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Introduction

Pope Francis recently tweeted “The measure of the greatness of a society is found in the way it treats those most in need, those who have nothing apart from their poverty.”\textsuperscript{1} The Argentinian leader of the Catholic Church has been glaringly outspoken since he began his papacy in March 2013 surrounding the topics of wealth equality and the idolatry of money. The Pope’s remarks have in some part surfaced as a response to the growing income inequality gap we have seen in the United States and other Western worlds since the 1980’s. In a December 2013 cornerstone economic speech, President Obama stressed his personal focus during his remaining years in office on reducing economic inequality and improving upward mobility. He calls this “the defining challenge of our time.”\textsuperscript{2} The significance of growing income inequality is something that both the leader of the Catholic Church and the leader of the free world can responsively agree upon.

Income inequality can be defined as the level or severity of the unequal distribution of the household or individual monetary income in relation to the economic whole. We can look at the subject as a sort of economic pie. The pie represents the total aggregate income of all business received in the United States. The problem arises when it is time to cut the pie for the 315 million citizens to survive on. Some are leaving the table fulfilled with big slices of the pie while others are left scrounging for crumbs that are not sufficient enough to live comfortably. Economists of our past had warned about early signs of income inequality and now,
unfortunately, the economists of today are proposing the solutions that avoid heading down a dangerous slope of disproportion and injustice.

It is important to place a measured scale on the income inequality of economies. These economies are typically and most easily broken down by individual countries and assigned a score from the calculation of a Gini Coefficient. The Gini index percentage represents the magnitude to which distribution of income deviates from a perfect equality and balance. The World Bank Group describes how “a Lorenz Curve as shown below, plots the cumulative percentages of the total income received against the cumulative number of recipients, starting with the poorest individual or household. The following image displays the curve.
The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality.” As a result, a Gini index of zero would represent perfect equality and a number of 100 suggests perfect inequality within the designated economy.

The Central Intelligence Agency’s World Factbook publication displays the United States as scoring 40.8 in 1997 and 45.0 in 2007 on the Gini Index scale in its two most recent results. The United States is viewed as a world power in a land of freedom and prosperity yet it ranks below the likes of Iran, Mali, Mongolia, Nigeria, Russia, Senegal, Uganda, Vietnam, and Yemen just to name a few. The United States also registers a full six percentage points behind the most recent world average calculated in 2007.4

At the World Economic Forum in the early days of 2014 in Davos, Switzerland, Oxfam International has released next information and statistics that are both overwhelming and alarming to the growth of inequality. The new report called, “Working for the Few” includes statistical reports showing that almost half of the world’s wealth is now owned by just one percent of the population. Back home in the United States, the wealthiest one percent captured 95 percent of post-financial crisis growth since 2009, while the bottom 90 percent became poorer.5 The following two charts display how the United States matches up against other comparable countries in regards to the rich getting richer. The graphs display how the richest one percent in America are outliers when compared on a cross-national level.
The topic of income inequality had been at the heart of recent social engagements, most notably the Occupy Wall Street protest movement that began in New York City in 2011. Lawmakers and local representatives have been bombarded with petitions and letters to take law-making actions to reverse the trend that has been exposed to a great extent in recent years. We have even seen efforts on a small scale from students at St. Mary’s College of Maryland. The students there have proposed a plan to the University administration that would limit the President of the University’s salary to ten times the salary of the lowest paid janitors.
on the pay role. This common sense reform is something that can better fulfill our responsibility to our neighbor. After all, this issue touches upon the core crown of creation in Salesian thought. We are called to be good stewards of the earth and its resources and we are all created in the image and likeness of God. This topic is one of justice.

There have been many outspoken politicians and economists downplaying the significance and role of income inequality in the United States economy. Stanford Professor Robert Sutton made the point that “income inequality is natural, expected and a welcome consequence of an economically free society.” Others not raising concerns would suggest that inequality is a force that drives our market by rewarding achievement and providing motivation for people to be successful. While inequality is not inevitable, closing the income inequality gap in a nation of equality and the pursuit of the American dream is achievable.

