

# [The threat of the rich and poor gap to social institutions](https://assignbuster.com/the-threat-of-the-rich-and-poor-gap-to-social-institutions/)

## Introduction

Social problems are large topics up for debate in American society. The steadily increasing gap between the rich and the poor is a prevalent social problem in our society. A social problem is a term used to describe a substantial problem in society that affects large amounts of people (Barkan 2015). Going along with this definition, the subject of the gap between the rich and the poor most definitely falls under the category of a social problem. This social problem is a huge issue and should be addressed with a solution.

Extent

The gap between the rich and the poor is a threat to social institutions such as education, politics, and healthcare.

Education. Inequality regarding the rich and the poor is a predominant issue in educational services. For some people, education is the pathway to finding opportunities that they may not have been offered before due to their background or social class. Although this is true, along with the gap between the rich and poor increasing, the number of skilled individuals able to work in the economy have decreased. A study in 2015 states that as inequality increases, individuals who come from a lower-class background have become less likely to graduate from a four-year college and more likely to undergo periods of unemployment while higher-class individuals are shown to ultimately do better in school, and are more likely to go to a four-year college and earn a higher income in whatever career they pursue (Brian 2015).

Government and Politics. Additionally, the gap between the rich and the poor can impact the government and politics. Political campaigns in America are largely influenced by wealth ultimately meaning those who have a higher income usually have a bigger say in political arguments. Even big businesses have power in their ability to influence political outcomes. This is also called lobbying. American business in the past have been hesitant to become involved in political activities and the government in general, but over time those businesses have become more aggressive and forceful in their lobbying efforts (Drutman 2015).

Health care. The growing gap between the rich and the poor is a huge influencer of increasing negative health outcomes and unmet health care needs. While the health care system in the United States has the potential to reduce income-based health issues, it often makes them worse. Individuals in the lower-class may have no access to health care services compared to the health care that the upper-class receives. Although lower-class individuals may receive partial coverage, many remain uninsured and do not receive the services that they need. An article written in 2017 states that the life expectancy of the wealthiest Americans surpasses the life expectancy of the poorest by 10-15 years. (Dickman, Himmelstein & Woolhandler 2017).

Not only does this gap affect health care, it also affects physical and psychological health as well. Societies with bigger income differences between rich and poor not only effect physical health issues such as obesity, teenage pregnancy, and child abuse, but also mental illnesses such as depression and schizophrenia. These health issues have shown to be hugely impacted by inequality rates in a society (Pickett & Wilkinson 2015). These facts alone show that health and unmet healthcare services are a result of the increasing gap between the rich and the poor.

Scope

The scope of the problem is extensive.  Key indicators of the growing inequality in the US include annual household income as well as poverty levels, and homeownership levels. In 1970, the top 10% of Americans made $65, 714, while the median was $31, 524. As of 2016, the top 10% of Americans averaged $117, 986 in annual income, while the median Americans made was $47, 958, a gap of ~$70, 000 dollars versus ~$34, 000 in 1970 (Pew Research 2018).

According to the US Census Bureau there were over 39 million people living in poverty in the US in 2017.  Interestingly, the only group to have an increase between 2016 and 2017 was people with at least a bachelor’s degree.  Furthermore, homeownership remains at levels below 2006 (pre-recession) levels (Moore 2019).

Population Affected

It would be normal to think that income inequality primarily affects the poor and middle class. And I believe they are the most affected. Income inequality obviously limits opportunities for low-income children, including opportunities for education and skill development. But an article in The Washington Post argues that the rising income inequality in the US hurts everyone – including the rich (Ingraham 2018). For example, inequality breeds crime. But perhaps more importantly all of those low-income families can’t buy things, and that is essentially bad for the economy.

History of the Social Issue

Income inequality first traces back to the beginning of the 1970’s. Similar to today, income within the middle and lower classes decreased sharply while incomes within the higher-class continued to grow strongly. Income levels in the top 1 percent rose from just under 30 percent in 1989 to 39 percent in 2016, while the amount of income held by the bottom 90 percent decreased from just over 33 percent to less than 23 percent over the same period (Stone, Trisi, Sherman & Debot 2018). Not only does the gap reside in income differences, but also the lack of political will to transfer income from the higher-class to the lower-class. Since the 1960’s, the United States has also made excessive investments in it’s old while making lower investments in it’s young (Lindert & Williamson 2016).

There have been past efforts to solve the social problem of income inequality. One example of this is increasing access to education. Although this was attempted, there were more issues in comparison to benefits. If education policy is set so that it will continue income inequality of parent’s generation among their children, more inequality may come from more education (Foley & Green 2016).

Probable Solutions

As all social problems are big issues in our economy, they all require solutions. A solution to income inequality that I put a lot of thought into is raising the minimum wage to decrease those in poverty. Not all solutions can have only a positive impact as there will always be negative components as well. While this solution will definitely overall improve lower-class worker incomes, it may also affect employment rates and increase losses – specifically in younger, lesser skilled workers (David, Manning & Smith 2016). A. high percentage of these younger workers play an important role in whether the minimum wage will be raised or not (Driscoll & Grant 2019). Apart from that, a study from the Haas Institute states that a minimum wage increase to $10. 10 would impact 4. 6 million people and help to get them out of poverty (Powell 2016).

While the solution of raising minimum wage is mostly directed toward the lower-class, the same may not apply to the middle-class. A big problem in the middle-class is that individuals who reside there will probably not be able to afford a lot of things that the higher-class may be able to, but may also not qualify for government aid, leaving them with unmet needs. A big reason for this is student loan debt. Because student loan debt is another huge social problem in our society, it causes a lot of people to not be able to afford their rent – especially in major cities where there are higher-level jobs – and could also cause many to not attend higher schooling (Cho, Xu & Kiss 2015).

Many solutions have already been offered such as Federal Employee Student Loan Forgiveness programs. If you are a highly qualified individual and working for the federal government then you have the option to join this program in which your student loans are paid for by the federal government. In order to join, you must sign an agreement that states that you commit to working for three years at that agency (Lockhart 2019). Although there are many alternatives for this, I think a great solution would be to expand these programs. For example, public health services do a large amount of similar work that the government does and works along with the government, so these services should also be eligible for student loan forgiveness.

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