Examples of inequalities in real life situations

Every American should check out Emmanual Saez's latest data crunch on income gains in the U.S., if for nothing more than to get the facts straight income inequality in our country. 10 pages of interesting data and analysis – quick read and lots of graphs. But if you don't have time, never fear. I will provide some highlights and commentary. The "1%" has taken on an increasingly negative connotation, particularly since it numerically pits 99% of the population against 1% of the population. A bit… one-sided, you might say. But who is the top 1% even? And how much income do they make? What about the 0.1%? and beyond? Looking at IRS tax statistics on income, top 10% – 5% = families with annual incomes between $114,000 and $161,000 top 5% – 1% = families with annual incomes between $161,000 and 394,000 top 1% = families with annual incomes above $394,000 top 0.1% = families with annual incomes above $1,600,000 top 0.01% = families with annual incomes above $10,250,000 (consists of 16,068 families) This is after-tax, after-business expense, take-home income. Before I continue, let me say this… There are those whose incomes fall in to the top 0.1% who I'm sure are wonderful human beings who have earned their income honestly and via plenty of hard work. They might even be incredibly generous with their income, giving to charitable or other causes. And there are those whose incomes fall below the U.S. poverty line, who I'm sure are also wonderful human beings who have worked hard and honestly and have no intentions of relying on others for handouts, as is often implied. If they had more income, many of them would be generous with their leftovers as well. I don't think it's productive or fair to demonize the top or bottom, based solely on their income level. But there is some serious income inequality going on that is worth paying attention to, as concentration of wealth impacts all of us. In recent post-recession years, Saez highlights: Top 1% incomes grew by 31.4% while bottom 99% incomes grew only by 0.4% from 2009 to 2012. Hence, the top 1% captured 95% of the income gains in the first three years of the recovery… In 2012, top 1% incomes increased sharply by 19.6% while bottom 99% incomes grew only by 1.0%. In sum, top 1% incomes are close to full recovery while bottom 99% incomes have hardly started to recover. Well, that's… depressing news. For 99% of us, at least. Going back even further, the trend is no less disturbing. Real income has increased 86% since 1993 for the top 1%, while only 6.6% for the remaining 99%. The result is that 68% of all real income growth was captured by the top 1%. I'll repeat that for effect: 68% of all income growth in the last 20 years has gone to 1% of earners. Short-term gains like this are going to be common with market fluctuation and capital gains (much of which goes to the top 1%). Tax rates, which vary over time, also have a big impact. However, when you take it back to the beginning of recorded tax documentation in the U.S. (1913), a slightly disturbing picture starts to emerge: The top 10% now have a 50%+ share, combined – the highest ever recorded. The top 5% now have a 40%+ share, combined – the highest ever recorded. And the top 1% now have a 23% share – just a tad bit under, the highest ever recorded. Meanwhile, the top 0.01%, the richest 16,068 families in the country, now have a 5.5% share of income (550X their population, if income were evenly distributed) – just under their Great Recession peak (and somewhat surprisingly with and without capital gains). Versus the rest of the country, the top 10% has clearly made up a lot of ground. But when you break income share down among the top 10%, since the late 1970's (when this trend started taking off) you'll see a microcosm of the whole: Starting from the bottom, the top 10% have increased their share of total income by over 16% in just the last 33 years. Almost all of that has been gained by the top 5%. Almost all of the top 5%'s gains have gone to the top 1%. And almost all of the top 1%'s gains have gone to the top 0.1%, and so on. So across the board, you see more and more of the income distribution going to the top. WOW. So why bring this up? This is the first I've seen the #'s that all of the cable news channel talking heads never quite have time to bring up. They are interesting. And more than a bit disturbing. I mean – wasn't the economic might of this country built on good wages for most Americans in the mid 1900's? And what happens if it is entirely gone, left in the vaults of an elite few and now flowing through the economy? Some questions worth considering… If you're in the 99% or even 99.9% (only 2% of the readers of this blog make over $250,000, btw) are you concerned, sad, angry, or indifferent with these trends? If an increasingly larger size of the income share goes to the wealthiest of the wealthy, where do we end up us as a country? Why do you think this is happening? How would you fix it, if you think it needs to be fixed? Or do you see no problem and think everyone should just turn a blind eye? Related Posts: In December 1959, the Joint Economic Committee of Congress published a paper on the low-income population by Robert Lampman, an economics professor at the University of Wisconsin at Madison; the paper was prepared in connection with a Committee study of employment, growth, and price levels. 27 The paper had been requested by the Committee, After the above late-Progressive-Era report, there were essentially no federal documents with quantitative information on the low-income or poverty population until the Depression and the New Deal. The views expressed in this paper are those of the author and do not represent the position of the U.S. Department of Health and Human Services. August 1999, revised June 2000 Family-focused services that build both relationship and financial skills have much promise. In this tumultuous economy, recognizing that couples with stable relationships accumulate greater levels of wealth over time and have the potential to better ride out the ebbs and flows of market changes, more and more service providers are keen to work wi This report primarily provides analyses based on a telephone survey of 3,447 immigrant families (i.e., families with at least one foreign-born adult) in New York City and Los Angeles County, including detailed data on 7,843 people in those families. It describes the living conditions and immigration status of about 4.8 million people in Los Angel This is the second of two briefs