DOWNLOAD PDF GREAT INEQUALITY/LIMITED INEQUALITY

Chapter 1 : How U.S. wealth inequality has changed since Great Recession

Extreme inequality requires the disempowerment of workers. Therefore, the right of workers to organize and bargain collectively for better pay and conditions is a global human rights priority.

Additional Resources Description A growing inequality in income and wealth marks modern capitalism, and it negatively affects nearly every aspect of our lives, especially those of the working class. It is and will continue to be the central issue of politics in almost every nation on earth. In this book, the author explains inequality in clear, passionate, and intelligent prose: This book will be excellent for courses in a variety of disciplines, and it will be useful to activists and the general reading public. Reviews "It is suddenly in fashion to decry inequality and its impact on society and the global economy. But Michael Yates has been warning us about growing inequality for years, and explaining how it is not just an inconvenient side effect of poorly managed capitalism but rather part of its very core. Capitalism by definition is unjust. Once again Michael Yates provides a clear, timely, and powerful book explaining our economy, dissecting varieties of mainstream economic thought, and inspiring readers to fight for a more just world. His vitally important book The Great Inequality is nothing less than a necropsy of the collateral damage inflicted by unfettered capitalism, detailing in vivid prose how a predatory economic system has wrecked communities, immiserated lives, looted the environment and subverted our democracy. But Yates never submits to fatalism. His book is an alarum for our attenuated times, piercing through the white noise of the media, calling us off our couches and onto the streets. In crystal clear prose, he demonstrates that the system we are currently burdened with produces inequality in all realms of social life, resulting in a prolonged social death not only for the exploited class but for the planet as a whole. Our very survival may depend on it. Kelley, author of Freedom Dreams: Emeritus, Rollins College "In a series of essays, he takes stock of the human and environmental costs of growing inequality, and zeroes in on its root causes. In the process, he offers a valuable primer to both newcomers and experienced activists for how to make the case for a better world. After all, only through a wider critical comprehension of our present world-system can we hope to make a more equitable and egalitarian future for all. Inequality Casts a Long Shadow 2. The Great Inequality 3. Markets are the Problem, Not the Solution 5. Work is Hell 6. The Injuries of Class 7. Yates is a writer, editor, and labor educator. He is currently associate editor of Monthly Review magazine and editorial director of Monthly Review Press. He served as professor of economics at University of Pittsburgh-Johnstown from and adjunct professor of labor studies at UMass-Amherst from He and his wife Karen Korenoski have been traveling the United States for the past fourteen years. These travels are recounted in his book Cheap Motels and a Hot Plate:

Chapter 2 : The Great Inequality: 1st Edition (Paperback) - Routledge

New developments on the inequality front? Our Institute for Policy Studies racedaydvl.com editorial team tracks them here.

The Global Wealth Report of listed the U. But we also have a lot of inequality, especially in the United States. A measure of inequality was calculated for each country. But it is owned by just a few. That picture is not too distant from the one we find in the first century. It was a harsh world. And from what we know, it was equally harsh in Galilee. The elite lived off the rural population, taxing them the Roman tax and then more. Archeology tells us there are almost no remains found of storage building for grain or other products. There are no remains of shops at all. This tells us that the Galileans consumed all that they produced. By the time they paid rents, taxes, loan and interests there was nothing left for them to trade with. Jesus lived in this world. All the archaeological evidence from the Roman period points to a simple peasant existence at Nazareth. Often we understand this to mean he was a carpenter, but the word means a craftsman and included those who worked in stone. Wood was scarce in the area around Nazareth, so most likely Jesus was a stonemason. There is high probability he worked in the Roman construction of the city of Sepphoris, which would have only added to the offense the people from Nazareth had towards him. Jesus would have been in the group that lived at sustenance level or just below. Look at the early teaching Jesus gave at a synagogue in his hometown of Nazareth: Simple people who worked hard but had little by way of material things to show for it. Jesus displayed the heart of God by choosing this passage. He had a passion for the poor. So did his first followers. They sold their possessions and property and distributed the proceeds to all, as any had need. But that is not what is at work here in the early church. The imperfect tenses used in the passage indicate an action that happened from time to time, as need arose. What the disciples did was voluntary. Their love for each other moved them to, at times, sell possessions and even property so that others would have food and clothing. What the disciples did was not a response to a universal command to sell property and possessions. The response is to the universal command to love. At times, love means letting go of some of what we have to give to someone who has little or nothing. The Resurrection resurrected love for each other in the church. And when there was a need, they took care of their own first. And then they took care of others. The outside Roman world noticed. God knows what might happen if we attack the inequality number now like they did then. Why do you think it was the care of the poor that caused people to respond with the phrase:

Chapter 3 : Monthly Review | The Great Inequality

The Great Inequality is an account of the roots of the momentous rising inequality we are witnessing today, which it describes as the 'consequence of uncontested employer power.' Yates' timely prescription is not so much focused on policy changes (although he discusses these aplenty) as it is on the need for a particular kind or orientation of.

