

Sociology

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Income inequality in America The income gap between the poor and rich in America has been rapidly increasing to its highest level in recent decades. According to Clemmit (1), the wealth gap between the poor and rich in American is higher than in India. The average income before tax for the poor, 90% of the households in America is approximately \$900 lower than what it was four decades ago. The pretax income for the wealthy Americans, 1% of the population is about \$700000 higher than what it was in 1970s. The income inequality experienced in America is mainly triggered by the regressive tax system used in the American economy. The low-income earners are heavily taxed through high effective tax rate while the high-income earners are taxed less, thus creating a wide economic gap. Although Americans consider themselves as a middle-class society, the society has a wide income inequality between the affluent and the poor.

Income inequality in America has various meaning and implication to the American economy. Some people argue that there is no harm in having a wealthy class people with large disposable income. Others argue that the recent winner-take-all economy caused the massive American recession resulting in income stagnation for most of the Americans. Most of the economic and political analysts agree that the income inequality is increasing mainly because the top earners' incomes have skyrocketed. There are numerous views and suggestions on the implication of high-income inequality in America. Most analysts suggest that a certain level of income inequality is important because it motivates innovations in the process of seeking better rewards. In addition, they suggest that countries with high-income inequalities in the past have experienced rapid economic growth. However, high-income inequality in America may result in economic

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stagnation or economic recession as the number of the proceeds of the poor decrease and that of the rich increase. Lastly, the income inequality in America is more harmful to the society than its good.

Work Cited

Clemmit Marcia. Income Inequality: Is the gap between rich and poor getting wider? CQ researcher Press. 2010. Print.