**Causes of Inequality**

Now that we understand what income inequality is and some of the alarming statistics that have been presented over the last two decades, we need to examine the roots of income inequality gap in the United States. Understanding the world of choice under scarcity that we live in is essential. There are many distinguished economists who write about income inequality and accordingly a long list of possible contributing factors. It is important to look at the few major factors that contributing to the problem.
Columbia Professor and Nobel laureate Joseph Stiglitz has maintained a passion for both investigating and commenting on the rising troubles of income inequality in the United States for most of his professional lifetime as an economist and author. Stiglitz was born in Gary, Indiana during the height of a depression and wealth discrimination period in the local economy. His real life look into the inequality that he was surrounded by everyday sparked his interest in the effectiveness and efficiency of the United States economy. He wanted to know why his hometown was hit so hard by the hard times while other towns and cities around the country thrived. In his latest book, *The Price of Inequality*, Stiglitz examines both the causes of inequalities and then proposes some solutions that might reverse the trend for future generations. Stiglitz passionately proclaims that “Inequality does not arise in a vacuum. It results from the interplay of market forces and political machinations. Over time, our politics has shaped the market in ways that advantage those at the top at the expense of the rest of society.” Stiglitz discusses in length many of the direct and indirect causes of inequality and explains the effects as they trickle down into the lives of citizens.

Stiglitz focuses on the failure of the “new” markets as a key point to his introduction of *The Price of Inequality*. Markets since the technology boom of the early 2000’s have clearly not been functioning in a manner that their promoters had claimed. The markets are supposed to be established and have a sense of stability. This sense of stability has been absent and the recent global financial crisis is the proof. The age old and most basic law of economics states __________

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that for a market to be effective, efficient and operate at its full potential, demand needs to equal supply or at least be pretty close. The sense and signs of a lack of stability in the markets has led to a growing economic insecurity in the United States. The job market has led even the employed to fear that their jobs are at risk. Stiglitz writes that with the high level of unemployment and the low level of social protection, their lives could suddenly take a turn for the worse.”

In addition, the United States government has altered many of the pension plans workers covet. Most retirement benefits used to be provided in connection with a defined retirement scheme. Individuals were typically able to be sure of what financial assistance they would receive for all their hard years of work upon retirement. There has been a shift towards a more autonomous approach where the individual worker is left with the duty of managing their retirement accounts. In the case of a rising economic bubble based on investing and forecasting many families lose when the bubble bursts. We saw this in the Great Recession of 2007-2009, when a trifold loss of jobs, retirement incomes, and homes crushed many Americans and again in the recession of 2008. These events in history and recent changes in retirement account planning practices have caused a sense of fear and insecurity among many Americans.

One aspect in accordance with the market driven inequality opinion centers around the idea that globalization has expanded inequality. Globalization can be viewed as removing many of the restrictions and barriers for a more free flowing global economy resulting in more foreign
trade, outsourcing, and reliance on foreign relations. For example, a lift or reduction of tariffs on imported Brazilian goods can allow them to be very competitive with the same American company making the same good. The playing field is now more balanced and has more players waiting to join the game. This closer integration of the economies of the world has enhanced the movement of goods and services and integrated international financial markets. Stiglitz writes that “both trade globalization and markets globalization have contributed to the growing inequality, but in different ways.

The financial liberalization over the past three decades in the U.S. has increased and promoted the free mobility of capital. There has been a shift in the paradigm whereas the workers used to be of the upmost of importance and have the rights and now the rights lie within the capital itself. The financial markets have been driving globalization to a point where “the threat of capital outflow, should workers get too demanding about rights and wakes, keep workers’ wages low.”\textsuperscript{12} The IMF (The Internal Monetary Fund) is responsible on a global level for ensuring a sense of financial stability and has made recent changes due to their recognition of the dangers of tangential and excessive financial integration. In the spring of 2011 the IMF confronted the problem and put new regulations into effect that essentially limit the volatile movements of capital across the many borders of the world. This is especially beneficial to the United States during a time of crisis where high unemployment occurs that drives down wages for the lower and middle working class.
The effects of trade globalization have also been intense, but not as dramatic as the effects of financial liberalization. The basic idea is simple and is summed up by Stiglitz when he writes that “the movement of goods is a substitute for the movement of people.” When the United States imports goods that require unskilled workers to make them, it reduces the overall demand for unskilled workers to make those same goods here. There is a huge obstacle to overcome with this process. The only response the U.S. workers have is to either accept lower and lower wages to keep competitive or to try and acquire more skills. The bargaining powers of the common worker have been gutted because of globalization. The now highly mobile capital due to low tariffs and a reduction of borders has put corporations in a position to be able to relocate to a location where workers will take the worst working conditions and the lowest wages.