Yates mikedjyates [at] msn. This essay is, in part, a discussion of Inequality and Power: The Economics of Class by Eric A. In the early s, I began telling my students that growing inequality of income and wealth would become the dominant political issue of the future. I did not think that the future meant thirty years, but better late than never. The 1 percent is a diverse group, but among them, especially at the top, are the men and a few women who own controlling interests in our largest businesses, including the financial corporations whose actions precipitated the Great Recession, which officially began in December and ended in June , and has since morphed into what looks like a long period of slow growth best termed stagnation. They are also the people whose campaign contributions and prominent positions in Congress, as advisors to the president, and on the Supreme Court have placed the government firmly on the side of the rich. Given the prominence that OWS has given to inequality, it is useful to know what causes it. What is needed is a theory of distribution, because this can give us guidance on what political strategy might best confront the underlying forces that generate inequality. Fortunately, economist Eric Schutz, in his timely book Inequality and Power: The Economics of Class provides us with such a theory. His argument is simple and straightforward. Those who are rich have advantages that keep them rich, while the poor suffer disadvantages that keep them poor. However, there is a relationship between the two groups, one in which the rich have power over the poor, and this relationship is built into the nature of a capitalist economy and continuously reproduced by it. It turns out, no surprise to readers of Monthly Review, that the rich are the capitalists, and the poor are the workers what differentiates the book, however, from most radical works is that Schutz provides concrete examples and extremely clear exposition to give chapter and verse to Marxian, and particularly Gramscian, concepts. All sorts of complications must be considered, but these work in general to strengthen the basic power inequality. Therefore, attacking inequality will require nothing less than attacking capitalism itself. There are a host of pragmatic measures that can reduce inequality, but only those that address the system-generated power of the capitalists can strike down the structures that give rise to it in the first place. So let us preface our interrogation of his theoretical analysis with a more detailed look at the facts. There are many kinds of inequality, but the two most obviously important ones are those of income and wealth. Incomes are always unevenly divided in a capitalist economy, and in the United States they are more unequal than in every other rich capitalist country. Since , the year Ronald Reagan became president and helped engineer a savage attack on the working class, income inequality has risen considerably. Households are physical spaces identified by the Census where people live, excluding institutional spaces like prison cells. Those in a household need not be related. In , according to U. Census data, the richest 20 percent of all households received The poorest 20 percent got 3. A mere three decades ago, in , at the outset of the so-called Reagan Revolution, these shares were Those in the least- affluent households thus lost The next two poorest quintiles also lost in their shares of the economic pie, while the next richest quintile gained, but not by nearly as much as the top quintile. The Census breaks out the richest 5 percent of households from the top quintile. The income share of the richest 5 percent rose from In , the share of the top 5 percent was greater than that of the bottom 50 percent of households. Economists often use a single statistic, the Gini Coefficient, to summarize increases or decreases in inequality or to compare inequality among countries. In this case, the Gini turns out to equal zero. If, on the other hand, one household got all the income, the distribution would be perfectly unequal, and the Gini equals one. The greater the inequality, the closer is the Gini to one; the more equal, the closer it is to zero. The Gini Coefficient in the United States has been rising for nearly four decades. In , the U. Gini was, according to Census calculations, equal to. In , it was. An article on The Atlantic website puts U. Therefore, the share of the top quintile is lower than it would be if capital gains income was included. In addition, the Census Bureau has found that non-wage incomes, such as rent, dividends, interest, and profits of unincorporated businesses, are underreported in the surveys, and this again lowers the apparent share of the most well-off households. Economists William Piketty and Emanuel Saiz have used federal income tax data, with their broader definition of income and truer reporting, to provide a more detailed and refined picture of the U. Their findings show that the income share of the richest 1 percent of individuals note that individual and household incomes are not necessarily the same is now at its highest level since just before the Great Depression, standing at This share fell some during the Great Recession, but it is reasonably certain that this decline has since been reversed. What is more, it has been rising sharply since , when it was about 10 percent. If we take the total gain in household income between and , 60 percent of it went to the richest 1 percent of individuals, while just 8. An incredible 36 percent found its way into the pockets of the richest 0. When I was a boy, I was amazed to learn in my encyclopedia how large a sum was one billion dollars. In , Pittsburgh hedge-fund manager, David Tepper, made four billion dollars. If we were to suppose that Mr. This means that he would have paid his social security tax for the entire year in about four minutes of his first workday. Today there are many individuals who, while not as rich as Tepper, make millions of dollars in a single year, enough money to secure them against any calamity. Others are not so fortunate. At this rate, it would take someone nearly three years to earn what Tepper got each minute. About one-quarter of all jobs in the United States pay an hourly wage rate that would not support a family of four at the official poverty level of income. If incomes are unequal and becoming more so, the same can be said for a more important, though related, statisticâ€”wealth. Simply put, wealth, for our purposes, is the money value of what we own at a given point in time. It includes houses, cars, computers, cash, stocks, bondsâ€" anything convertible into cash. If we subtract what we owe from what we own, we get net worth. Wealth is important for many reasons. Some types of wealth, such as stocks and bonds, generate income, such as dividends, interest, and capital gains. A good deal of the income of people like David Tepper is saved and converted into wealth, which in turn, generates income, and so on, indefinitely. If incomes are unevenly divided, and if rich households save a bigger fraction of their income than do poor ones, wealth will get steadily more unevenly divided, even if the income distribution remains stable. Wealthy individuals with a lot less than Tepper can live, and live well, without ever working, simply by spending some of the income that derives from their wealth. Some wealth represents possession of the means of production, such as factories, land, banks, and the like, and such ownership is obviously important in terms of economic power. Even more mundane forms of wealth such as automobiles and houses can provide security and aid us in earning our incomes. Wealth can be used as collateral for loans; the more of it we have, the more we can borrow and the more favorable the terms of the loans. Wealth can be inherited and thus passed down, with its advantages intact, to future generations. Our capacities to work and earn wages, on the other hand, die with us. The bottom 90 percent owned 25 percent of net wealth and The richest 1 percent had The bottom four-fifths of households suffered a decline in their share of net worth, from Allegretto shows the share of the poorest 20 percent of households; it is negative and declining, meaning that, on average, these households owe more than they own, and the gap between what they own and owe is getting larger. It was in First, as with income at the very top, there is inequality too. In , this ratio was 8. Second, the share of households with zero or negative net worth increased by 60 percent between and ; we now have about a quarter of all households in this wealth-less state. Third, and a critical element in any discussion of inequality, is the disparity in wealth by race. The fraction of black households with no or negative net worth was nearly 40 percent in , almost double the fraction for white households. So much for the nonsense promoted by conservatives that race no longer matters. What causes such enormous disparities in income and wealth? Why have they increased so much? Why do they matter? Schutz looks at these questions systematically. His approach is to start with the theory of mainstream neoclassical economists. These economists ignored inequality for decades, but the extent of it has forced them to consider it now. Schutz begins with the most fundamental idea of neoclassical economics: Let us imagine, as Schutz does, a man making a labor market decision. Assume that he has complete knowledge of the wages and benefits associated with every occupation he is considering entering. He also knows what it will cost him in terms of schooling and training to be eligible for employment in each occupation, as well as the income he will have to forego by not working while he is getting the necessary schooling and training. Any particular disamenities of an occupation, such as physical danger, are also costs of entering it. Given these considerations, what will he do? He will assess the costs and benefits of each occupation and choose that for which the difference between the two is the largest. Implicit in this scenario is a wage for each occupation that at least covers the cost of entering it. Competition in the marketplace will, in fact, make the wage just equal to the entry cost. An occupation with a wage higher than the entry cost will attract new applicants; this will put downward pressure on the wage and upward pressure on the costs as more people demand schooling and training ; and eventually, the above average wage-cost difference will disappear.

