

Economic inequality and gentrification, assignment

[Business](#)



Economic Inequality Economic Inequality What is the problem? (Describe the issue, including detailed facts and analysis)

The American economy is composed of 70% middle class but over time the share of income they own have been decreasing. It is reported that half of the US's total assets are owned by only a group of 400 people. Such a condition is a great challenge to the country and also to the middle class. The few resources they own hamper demand and hence may prevent economic growth. The struggle of the middle class, in the American economy, affects all sectors of the economy. In theory, aggregate demand determines the rate of economic growth and such declining demand is a big problem for the US government. On the contrary, the income of top 1% in the society has been rising, further widening the inequality gap. To compound the problem of the inequality, the cost of traditional avenues of self-improvement like higher education has been exponentially increasing. In 1978, a typical male US worker was earning \$48, 000 a year (adjusted for inflation) but by 2010, the median wage had dropped to \$33, 000. Meanwhile, during the same period, the average person in 1% top bracket was earning \$390, 000, by 2010, the amount has almost doubled to \$1, 100, 000. Something must have happened in 1970's (Chaiken , Silverstein & Kornbluth , 2013).

2. What are the causes? (How did we get to this point?)

In the film, Reich argues that in 1970's, combination of anti-union legislation and market deregulation worked together to create an economic boom but less of the wealth trickled down to the middle class (Chaiken , Silverstein & Kornbluth , 2013). But the problem was noticeable as the women we entering the market and working hours were rising recouping the lost

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income. Furthermore, during the same period house prices were raising allowing people to borrow. Moreover, in 1970's there was underinvestment in education. The tuition fees were introduced hampering any hope of higher education among many people in the middle class.

3. What solutions can you identify, based on what you've learned?

One of the voice in the film, Nick Hanauer's, billionaire, believes that he does not pay enough tax. Nick continues to argue that hammering the middle class, the main drivers of the economy is wrong. The middle class are the one who buy products and services, thus creating demand, which in turn leads jobs and more taxes. The economic system puts top 1% at the center of the economic universe as the job creator instead of the middle class (Chaiken , Silverstein & Kornbluth , 2013).

There is also a need to make the poor a priority. The eradication of poverty policies need to be discussed and addressed on national platform. USA needs to re-think the main strategies that are being used to eradicate poverty and close the political and economic gaps allowing greed to flourish. Unless this happen, the threat of poverty will continue to be a problem to the American people (West & Smiley , 2012).

References

Chaiken J. & Silverstein M. S. (Producer), & Kornbluth J. (Director). (2013).

Inequality for all[Motion Picture]. USA: Radius

West C. & Smiley T. (2012). The rich and the rest of us. (2nd ed.). California, CA: SmileyBooks