The poorly functioning macroeconomics in the United States has translated to an increase in the pace of job destruction. The pace of job creation cannot keep up to try and balance the trend. This has been the case in the United States and parts of Europe since the most recent financial crises in 2008. The winners from the rise of globalization have reaped benefits. The following chart shows the growing presence of specifically both China and India in the share of world exports.
Both countries have experienced significant growth starting in the early 1990’s at the start of the technology boom. China has taken measures in recent years to capitalize on the increased output through aiding the poor and lower class, funding public education, and reinvesting a portion of the proceeds back into the economy to create more jobs.

The rise of globalization in recent years has been spurred on due in large part to rapid advancements in technology. The technology advancements in the latter half of the twentieth century have been unprecedented. They have also had an enormous consequence on the United States economy. There has been a shift in labor demand from low-skilled labor to a higher and more specialized breed of labor that has received the proper training. The developments can be seen if everything that we do and have transformed transportation, cell phones, the healthcare system, and the way we work. The type of labor that is needed by these specialty fields has created new fields of jobs that have never existed before. All of the bright, young employees of all the Apple stores across the country are a new wave of professionals. There has been a shift away from a successful career in generalities to a job market centered in
specialized workers. The technology is advancing far faster than the United States could have anticipated and changed the trend to be able to support these new fields. The IMF concluded in a 2009 publication that “Technological progress is going to play a key role in explaining much of the observed rise in cross-country inequality. An important point to note here is that in recognizing that technology is interconnected with globalization.”

According to Joseph Stiglitz, additional factor that has contributed to the rise of inequality in the United States is beyond a market force or technological advancement: changes in our society. It is important to remember that broader changes in society, although not typically associated with income inequality also help shape politics. A noticeable societal change occurred in the form of a drastic reduction in the formation of and membership in U.S. worker unions. In 1980 there were 20.1 percent of wage and salary earning U.S. workers in a labor union. Compare that to 2010 where there were a mere 11.9 percent of workers belonging to a union. This means that without the protection of these labor unions, more and more Americans have been left out in the open to fend for themselves. This creates in a way, an imbalance between the economic power of the country and the corporations and government. The threats of globalization forcing out more and more jobs every year has weakened the labor unions attractiveness and effectiveness. Stiglitz points out an event in 1981 as an example of this occurring. “A bad job without decent pay is better than no job. But just as the passage of the Wagner Act during Franklin Delano Roosevelt’s presidency encouraged unionization,
Republicans at both the state and the federal levels, in the name of labor flexibility have worked to weaken them.\textsuperscript{16} A major sign of the breaking of unions occurred in 1981 under President Regan’s watch when the federal government cut ties with the air traffic controllers’ union after a work related strike.

The breakdown of social unity and togetherness has been in part due to the rising inequality. The huge degree of changes in the labor compensation as a share of national income are according to Stiglitz, “hard to reconcile with any theory that relies solely on conventional economic factors.”\textsuperscript{17} From 1949 to 1980, productivity and real hourly compensation moved together. Starting in 1980 the two lines started drifting farther and farther apart to a point of no return. The net productivity began to shoot up by 240.9 percent while in return the real hourly compensation earned by workers crawled along by only 107.8 percent. The following chart perfectly illustrates this trend and the root of American inequality:

\begin{figure}
\centering
\includegraphics[width=\textwidth]{chart.png}
\caption{The root of American inequality: wages detaching from productivity}
\end{figure}

\begin{footnotesize}
\begin{itemize}
\item The data are for compensation of production/nonsupervisory workers in the private sector (in 2012 dollars). Net productivity is for the total economy and is equal to the growth of output of goods and services minus depreciation per hour worked.
\item This chart originally appeared at: gpi.org/2013/productivity-wage
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Joseph Stiglitz offers an explanation of this compensation to productivity problem by saying “one of the interpretations of these data is that in effect, during the periods when wages grew so much slower than productivity, corporate managers seized a larger share of the rents (monopoly profits) associated with corporations.” In these cases and in many cases during that time period it seems as if the CEOs reaped for themselves a larger fraction of the corporate revenues and were unwilling to return the extra earnings back to the workers who directly earned it.