Chapter 4 : With Great Wealth Comes Great Inequality | Rick Brown

W e live in Americaâ€"the wealthiest nation on earthâ€"and yet our country has the highest wealth inequality. The Global Wealth Report of listed the U.S. as having % of the of total global personal wealth.

The distribution of wealth â€" or rather the lack of it â€" may well prove to be the defining issue of our age. Such inequality has provoked revolution and revolt in the past. It will do so again, unless we fix it. Whether capitalist or communist, democratic, autocratic, or plutocratic, it will exist. Yet many of the extremes we see today are avoidable. They come as a result of an unlevel playing field, the direct consequence of certain government policies. Here, in my eyes, are the top 10 causes of wealth inequality, in reverse order. The few have the resources to find the loopholes, of which there are many, and exploit them. Do we really need Bank bailouts If I manage my business imprudently, I go bust. Why should banking get special favour? It goes straight into the financial sector, pushing up the prices of financial assets. Great for those who own said assets, or work in related sectors, but not for most people. Who actually voted for quantitative easing and bailouts anyway? Central banks are unelected bodies. Planning laws Like the tax code, planning laws are so onerous that only the few have the resources to navigate them. Thus housebuilding has mostly become the preserve of a few large corporations. Not measuring inflation properly In the 47 years since , the money supply has increased by 67 times, growing at around The Bank of England uses a measure of inflation called CPI, which tracks the prices of certain everyday consumer goods, to set interest rates. Great if you own property or financial assets. Cheap debt is a luxury of wealthy corporations, families and governments. Rarely do we consider the unseen costs and unintended consequences. For example, help to buy was meant to help young housebuyers; instead, it became a cash cow for building companies , and pushed house prices further out of reach for those not yet on the housing ladder. Housing benefit is meant to help the poorest; yet it pushes up the cost of renting and lines the pockets of landlords. However well-intentioned, subsidies create special interest groups, who then lobby for more subsidy. Even something like agricultural subsidy has gone wrong. Landowners are actually paid to own farmland and can avoid inheritance tax on it. So investors pile into farmland, prices become unaffordable for local farmers and the market is distorted. When somebody borrows money â€" even just by spending on a credit card â€" new money is created. No wonder our economy is so geared around finance. The more money there is, the higher prices will rise. Prices rise first closest to where new money is created. Zero interest-rate policies When we suppress interest rates, we effectively lower the cost of debt. We might associate debt with poverty, but cheap debt is in fact a luxury of wealthy corporations, families and governments. Cheap debt just encourages taking on more debt, which ultimately leads to higher asset prices, which those prudent folk who avoided excess debt or were unable to borrow must now incur. Why are we subsidising debt, anyway? Our society is geared to owning assets. Hard work and productivity are penalised. Tax something else â€" such as land. Wages have not risen by the same amount. Those who rely on their salaries to get by have suffered an inexorable erosion of their wealth. Those who own assets have made good. All of these causes of inequality are within the power of government to put right. Ultimately wealth is created by hard work and endeavour, not by reallocation and redistribution. Yet we penalise labour and subsidise both debt and the ownership of assets. All that is required is a level playing field for everyone.

Chapter 5 : The Rise of the Inequality Industry | The Nation

Wealth inequality in the US is reaching its most extreme point since just before the start of the Great Depression in , according to a new economic analysis. Even the 1 percent are lagging.

