only to have those jobs disappear in the recession. Because of the high salary that they would likely command in other companies, they cannot find a new position.

Upgrading the educational system to the point where all children receive equal access to opportunity in the form of superior instruction is not something that policy planners can enact independently. State budget writers can pour as much money as they want into the educational system, but that will not bring equality to the learning experience. There are some school districts that use a socioeconomic method of busing to give all of their students a roughly equal learning environment, at least in some of their grade levels. However, several things have to happen to end the generational cycle of poverty. However, that does not solve the problems endemic to the self-imposed isolation of the richest one percent of American society from the rest of the nation.

A more effective approach might be to revisit the tax code. While the initial income tax rates topped out at 7 percent in 1913, that rate rose to 77 percent during World War I and then to 94 percent during World War II. In 1945, that rate applied to incomes over \$200, 000. Even as late as 1953, that top rate was still above 90 percent (IRS, 2012). That plummeted to 28 percent in 1990 and sits now at 39. 6 percent (Tax Foundation, 2012). While the argument is that lower tax rates spur economic growth and thus prosperity for all, the evidence appears to show that all lowering rates does is keep the money in the hands of the extremely wealthy. Given the current gridlock in the U. S. Congress, with the Tea Party unwilling to approve

anything that even smells like an increase in taxes, and the Democrats unwilling to confront the specter of looming paydays for entitlements that could bankrupt the nation, it is unlikely that a major restructuring of the tax code to promote equality would pass. However, such a shift may be necessary. The Right likes to complain about the way that income taxes are simply a mask for the forced redistribution of wealth; if you look at the economic history of the last 40 years, that redistribution of wealth has already taken place. Instead of moving from the rich to the poor, though, it has moved from the middle class to the rich – and in particular, to the very rich. It is understandable why those extremely wealthy would want to hold onto their money. However, that greed is not representative of the way that the elite used to view their standing. Instead, it amounts to one or two kindergarteners in a class legally gathering up half the toys in a room and then taking those toys into their own room, leaving the rest of the class to play with only half of the toys that had been there before. This is the legacy of the flight of the rich away from the cities that their ancestors built.

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