This type of corporate greed and selfishness leads into the topic of rent-seeking. Rent-seeking in theory is the process and procedures of spending self-made wealth on political lobbying for your own self interests in mind. It results in our current political process helping the rich get richer at the expense of the whole. The rent-seeking behaviors can take place in many forms such as transfers and subsidies from the government, laws that reduce competition in the marketplace, a lack of enforcement of anti-trust laws, and special tax treatment of certain corporations and establishments. The problem arises whereas these owners and executives receive these benefits and payments through ownership, not through action. The action and effort is all left to the workers who are compensated accordingly. Stiglitz explains that “while some gained their wealth by producing value, others did so in no small part by one of the myriad forms of rent seeking.” The practices of rent-seeking are damaging and increase inequality in the United States because they are not directly concerned with collective
decision making, the good of the whole. The top one percent acquires more wealth while there is no effect on the remaining 99 percent.

Another glaring and pertinent cause of income inequality in the United States today surrounds the notion of economic discrimination. There is economic discrimination against major groups and ethnicities in the American society today. The groups that see the discrimination the most include women, African Americans, and Hispanics. The data shows a clear and concise imbalance in income between these groups. The wages of these groups are all strikingly lower than those of white males. The following compiled data represents the large divide that was present from 1990 through 2006:

The data shows the eye-opening gap between the median incomes of all men women over the time period. The rise of women in corporate America and the technological sector has brought the numbers closer together in recent years but there is still much room for
improvement. The abilities, education, and social standing transformation for women over the past few decades has started a shift toward stability.

It is important to remember that there are legitimate differences in education and other characteristics that account for a portion of the disparity between the groups. Stiglitz states “in an ideal competitive economy in a vacuum, as long as there are some individuals who do not have racial or gender prejudices, they will hire members of the discriminated-against group because their wages will be lower than those of similarly qualified members of the not discriminated-against group.”19 The sole existence of a biased business owner can create the inequality gap of certain groups and force down their incomes. The problem worsens when lending and housing discrimination against groups occurs. This can contribute to a lower standard of living for the group and their wealth. It can compound the effect of the labor discrimination at the market level.

One last imperative aspect contributing to the income inequality in the United States today surrounds the role of the government in redistribution of wealth and taxation of its citizens. The federal government is assigned with the task of collecting all of its revenues from all of the corporations and individuals within. The redistribution and allotment of where all of the extra money goes is an on-going debate in Washington D.C. and will be for years to come under the democratic system. The marginal tax rate has jumped around in recent decades hitting 28% under Ronald Regan, 39.6 percent under Bill Clinton and 35 percent under George W. Bush. The goal has been focused on providing a more incentive based tax system but
has resulted in larger and larger deficits. The capital gains tax was reduced from 35 percent to 15 percent and the corporate tax rate in the United States stands at a mere 35 percent according to The Internal Revenue Service’s most recent tax tables. The corporate tax revenue as a percentage of total gross domestic product is much smaller than in other countries. The favorable tax benefit of corporations in the United States is very attractive for many businesses who relocate the U.S. although it does come at the expense of our citizens. The many loopholes and special provisions have caused corporate tax contributions to the government to decline from 30 percent of the federal revenues in the 1950’s to less than 9 percent today.

Joseph Stiglitz states that “the irony is that just as the markets started delivering more unequal outcomes, tax policies asked less of the top”\textsuperscript{20} We have given a free pass to those who receive a large fraction of their income in capital gains. We are making the rich speculators richer and the poor working class poorer by maintaining a 15 percent capital gains tax rate since the bottom 90 percent of the population gets less than 10 percent of all capital gains. At the state tax level there is an absence of a progressive tax system. The system does not require rich residents to pay a larger fraction of their income than their poor neighbor does. The United States system is built in way that will result in a large inequality gap due to the level of inequality generated by the market itself, a market that is distorted by political aspects and rent-seeking corporations. The laws do little to lesser the hit of inequality through tax and expenditure programs. As the inequality has grew worse and worse, the laws, regulations and tax system platforms have done little to keep up.
**Why It Matters**