November 1, How wealth inequality has changed in the U. Among lower-income families, the gap between white households and their black and Hispanic counterparts shrank by about half from to But among middle-class families, it increased and shows no sign of retreating. There are an insufficient number of observations in the SCF data to report on upper-income black and Hispanic families separately. Overall, American household wealth has not fully recovered from the Great Recession. In , the median wealth of all U. And even though overall racial and ethnic inequality in wealth narrowed from to , the gap remains large. Asians and other racial groups are not separately identified in the SCF data. Here are some key trends in household wealth across income tiers and racial and ethnic groups. Middle-income families have size-adjusted incomes between two-thirds and twice the national median size-adjusted income. Lower-income families have a size-adjusted household income less than two-thirds the median and upper-income families more than twice the median. The surveys from , , and span the duration of the Great Recession from December to June and the economic recovery thereafter. The findings by race and ethnicity in this analysis are not comparable to previous analyses by Pew Research Center due to revisions in the racial and ethnic classifications in the SCF. Also, Asians and other racial groups are not separately identified in the SCF data. Wealth is accumulated over time and differs from household income, or the annual inflow of wages, interests, profits and other sources of earnings. Wealth gaps between whites, blacks and Hispanics have always been much greater than income gaps and provide an alternative perspective on racial and ethnic inequality in household well-being. In this analysis, we categorized families by their household income, after adjusting their incomes for family size. The terms families and households are used interchangeably in the analysis more formally, the SCF measures the wealth of primary economic units. Families are grouped according to the race and ethnicity of the head of the household. Ratios and other calculations are done before underlying estimates are rounded. The Center has explored the size and economic well-being of the American middle class in greater depth in previous reports using data from the Current Population Survey and the American Community Survey. Thus, low levels of wealth are much more prevalent among black and Hispanic households than among white households. About the same level of wealth inequality exists among middle-income households. The larger losses for lower-income white families may have arisen from their greater exposure to the housing market crash. A corresponding sign of recession-induced stress on household portfolios is the share of families with zero net worth or in debt. Overall, black and Hispanic families are more likely than white families to have zero net worth or to be in debt. Middle-income black and Hispanic families took a substantial hit in the recession. As a result, racial and ethnic wealth inequality among middle-incomes families increased during or after the recession. From to , among those in the middle-income tier, the white-to-black wealth ratio increased from three-to-one to four-to-one, and the white-to-Hispanic wealth ratio increased from two-to-one to three-to-one. These margins did not diminish from to Although lower- and middle-income families overall experienced gains in wealth in recent years, they were not large enough to make up for the losses these families sustained during the recession. The experience of upper-income families is markedly different. Their losses in the recession were smaller and their recovery was stronger. Moreover, the median wealth of upper-income families is at the highest level since the Federal Reserve started collecting these data in Consequently, the recession drove wealth inequality between upper-income families and lower- and middle-income families to the highest levels recorded. In , the median wealth of upper-income families was seven times that of middle-income families, a ratio that has doubled since Upper-income families also had 75 times the wealth of lower-income families in , compared with 28 times the wealth in There is also a growing separation in wealth among white households by income tier. In , upper-income white families had six times as much wealth as middle-income white families, compared with four times as much prior to the recession. Upper-income white families also had 42 times the wealth of lower-income white families in , compared with 18 times the wealth in Overall, the state of wealth inequality by race, ethnicity and income level helps explain why Americans say by a margin of two-to-one that the economic system in this country unfairly favors powerful interests. The same Pew Research Center survey also finds a racial and ethnic divide on how Americans view economic inequality: About one-in-five or fewer whites, blacks or Hispanics view economic inequality as either a small problem or not a problem.

Chapter 6 : Wealth inequality in the United States - Wikipedia

Fourth, inequality does great damage to the environment. There is no way out of our environmental crisis without a radical change in public policies. Yet, the more inequality there is, which is to say, the greater the power of the well-to-do over everyone else, the less likely is this to happen.

