

# Opinion on economic issue

Literature, Russian Literature



Income inequality It is over 100 years since Marx wrote *Das Kapital*, a book that pointed out the flaws in the capitalistic economic system. It is essential to highlight that Marx delved into a historical analysis of society thereby revealing the significant connection between politics and economics. More essentially, Marx pointed out that the capitalistic system creates a society that is divided between the privileged production class and suppressed labor class. Most individuals thought that, after the 1930's, income inequality had since reduced. However, both social and empirical observers have noted that in spite of industrial and overall economic progression, income gap has increasingly widened.

Thomas Piketty, in his book, *Capital in the Twenty-First Century*, warns that income inequality will continue increasing because the rate of capital return in developed countries exceed their respective economic growth rates. The book, by analyzing data of the past 250 years, notes of the problem of wealth concentrating in few hands. S&P reports that income inequality has grown in the US thereby excluding a huge part of the population from enjoying the benefits of a large economy. Income inequality is a great problem in the context of the recent recession that made many people lose their hard-earned wealth.

It is crucial to highlight that income, in this sense, is assessed in terms of earnings. Economists and other intellectuals have hypothesized that gaps in technology and education are responsible for corresponding gaps in income earnings. This happens as highly educated and specialized people receive high-income incentives for their work while the lowly skilled receive relatively low pay. It is essential to highlight that firms have different calibers

of workers. The workers who receive very high pay are highly likely to possess a larger bargaining power than the employees with lower skills. This seeps into the society and create a persistently unequal community.

Numerous problems stem from income inequality in the society. In the American recession of 2007 to 2009, many individuals lost their job. Loss of jobs makes it difficult to ascend the job environment, especially, for those with relatively low skills. A generation's inequality has high chances of moving into the next generation in case of no mitigation measures against the same. For instance, a family with low income has limited chances of accessing quality healthcare and education. This further entrenches inequality because talented but unprivileged people cannot access the same opportunities as those born of higher income families. This destroys the principles of a meritocratic society that rewards a person according to one's talents and efforts. In addition, it creates a given privileged class that influences the society's policies for its own benefits rather than for the good of all.

The problem of income inequality has recently surfaced in the contemporary society. This is a grave scenario in the developed world, such as the US, which are large economies, but possess high-income inequality. Income inequality manifests in earning disparities, as highly skilled people achieve much higher earnings than their lowly skilled counterparts receive. The US requires an urgent need to address this problem since income inequality denies a certain group of people privileges that they deserve. On the other hand, it creates an entitled class that influences the political decisions of a nation at the expense of other people's welfare.

Works cited

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