The income inequality gap in the United States is growing at a rapid rate that is spiraling out of control. We now have a wide understanding about the many aspects and causes of income inequality in the United States. Armed with the knowledge surrounding the origins of the problem, it is necessary to begin to formulate a plan to bridge the gap. It is important to the country going forward to curtail the end of income inequality and move towards a path of economic income equality for the greater good of our citizens. We have paid a great economic price for our outsized growth and great instability. Our economic system of the past that has failed many citizens and a political system that appears fixated to a focus on margins and profits rather than jobs and social justice needs to end. We live in an environment today where we have allowed inequality to grow unchecked and America is choosing a route of destruction of social capital, if not social conflict.

We are paying a high price for our large growing gap of inequality. Although GDP per capita has been increasing mostly due to growing economy. While the top has done very well in expanding wealth, they are taking a bigger piece of the pie that is shrinking in whole. The reasons are laid out in plain writing, wealth has fallen, median incomes have stagnated and many of the poorest citizens have been on the decline year after year. This is not a recipe for success but rather a recipe for continued social detachment and an increase in poverty levels.

The economist Sendhil Mullainathan and psychologist Eldar Shafir have found evidence from experiments that living under scarcity of resources and wealth will lead to choices being
made that intensify the actual conditions if the scarcity.\textsuperscript{21} Stiglitz echoes this notion in that “the poor borrow at great cost and stay poor. The busy postpone when they have little time only to become busier.”\textsuperscript{22}

America’s high inequality and individuals’ sensitivity to others’ “keeping up with the Joneses” consumption and spending habits provides an explanation of the sort of rat race that takes place among the elite. The elite want to work more to be able to maintain consumption levels relative to others. Individuals in America say they are working hard for the family, yet the harder the work the more the family aspect deteriorates. In some circumstances, an emphasis on monetary awards can diminish the effort level. For example, most teachers in America are in their profession for the love of the children and educating. Incentive pay would be insulting those teachers to think they would rather go into the field of banking and exert more effort for the $500 increase in salary per week. Both incentive pay and the eliteness mentality negatively affect the strive for equality.

On the flip side, there are many economists who perceive income inequality as an almost necessary evil that is near impossible to diminish. New York Post columnist and Fox News contributor Michael Goodwin claims that income equality would be a utopian society where massive tax heights and more entitlements would be needed to spread all of the wealth around. While income inequality is very real Goodwin says that “first, the only thing equal in America is the guarantee of life, liberty and the pursuit of happiness. Opportunity is equal,
outcomes are not.”23 Supporters of this and similar notions tend to think that the mechanisms and laws are in place to ensure equality of opportunity and freedom but those who rise to the top do so out of a strong desire and will. Goodwin focuses on the real problem of redistribution in that it doesn’t expand wealth, it only shuffles it around.

Economist and Senior advisor in Economic history at the Council on Foreign Relations, David Malpass, also approaches the situation from Goodwin’s point of view. Malpass focuses on the need to not pit the social classes against each other and to create a policy mission to allow the private sector to create more for all. This subject of corporate governance and class warfare is at the heart of the issue.

Stiglitz would counter saying the real big reason why this matters and corrective action needs to be implemented is that “of all the costs imposed on our society by the top one percent at this current time, perhaps the greatest is this: the erosion of our sense of identity in which fair play, equality of opportunity, and a sense of community are so important. America has long prided itself on being a fair society, where everyone has an equal chance of getting ahead, but the statistics today, as we’ve seen, suggest otherwise: the chances that a poor or even a middle-class American will make it to the top in America are smaller than in many countries of Europe.”24 The inequality itself creates a weaker and more broken economy which leads down a slippery path of a divided society endangering our future.
Solutions To Bridge The Gap

In order to curb the excess at the top, aide those at the bottom, and grow those in the middle, we need a comprehensive proposal. The key elements of this proposal includes reducing the rent-seeking, curbing the financial sector and globalization’s affect, implementing stronger competition laws, improving corporate governance, enhancing education system, and reforming the tax code. Each aspect of these reforms will provide relief for and start to turn around the upward trends we are seeing in the causes of inequality that we detailed in section one.