Fewer than a thousand people in Italy have declared incomes of more than 1 million euros. Former Prime Minister of Italy described tax evasion as a "national pastime". This is called the Great Compression. There is an important distinction between income and wealth. Income refers to a flow of money over time in the form of a rate per hour, per week, or per year ; wealth is a collection of assets owned minus liabilities. In essence, income is specifically what people receive through work, retirement, or social welfare whereas wealth is what people own. The United States Census Bureau formally defines income as received on a regular basis exclusive of certain money receipts such as capital gains before payments for personal income taxes, social security, union dues, medicare deductions, etc. Dividends from trusts or gains in the stock market do not fall under the definition of income but are the primary money flows for the wealthy. Retired people also have little income but usually have a higher net worth because of money saved over time. Wealth is derived over time from the collection of income earnings and growth of assets. The income of one year cannot encompass the accumulation over a lifetime. Income statistics view too narrow a time span for it to be an adequate indicator of financial inequality. For example, the Gini coefficient for wealth inequality increased from 0. In the same year, , the Gini coefficient for income was only 0. From this data, it is evident that in there was a discrepancy about the level of economic disparity with the extent of wealth inequality significantly higher than income inequality. Recent research shows that many households, in particular those headed by young parents younger than 35 , minorities, and individuals with low educational attainment, display very little accumulation. Many have no financial assets and their total net worth is also low. Anyone who wants to discuss incomes in the U. That should be followed by a chart from to The five-year gap would avoid the major AGI definition changes. In addition, IRS studies consistently show a majority of households in the top income quintile have moved to a lower quintile within one decade. Theory and Public Policy, it is noted that in the United States all income that employees received from their employers in was 8. This makes the relationship of employee to employer and vocational employment in general of paramount importance in the United States. There is no dispute that in America, there is a wealth gap. According to Pappas [50] , between , the inequalities increased in educational level for whites and blacks by over 20 percent in women and percent in men. Even then, women were not on the same level as men equality wise even though compared races were similar all around. Another issue is mortality within the wealth aspect because men were and are making more than their female counterparts. Within the article, it is stated that that white women had the lowest income level and therefore had a higher mortality rate than their male counterparts. As said by Bishu [51] , women are unfairly judged and disregarded by employers while giving more jobs to men in the same field. Even if women do get hired in the job of their choice, it is harder for them to go up the ranks and get promoted as most employers look at their male employees for these high ranking positions. This in turn, leads to male dominated jobs where women do not stand a chance. This may reflect growing income inequality. Further, more than one-third of Americans who work full time have no access to pensions or retirement accounts such as k s that derive their value from financial assets like stocks and bonds. Causes of income inequality in the United States The income growth of the typical American family closely matched that of economic productivity until some time in the s. While it began to stagnate, productivity has continued to climb. The image contains several charts related to U. Earnings from the stock market or mutual funds are reinvested to produce a larger return. Over time, the sum that is invested becomes progressively more substantial. Those who are not wealthy, however, do not have the resources to enhance their opportunities and improve their economic position. Rather, "after debt payments, poor families are constrained to spend the remaining income on items that will not produce wealth and will depreciate over time. Grusky notes that "62 percent of households headed by single parents are without savings or other financial assets. Economic inequality is a result of difference in income. Factors that contribute to this gap in wages are things such as level of education, labor market demand and supply, gender differences, growth in technology, and personal abilities. The quality and level of education that a person has often corresponds to their skill level, which is justified by their income. Wages are also determined by the "market price of a skill" at that current time. Although gender inequality is a separate social issue, it plays a role in economic inequality. According to the U. Census Report, in America the median full-time salary for women is 77 percent of that for men. Also contributing to the wealth inequality in the U. The Seven Pillars Institute for Global Finance and Ethics argues that because of this "technological advance", the income gap between workers and owners has widened. Income inequality contributes to wealth inequality. The rich use their money to earn larger returns and the poor have no savings with which to produce returns or eliminate debt. Unlike income, both facets are generational. Wealthy families pass down their assets allowing future generations to develop even more wealth. Affluent people are more likely to allocate their money to financial assets such as stocks, bonds, and other investments which hold the possibility of capital appreciation. Those who are not wealthy are more likely to have their money in savings accounts and home ownership. The reason is that the rich in wealth are not necessarily the individuals with the highest income. Therefore, the relative wealth share of poorer quintiles of the population would increase if the savings rate of income is very large, although the absolute difference from the wealthiest will increase. Most of the working poor are paid fixed hourly wages that do not keep up with rises in prices, so every year an increasing percentage of their income is consumed until they have to go into debt just to survive. The nature of tax policies in America has been suggested by economists and politicians such as Emmanuel Saez , Thomas Piketty , and Barack Obama to perpetuate economic inequality in America by steering large sums of wealth into the hands of the wealthiest Americans. The mechanism for this is that when the wealthy avoid paying taxes, wealth concentrates to their coffers and the poor go into debt. According to a report done by Robert B. Avery and Michael S. Rendall, "one in three white households will receive a substantial inheritance during their lifetime compared to only one in ten black households. Other ethnic minorities, particularly those with darker complexions, have at times faced many of these same adversities to various degrees. In stark contrast, in the same piece, black households were shown as a mere 1. In South Africa, during the atrocities of apartheid, the median black family held about 7 percent of typical white South African family net worth. All while white families create even more wealth over those same two hundred years. In fact, this is a gap that will never close if America stays on its current economic path. The images displayed are in stark contrast to the economic conditions the average black family is battling each day. This veil is trimmed with million-dollar sports contracts, Roc Nation tour deals and designer labels made for heads of state. As black celebrity invited us into their homes through shows like MTV cribs, we forgot the condition of overall African American financial affairs. Despite a large section of the 14 million black households drowning in poverty and debt the stories of a few are told as if they represent those of millions, not thousands. The median wealth of Hispanic families fell For years, people believed that distributive justice would produce a sustainable level of wealth inequality. It was also thought that a certain state would be able to effectively diminish the amount of inequality that would occur. Something that was for the most part not expected is the fact that the inequality levels created by the growing markets would lessen the power of that state and prevent the majority of the political community from actually being able to deliver on its plans of distributive justice, however it has just lately come to attention of the mass majority.

Chapter 7 : 5 facts about economic inequality | Pew Research Center

28 thoughts on " Review of Robert Reich's great "Inequality For All I have a couple both Dentists, they had three trusts and a limited company, their combined income is $, I know.

