**The Modern Reality of Income Inequality in America**  
  
Prominent leaders – on both sides of the political aisle – have acknowledged the need to confront rising income inequality in America.  Select one of the quotes above and explain why growing income (and wealth) inequality matters especially in light of concerns over economic mobility for disadvantaged and marginalized populations.  Conclude how – if at all – you would address these issues in terms of public policy.  Be sure to include barriers to your public policy prescriptions.

“No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.” Adam Smith’s 1776 quote from his work *An Inquiry into the Nature and Causes of the Wealth of Nations* was based on a very different society and a very different set of circumstances, it is still painfully applicable in modern day America. While the average income for the nation is on the rise and the productivity and profits of major companies and corporations are at all-time highs, the value of the minimum wage is much less than it was in the mid-20th century and there is a gap between the income of the most privileged and the least privileged which is so large as to be clearly unreasonable and even inhumane. There is an undeniable and ever-growing necessity to confront rising income inequality in our country, more so than ever before with the increasing gap between the extremely impoverished and the extremely wealthy and the very problematic lack of economic mobility for disadvantaged, especially minorities. The disparities between median incomes based on race, the rift between the increase in earnings of high-level executives and low-level workers, and the obvious inequality of opportunity based on factors like race all contribute significantly to this issue of income inequality. But just as these complex issues illustrate the depth of the problem, they also hold the keys for solutions and improvements that can be made, especially through public policy, and change is possible.

Income disparities between minorities and white people, between women and men, and between pretty much any other marginalized group and the majority in the U.S. are prevalent and obvious. Compared to the average income of a white American household, $55,530 per year, the average Hispanic household earns $37,913 and the average African American household earns $34,218. To put it simply, African Americans earn 62 cents for every dollar that white people make. On top of that, women on average earn 80 cents for every dollar that men make, and if you’re black or Latina, that number drops to 63 and 54 cents (respectively) for every dollar that the average man of any race earns. While excuses are commonly made to attribute this inequality to social roles and differences in socially-normal career paths emphasized for different genders and races, there is no denying the inequality in the numbers, and logical connections can easily be made to differences in opportunity and discrimination.

While the uneducated or unaware reader may initially be inclined to simply pass these numbers off as modern results of a historical discrimination and inequality that no longer exists or is prevalent in the modern day, the next set of statistics makes the blunt reality of current situation painfully clear. 8.6% of white people in America are poor, a reasonable and even encouraging number (note that the “poor” is simply based on the government’s numerical definition of the poverty line, a definition that is already very debatable and problematic given modern costs of living and maintaining a household). One’s outlook must change significantly based on the knowledge that, in contrast, 11.8% of Asians are below the poverty line (despite actually earning a higher median income than white people), as are 23.2% of Hispanic people and 24.7% of black people. Just as one must consider the reality of privilege when addressing underprivilege, one must also consider distribution of wealth when addressing poverty (lack of wealth). This distribution, in our country, which is reflected in the aforementioned percentages of impoverishment by race, is inherently reflective of our country’s long history of racism and sexism, among other forms of discrimination. It is crucial to consider and address the undebatable inequality of the distribution of wealth today, as it affects the livelihood and well-being of a massive number of marginalized citizens in our country.

Another staunch indicator of the huge income disparities in the U.S. is the difference between the financial well-being of the bottom percentage of earners and the top percentage. This can be explored in a number of ways, one being the analysis of the income of a company’s workers compared to its CEO, and the differences in historical increase in those incomes. Today, the CEO of a major company makes an average of $11.7 million, while the average worker at a major company earns a mean salary of just over $35,000. To contrast the numbers, CEOs currently make about 331 times the amount of the people who work for them. In comparison, in 1970, the difference was 25 times. To put this into perspective, these CEOs are earning 774 times the amount of a minimum wage earner. This massive disparity is clear evidence of an economic phenomenon that has been growing ever since the 1920s, which is the cliché idea that the rich are getting richer and the poor are getting poorer. One third of the entire nation’s increase in income between 1979 and 2004 went to the wealthiest one percent of people, and more than half of that one third went to the top .01%. Furthermore, when adjusted for inflation, while average incomes rose 27% over the same time period, the income for the bottom 60% of reporting citizens actually decreased. This is very concrete evidence that income inequality is rising at a disturbing rate. Due to the humongous reality of this gap, there are a number of factors that affect it. These include, but are not limited to, decreasing workers’ benefits, the inability of the minimum wage to adjust for relevant circumstances, outsourcing and globalization of trade, and an increasing importance to employers of advanced skills and education (which, of course, are restricted to those with sufficient privilege and opportunity).

However, despite these numerous and overwhelming issues, change is still possible through public policy. The keys to this change lie in the natures of the issues. For instance, one of the factors listed above that has helped contribute to the rising income gap is the outdated basis for the calculation of minimum wage. Partisan opposition in government and the views of economists who care more about the numerical maximization of wealth than the livelihoods of fellow human beings will always be an obstacle. Despite that, though, I believe that fighting for legislature that increases the minimum wage and changes the set of factors it is calculated based upon to reflect modern realities (like increased cost of living) has a legitimate possibility of success. Just as with minimum wage, there are significant barriers to positive change in every aspect of combating income inequality, simply based on the fact that those with the most will almost never be motivated to change the systems that allowed them to have the most – such seems to be human nature. But I confidently believe that these barriers can be surpassed and overcome, and with similarly-systematic and innovative approaches to solving each individual root cause of the inequality, we can begin to create positive change and reverse the disastrous trend of increasing income disparity.

**Works Cited**

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