It is important to be able to curb the financial sector because so much of the increase in inequality is directly associated with the overload of the sector. Curbing excessive risk taking and speculative investing in big banks who are “too big to fail” as they said back in 2008, would reduce the interconnectedness of financial institutions. The danger of large financial bubbles building up and popping, only to be bailed out by the government has damaged the economy as a whole while the top maintains status quo. The banks need more competition to create a sense of transparency where the taxpayer is well informed and in control of the financial weapons of potential destruction. If destruction does arise the bankruptcy laws need more of a debtor-friendly agreement. It happens far too often where the American public is forced to be responsible financially for the bad decision making of a corporation. Banks would be more careful when entering big lending agreements and fewer Americans would enter in deep debt obligations.
The corporate welfare and hidden subsidies to corporations costs valuable resources that could be helping individuals who need assistance. The subsidies tend to be buried or hidden in tax codes along with all of the loopholes, exceptions, exemptions and preferences these corporations are receiving. The corporations who are unable to remain profitable, fulfill a societal need, and make it on their own need to come to an end. The workers of these corporations may need assistance on new training and occupational fields but that can be taken care of and is an unrelated issue. The corporate private business sector has become far too comfortable in the position they are in and there needs to come a time for change and turnover in the standard ways big businesses operate.

Large inequalities may still remain as they filter through the system but at the end there needs to be a more progressive tax reform system to eliminate the loopholes and encourage more job creation and reinvestment into the economy. A more fair tax system would not have special treatment for speculators. The fair way would require at least the same rate for those who work for their income and those who speculate. If this were the case, the system would make sure that those top one percent with large incomes would pay at least as large a percentage of their income in taxes as those with lower earned-income. The fairness of common sense reform would put a big dent in the income inequality issue through an overhaul of the redistribution of wealth.

Mulit-billionaire investor Warren Buffett made news headlines in 2013 when he launched a countrywide effort to encourage lawmakers on Capitol Hill to reform the tax codes. The effort revolved around the disclose from Buffett that his effective tax rate was 17.4 percent
on taxable income for the year. He also disclosed that his secretary paid an effective tax rate of 34 percent for the same tax year. His campaign and disclosure of this information exemplified the current problem with tax codes. The fairness, justice, and equality is missing from the current tax system.

In addition to tax reform, the lessening of globalization and its affect on the labor market would have beneficial consequences for closing the income inequality gap. We have previously described how the rise of technology and globalization can drive the labor market to a point that forces workers to take lower wages and retain less value in their skills. While globalization does bring many benefits to society, the system has been managed and taken over by corporate and special interests for their own self interest. There is a new need to the ever-changing world for a system of regulations on cross-border flows of labor and capital. The United States plays such a dominant role in the global economy that this may be tough to accomplish, but there are steps we can take to help the problem. If the politics work themselves out to allow it, we can encourage and require better working conditions, better financial regulations, and better environmental conditions for all of the movement globalization brings. Joseph Stiglitz writes “Current U.S. tax laws where U.S. corporations are taxed only on profits that they bring back home, encourages outsourcing of jobs. Our system of global competition encourages firms to locate on the basis not of global efficiency but of tax
competition."^{25} The focus on the bottom line of after-tax profits and earnings has become far too important and distorts the economy.

There is a special need in the United States to take affirmative action when it comes to economic discrimination. Although there have been great strides in this field in recent years through government programs, increasing minimum wage, and stricter enforcement of labor laws, there is plenty of room for improvement. The sole basis of the discrimination is a poor excuse for adding to the inequality that would arise in a bias-free economy without limitations on individuals. Such discrimination, Stiglitz says, “corrodes our basic values, our basic sense of identity, and the notion of nationhood.”^{26} With good intentions, the numerous affirmative action programs can help America develop into a country that more accurately reflects our basic principles.

Within the opportunities for previously discriminated against groups lies the need and opportunity to change the trends with more access to education. The sharp hikes in college tuition costs since the mid 1990’s is well documented. These spikes in cost come from the high demand in the newly formed job markets requiring specially trained and educated people. The access to the education is the only obstacle from fulfilling that new demand due to new technologies and lines of work. The task in future years is to reverse the trend seen in the following graph that charts U.S. college tuition costs against a standard of medical care costs.
With a concentrated national focus on education we can send more students through college and into the job force. The financing of education has not worked in the past no matter if they were financed by government or private loans. A new system needs to be put into place where more money is flowing into the system, and if it’s public money, so be it. It is essential for these young generations to be able to afford education at reasonable prices and with limited obligations to pay back. This is a system that has spiraled out of control in recent years and is of the utmost importance.