Parman, John Published by EH. Health, Wealth and the Origins of Inequality. Princeton University Press, Deaton, the Dwight D. Eisenhower Professor of Economics in the Woodrow Wilson School of Public Policy and International Affairs and the Economics Department at Princeton University, offers a thorough accounting of the simultaneous rise of income and longevity; it is a general history of the progress of the world that recognizes the importance of both wealth and health to wellbeing. Overall increases in income and longevity have been dramatic in scale but those gains have not been distributed evenly. Deaton sets out to demonstrate just how impressive the escape from poverty and death has been and identify which groups have made that escape and which have not, a task the book accomplishes quite well. In the process, many questions are raised about the underlying causal relationships between health, wealth and inequality. It is here that the book leaves the reader with much to think about but few definitive answers. While the book sets out to examine the nexus between health and wealth, making a strong case for why the two should be viewed in tandem, the bulk of the chapters treat them separately. The first chapters trace the history of human health. There is a brief treatment of health in pre-industrial times based on skeletal records and anthropological studies of hunter-gatherer tribes but the bulk of the material focuses on longevity from the time of the Industrial Revolution onward. Deaton offers a clear, compelling story of how nutrition, scientific advance and particularly the rise of germ theory helped the Western world reduce mortality from infectious disease. With this discussion of the history of health in rich countries, two central themes of the book take shape. First, improvements in wellbeing often, at least initially, beget greater inequality. Scientific advance brings about solutions to health problems that are initially affordable only for the wealthy. The second crucial point Deaton seeks to make is that the spread of these innovations, the improvement in wellbeing throughout the income distribution, is dependent on public health programs and, more generally, politics and institutions. The benefits of germ theory were not widespread until there was the political will and the state capacity to implement public health programs such as water treatment and other modern sanitation measures. This issue is reinforced when Deaton turns to health in the modern world. With elegant graphs and careful analysis, Deaton describes the overall rise in world life expectancies and the convergence of poor countries to rich countries but explains that these trends are misleading. Life expectancies are rising in rich countries because we are making progress in extending the lives of our elderly, tackling issues of chronic adult diseases with expensive medical innovations. The rise of life expectancies in the poor countries, however, is being driven by reductions in childhood mortality. While declining childhood mortality is certainly good, it is distressing that it is still high enough to support large declines; children in developing countries are still dying from diseases for which medical science has answers. The book further chips away at the rosy interpretation of convergence in life expectancies with data on heights that reveal far less convergence in health between rich and poor countries. Deaton notes that it is not necessarily lack of income that has prevented poor countries from fully converging to the health outcomes of rich countries. If one ignores China and India, there is no relationship between economic growth and long term declines in infant mortality. A recurring question throughout the book is whether one should treat India and China as just two unique cases out of many developing countries or focus on India and China given their enormous populations. Deaton does an excellent job of explaining why answering this question is crucial for determining how to measure world progress and direct international aid efforts. It is the lack of good institutions in poor countries that helps maintain these health inequalities. Deaton fingers failure of the state as a main culprit: In the later chapters, the book shifts from improvements in health to improvements in material wellbeing. GDP per capita and poverty rates do the work that longevity and height did in the earlier chapters, albeit for a shorter time period and a smaller set of countries. Deaton focuses on income in the United States over the twentieth century and GDP per capita and poverty rates for cross-country comparisons covering the past half-century. As with longevity and height, Deaton goes to great lengths to explain how these measures are constructed and precisely what they can and cannot capture. The limited data he employs to discuss income growth and inequality lead to a history that is well known to any economist. The value of his discussion for the academic lies more in forcing the reader to reconsider the limitations of the stylized facts we have grown comfortable with. The Scientific Revolution and the Enlightenment kick started a world in which innovation led to economic gains. These gains have been enormous but far from evenly distributed either across or within countries. Technology is once again at the heart of both growth and inequality. To explain American growth and inequality, Deaton points to the ideas of skill-biased technological change and the race between education and technology familiar to economic historians from the work of Goldin and Katz. Bad institutions are once again a main contributor to the failure of poor countries to converge to rich countries. The history of health, wealth and inequality leads to the pressing question of what is to be done. As the book notes in great detail, many people are still living in poverty and dying from diseases that are now non-existent in wealthy countries. Aid, at least in its current form, is not the answer. The bad institutions and bad governments that have kept poor countries from achieving the physical and material wellbeing enjoyed by those in wealthy countries also prevent aid from being effective. Deaton argues at length that international aid is at best ineffective and often times counterproductive. In contrast, his discussion of what can be done is rather brief. The extensive work being done on how households in developing countries respond to various aid programs, the results of randomized control trials, and, most significantly, the potential impact of expanding educational opportunities in developing countries all receive passing mention but little analysis in terms of what effective steps may be taken. It raises a range of questions of why some countries falter, why others succeed and what can be done to close gaps between them. The book succeeds in demonstrating just how great the Great Escape was for many countries but leaves the reader largely uncertain about how others will follow. John Parman jmparman wm. He is currently researching the impact of childhood health shocks on household resource allocation in the early twentieth century and the evolution of spatial patterns of segregation, health and economic development in the United States over the past century.

Chapter 8 : The Great Inequality (Critical Interventions): Economics Books @ racedaydvl.com

We are set for one of the great battles of ideas of our time. In the economics profession, the study of inequality was similarly limited. In the s, economist Simon Kuznets advanced a.