There is also a need for a redesign of the saving mechanisms that are currently in place. As previously discussed, the change in pension plan options has left more and more people not financially prepared for retirement. When it comes time to pay the medical bills for those who can’t, the economy takes a hit and is responsible for the cost. The U.S. has moved away from a
rigid approach to saving that had worked in the past. The Social Security funds are on thin ice and can’t afford to break through. There is no longer the same incentives there once was to save. With the decline of labor unions, there is uncertainly and less stability in the labor force. The trend is headed in a direction where personnel saving as a percentage of net income is declining rapidly. There needs to be a more structured and unified approach to saving for taxpayers to buy into. The loss of confidence in job security, pension plans, and social security funds has damaged the inequality gap between the rich and the poor in the U.S.

In addition to these proposals, another long term solution to disruptive income inequality involves strengthening the social safety net for the poor. The implementation of The Patient Protection and Affordable Care Act of 2012 will provide healthcare at a reasonable cost for those who could not afford it otherwise. These government subsidies of a universal healthcare system prevent big medical insurance providers from picking and choosing clients and providing coverage at unreasonable prices. In addition, welfare and unemployment benefits provide actual money to those who are directly in need. When the job market is struggling and the opportunities are not arising we have a social obligation to the unemployed to provide means for survival. The economy is going to have citizens out of work for some overlap time periods even when it is going at full force because of structural unemployment. The build up and strengthening from within of these government programs could make a big impact on future income inequality statistics.

When the income distribution of a country gets very skewed, with a small number of people ending up getting a disproportionate portion of the total income to divide, politicians and social activists begin to plan for new laws and regulatory mechanisms. The statistics and
data are painting a grim picture of what the U.S. could look like in the years to come. By following and implementing the above solutions, the United States will see a decline in the Gini Coefficient.

I believe that America has a vision in years ahead of a society where the gaps between the rich and the poor has been narrowed. I do not envisage a country in future years where the gap has widened and caused an even further divide of social standing. People should not have to hope and pray that they don’t get sick because they will not be able to receive or pay for the cost of medical care. A common commitment to justice when deciding on macroeconomic decisions by a country’s government can lead to a happier and healthier public and equality of conditions in life, liberty, and the pursuit of happiness.

Concluding Statements

British epidemiologist Richard Wilkinson argues the idea that income inequality is troublesome and takes a corrosive toll on the social well-being of a society. Wilkinson teamed up with fellow epidemiologist Kate Picket in 2009 on a book called The Spirit Level: Why Greater Equality Makes Societies Stronger. Both Wilkinson and Picket charted a variety of countries’ income inequalities against a plethora of social factors that were present. Their results showed that the higher the inequality ratings within a country, the higher the measure social troubles. To conclude their findings, it can be said that the happiness and overall quality of a country is not always directly linked to the unemployment rate, GDP per capita outputs, or the growth of the nations income over the years.
In a delivery of a 2010 TED talk called “Inequality: The Enemy Between Us?” Wilkinson remarked “If Americans want to live the American dream, they should go to Denmark.” He went on to stress the important sentiment that it is not necessarily important how we achieve better income equality in the United States but rather that we simply work to get there.

The crown of creation in Salesian thought calls us to be co-creatures on Earth and that we are good stewards of the earth and all of its resources needed for life. Michael Sandel provides a journey of moral reflection in his most recent book, _Justice: What’s the Right Thing To Do_. Sandel writes about two basic principles of justice that emerge from hypothetical contracts among civilization. He concludes “the first provides equal basic liberties for all citizens, such as freedom of speech and religion...The second principle concerns social and economic equality...it permits that only those social and economic inequalities that work to the advantage of the least well off members.” We must favor an equal distribution of income and wealth to guard against the risk of finding ourselves in devastating poverty and injustice. In conclusion, bridging the growing income inequality gap in a nation of equality and the pursuit of the American dream, is social justice.
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