A Tale of Two Recoveries: And for many years, a certain level of inequality was accepted, even encouraged, as incentivizing creativity and rewarding hard work. But in the last several decades, the rewards accruing to the top of the income distribution have grown disproportionate, and median wages stagnant. Social mobilityâ€"the potential to move from one socioeconomic class to anotherâ€"has slowed, allowing intergenerational advantage to accumulate and compound in the form of wealth. In the past, the trend towards higher inequality was slowed or even reversed slightly during recessionary periods, as top incomes fell with capital gains. The upward movement of wealth inequality also tended to level off or decrease, as declining stock markets took a heavier toll on the net worth of wealthier, stock-owning households. Rising inequality resumed during economic expansions, sometimes with renewed vigor, but rarely at the expense of the middle class. The Great Recession of to and the subsequent economic recovery have not followed that script. Due to the unique circumstances of the housing boom and bust cycle that precipitated the financial crisis, low- and middle-income homeowners were hit particularly hard, with households in the bottom four-fifths of the wealth distribution experiencing a The top 20 percent, by contrast, lost just 14 percent of their net worth. The inequality of the economic recovery has been even worse. According to a Pew Research Center analysis , every dollar and more of aggregate gains in household wealth between and went to the richest 7 percent of households. As a result, wealth inequality increased substantially over the â€" period, with the wealthiest 7 percent of U. Wealth inequality worsened during the first two years of the recovery Aggregate net worth of household in trillions of dollars Source: Pew Social Trends Understanding how this wealth divide came about, and why it widened in the wake of the subprime and financial crises, is a critical first step towards developing policies that address rising inequality. To that end, this Century Foundation issue brief will explore the combination of housing price inflation and debt-fueled consumption that led to the financial crisis of â€"08 and the resulting recession; why the wealth gap matters; and explain how the differing asset allocation strategies pursued by low, middle- and high-income households have worked to accelerate the stratification of household wealth by class. The Illusion of Wealth Since the end of the Great Recession, the economic divergence of the richest one percent from the bottom ninety-nine has entered the American consciousness as a permanent fact and fixture of contemporary political life. But for the better part of two decades, rising wealth inequality was obscured by cheap money and soaring home prices; a debt-fueled substitute for real prosperity. Median household income growth was stagnant or in decline from to , but the interest rate on credit cards had never been lower. The stock market was lackluster, but real estate was posting annual returns between 10 and 20 percent. For a while, that bet paid off: About half of the money found its way back into the housing market, either by funding new home purchases or home improvements, and a quarter paid for non-home asset purchases like financial securities, stocks and business equity. The remainder went towards personal consumption, including credit card, auto and student loan debt. When the bubble burst in , Americans were left with a crushing debt hangover. Not all households experienced this loss equally, however. While housing made up two-thirds of all middle class wealth in the mids, the wealthiest one percent had about 90 percent of their gross assets in stocks, securities, and other forms of business equity. Middle class families were therefore seven times as exposed to the housing bubble and collapse, while wealthier families were comparatively insulated. Composition of household wealth, Percent of gross assets Source: Wolff Those distributional differences account for nearly all of the variation in wealth growth since the end of the Great Recession. Mean average net worth, which is skewed upwards by the high concentration of wealth at the top of the distribution, fell just Housing prices, by comparison, did not begin to rebound until early , causing median net worth the value at which one-half of households have lower net worth and one-half have higher net worth to drop a staggering The fall and rise of household net worth Inflation-adjusted percent change Source: Federal Reserve, Flow of Funds data Z. Image has been updated. Why Wealth Inequality Matters Most discussions about rising inequality have focused on market income wages and compensation net of federal taxes and transfers , particularly the role of capital gains. But the widening income gap can only tell us so much about economic inequality. Wealth, or household net worthâ€"defined as the total market value of household assets e. High levels of wealth can also buy influence, social capital and political power, in a way that high income alone cannot. In each case, wealth functions primarily to ensure financial stability over time, perpetuating the accumulation of advantage and disadvantage across generations along racial, class and ethnic lines. As the distribution of wealth has become more stratified, this intergenerational link has also become stronger. Today, 41 percent of Americans raised at the bottom of the wealth distribution remain there as adults, just as 41 percent of those raised at the top remain there, too. Only 8 percent rise from the bottom to the top, and 7 percent fall from the top to the bottom. As incomes rise, people increase the rate at which they save and invest. For the bottom 40 percent of the income distribution, this rate hovers around zero on net, as any savings are offset by equivalent debts. At the middle of the income distribution, the savings rate rises to Only the richest one percent saves more than they spend, with a savings rate of Estimated savings rate, by income level Source: Dynan, Skinner and Zeldes As a result, the distribution of wealth is far more unequal than that of income. In , households in the top 10 percent of the wealth distribution controlled Wealth was even more concentrated for the top one percent, who held Wealth distribution, Note: The bottom 40 percent share of total household net worth is 0. Income distribution, Note: The bottom 40 percent share of pretax household income is Wolff The wealth gap has also widened over time, with As a result, the share of national wealth belonging to the top 10 percent rose to The share belonging to the bottom 60 percent fell to less than 2 percent. This upward redistribution of wealth has resulted in incredible disparities between ordinary Americans and those at the top. In , the wealthiest one percent had times as much wealth as the median household, while the top one percent of the income distribution earned only 11 times more than the median. By , the top one percent-to-median ratio for wealth had soared to to-1, and to-1 for income. Wealth inequality rose sharply from to Source: In one well-known study , behavioral economists Michael I. Their estimate of the actual distribution was far less equal: Nearly 60 percent to the top quintile, 20 percent to the next quintile, and successively smaller portions allocated to the bottom three quintiles. The actual distribution in , the year Norton and Ariely used in their study; and , the most recent year available , shown below, illustrates the distance between perception and reality. The following graph Figure 9 shows how the wealth distribution has grown more unequal over time. Distribution of total net worth, Percentage share of wealth, by wealth group Source: Wolff Wealth Inequality Before and After the Great Recession Wealth inequality, like income inequality, has known deleterious effects on education, social mobility, health outcomes, and even violent crime. But recent studies also suggest that rising inequality drives lower- and middle-income households to increase their borrowing, using debt to maintain their standard of living compared to higher income households. A greater concentration of wealth at the top of the distribution leads richer households to seek out new forms of investment assets, particularly debt-based securities. As the flow of funds between wealthy creditors and lower-income debtors increases, so does the size and instability of the financial sector. When the debt-to-income ratio reaches a critical point, the financial system destabilizes. The financial crisis of â€"08 and the ensuing Great Recession followed this pattern closely. However, the pre-crisis period beginning in the mids and accelerating during the debt-fueled consumption of the early s contained several distinguishing features that worked in combination to heighten both the severity of the recession and the inequality of the subsequent recovery. Asset and investment inequality First, the distribution of different types of financial assets varied significantly between households at the top, middle and bottom of the wealth distribution. Between and , the wealthiest 10 percent of households controlled an average They also controlled By , the top 10 percent share of stocks remained stable at The only asset class majority controlled by the bottom 90 percent of the wealth distribution was housing. From to , the bottom 90 percent held an average See Figures 10 and Concentration of stock ownership.

Chapter 9 : A Tale of Two Recoveries: Wealth Inequality After the Great Recession

Some of the world's poorest countries are making strides in reducing the gap between rich and poor, according to an index of inequality devised by Oxfam.

Judicial Activism Inequality The term inequality refers to a condition of being unequal, or of being given an unequal share of treatment, status, or opportunity. People are often aware of inequalities in social status, human rights, education, job availability, and income opportunities. A continued perception of racial, social, and wealth inequality and discrimination continues to plague society, causing discontent, anger, and even fear. To explore this concept, consider the following inequality definition. Definition of Inequality The condition of being unequal. A social or economic disparity. Individuals experience a sense of inequality in many areas of their lives, from being treated unfairly because of their race, gender, sexual orientation, or other trait, to feeling despondent about a lack of educational opportunities and high-paying jobs. It is a normal human condition for people to be quite aware of themselves, and of their positions, in relation to others. Because of this, inequality does not only result in a disparity in treatment, but in how individuals see themselves. A lowered sense of self-esteem may lead to depression, and a heightened sense of unfairness. Social Inequality Social inequality refers to the uneven social status in any society, resulting from unequal opportunities, and lower rewards for effort. This type of disparity is caused by a feeling of being unfairly treated, or of discrimination in host of areas, such as limited access to quality education and jobs. Social inequality has been a source of much conflict in the U. While Americans are seen as being better off than many peoples around the world, the fact is, poverty and discrimination run rampant throughout the country. Inequality by Personal Characteristics In addition to income inequality, people who have certain personal characteristics, either from birth, or which have been forced on them by others, are often the subject of unequal social treatment. These are characteristics over which individuals have no control, but for which they are commonly judged in a negative light. This example of inequality includes gender inequality, race inequality, and sexual identity inequality. Even after slavery was finally abolished, these people were denied equal access to education, employment, healthcare, housing, and other benefits. Without an equal opportunity for jobs and income, people who had been discriminated against flooded the poorer class. Those who study ancient history and philosophies have speculated that racial inequality has its roots in the acquisition of power by other groups â€” power that came of having superior numbers and greater economic resources. These advantages led to their possession of superior weapons and technology, making it a simple matter to oppress minority groups. The majority groups of peoples in possession of great power perpetuated racial inequality by dominating the less powerful groups. Often these groups were divided along racial lines, and ethnic origins. In modern times, those systems of racial inequality have been maintained through social influences. Racial inequality involves a hierarchy of races in which, in America, those of White European descent have held the top position, and black people occupied the bottom. Historically, this hierarchy has served to reserve positions of power and greater opportunities for education, employment, and wealth to whites. History has constructed gender-based social roles for individuals, in which men were the hunter-gatherers, responsible for the physical support of the people, and their families. Women were the nurturers, caring for others, bearing children, and teaching the children their societal responsibilities, according to their gender roles. As the centuries passed, gender roles became solidly entrenched, though the methods used by both men and women to achieve their respective goals of support, nurturing, and education, changed a great deal. At some point, women began to feel their roles were less valued by society, and they wanted to do more. Women have moved into the workplace, taking positions of authority and power, proving that they can do whatever men do, though the struggle for recognition, respect, and fair treatment continues. In reality, the differences between the sexes are many and diverse. In addition to physical appearance and relative strength, men and women view the world differently in many ways, and have differing attitudes about what their societal roles are. While it seems necessary for society to embrace those differences, it makes it difficult to identify gender inequalities, and what attitudes need to be changed. In America, gender inequality is most commonly used to refer to issues in the workplace.

Calls for women to receive equal pay for equal work attempt to bring the duplicity to light. Income Inequality In the U. A primary cause of financial hardship is a lack of employment sufficient to pay for the necessities of life. On another front, some place the blame for poverty in a wealthy nation on society. The economy of any society drives the number of jobs available, and the rates of pay for whatever jobs exist. In any recession, a great many people become employed, and businesses fail. As the economy slowly recovers, some find new jobs, but there are rarely enough jobs fast enough to employ all those who need them. Lack of income leads some people to seek alternative ways to feed their families, including illegal means, such as theft, drugs, and prostitution. This example of inequality creates a concentration of needy individuals and families in certain geographical areas, where other things, such as schooling, suffer from the generally depressed economy. Such conditions of poverty, and few opportunities for quality education and employment, lead to a sense of social inequality. Wealth Inequality Virtually everyone understands the concept of disparate incomes, however wages are not the same thing as wealth. This example of inequality considers all of the things a person owns, such as a home, a car, a boat, valuable works of art, retirement accounts, insurance policies, and stocks and bonds. While all nations have some level of wealth inequality, the U. New York University economist, Edward Wolff, explains that the middle class was hit hardest by the recession of Wealthy Americans were able to acquire wealth-building assets at very low prices, thus increasing the wealth inequality gap, creating a virtual chasm. To break down wealth inequality in the U. According to Moussouris, female technical employees predictably received lower numerical scores in this ranking system, regardless of their performance. As a separate issue, Moussouris claimed that she had complained internally about one of her superiors sexually harassing her and other female employees. Rather than firing the supervisor once the company had determined the complaint had merit, he was merely reassigned to another position. Moussouris claims he then retaliated against her by decreasing her responsibilities, and lowering her bonus. Microsoft is not the only tech company accused of using a gender-biased stack ranking system. Women have complained of gender employment discrimination at Google, Apple, and Amazon as well. Related Legal Terms and Issues Civil Rights â€” The rights belonging to an individual by virtue of citizenship, especially the fundamental freedoms and privileges guaranteed by the 13th and 14th Amendments. Class Action Lawsuit â€” A lawsuit filed by one person, on behalf of a larger group of people with a common interest in the matter. Discrimination â€” The practice of unfairly treating different categories of people, especially on the grounds of ethnicity, national origin, gender, race, religion, and sexual orientation.