that examine the interplay between education and skills-building programming for lower income individuals and families in the areas of marriage and relationships, financial literacy, and asset development. It explores how communication, marriage and divorce, money management, credit and debt, children and child s   1 . Jenkins, N., Stanley, S.M., Bailey, W.C., & Markman, H.J. (2002). You Paid How Much for That?: How to Win at Money Without Losing at Love . San Francisco, CA: Jossey-Bass.   2 . Dynamics of Economic Well-Being: Movements in the U.S. Income Distribution, 1996-1999. U.S. Census Bureau. Current Population Reports, Household We present data on the educational attainment of low-income men and compare them with men who live in families with incomes above 200 percent of FPL (or "higher-income men"). While this brief primarily focuses on men without postsecondary degrees, we begin by examining the spectrum of educational disparities for men across the income distribut Over the past several decades, increasing maternal labor force participation and growing public recognition of the importance of early education for children's development and school readiness has led to a large and continuous increase in young children's participation in early care and education (ECE) programs. In 1965, only six percent of A large body of research summarized by McLoyd (1998) links poverty to adverse outcomes for children in the areas of health, cognitive development, academic achievement, and socio-emotional or mental health outcomes. Increasingly sophisticated research designs control for background characteristics of families that might lead both to poverty and to The multivariate analysis accounts for many variables, such as changes in economic conditions and in various non-ELE enrollment policies that might otherwise bias the estimates of ELE's effects. To construct these variables, we draw on a number of data sources: Table I. Number and Percentage of Ryan White Program Clients and HOPWA Households, by Income Level In 2010, HOPWA and RWP clients receiving housing services were similar in gender, race, and ethnicity. Both groups were predominantly male, and half (50 percent) were African American (Appendices G and H). Connie Citro, Committee on National Statistics (Moderator) Mark Asiala, Census Bureau Barry Johnson, Statistics of Income, Internal Revenue Service Allison Oelschlaeger, Centers for Medicare & Medicaid Services Eve Powell-Griner, National Center for Health Statistics Fritz Scheuren, NORC at the University of Chicago   Connie Cit Federal agencies have a long history of releasing data to the public, and they also have a legal obligation to protect the confidentiality of the individuals and organizations from which the data were collected. Federal agencies have successfully balanced these two objectives for decades. With the new emphasis on expanding public access to federal Medicaid and CHIP participation rates for children increased substantially overall and in most states and for all major subpopulations examined. Americans living at the bottom of the income distribution often struggle to meet their basic needs on very limited incomes, even with the added assistance of government programs. The following analyses describe the characteristics of the poor population; available income for those at the deepest levels of poverty; and average medical care needs am Catherine Hawes, Ph.D., Miriam Rose, M.Ed., and Charles D. Phillips, Ph.D., M.P.H. Myers Research Institute December 14, 1999 Personal finances are like relationships. Things can go really good at times, and then 2 seconds later crash and burn out of nowhere! Haha… and it almost always involves you putting yourself into a situation you know damn well you shouldn't have been in to begin with. In committed relationships, this can happen a number of ways: Hanging out (alone) with someone of the opposite sex. Who's pretty. Hanging out (alone) with someone of the opposite sex. Who's pretty. And you're drunk. Hanging out with exes. Getting too close to your office spouse! And about a billion other ways… The same can be said about money: Finding yourself at Target, Best Buy, Starbucks all the time. Finding yourself online at Amazon, eBay, etc. Always keeping a credit card on you (my fave!). Shopping while drunk. You see the pattern. And it's not always because of the alcohol ;) In each of these instances you are literally putting yourself into a place you don't belong! You may not always act inappropriately when there, but you sure do test the limits. Were any of you were around my first week of blogging? If so (and it would be awesome if you were!) you might remember me talking about giving up SHOPPING for Lent – Something I had NEVER ever tried in a million years! (Or 27 for that matter ;)) But you know what happened at the end of it? After the initial shock and withdrawal eased up? I was freed!!! Freed from the nasty habit of just walking into stores for the fun of it – something I was so customized to doing all these years. It wasn't until I consciously thought about where I was driving every day/weekend that it hit me how EASY it is not to spend money! You simply DON'T go into stores! Haha…What a concept! And here we are 3 years later and I still rarely visit my old friends ;) If you want to get a hold of your finances, really THINK about your daily routines and habits. Just because you formed them, doesn't mean you can't break them and form new ones! Keep your head up and do your best to avoid the temptation. You gotta be aware of these things if you care enough for your wallet and significant other. ———— (Photo by brainware3000) Jay loves talking about money, collecting coins, blasting hip-hop, and hanging out with his three beautiful boys. You can check out all of his online projects at jmoney.biz. Thanks for reading the blog! Economic inequality refers to disparities among individuals' incomes and wealth. And those differences can be great. Forbes counted 2,095 billionaires in the world as of March 18, 2020, when it finalized its most recent rankings—and that was after 226 people dropped off over 12 days due to pandemic-induced market turmoil. Meanwhile, the most recent data from the World Bank tell us that, in 2015, about 736 million people globally were living on less than $1.90 per day. That's actually a big improvement from 1990, when 1.9 billion people lived in extreme poverty and the world had only 269 billionaires. Some will look at these numbers as evidence that a rising tide lifts all boats. Over the past 30 years, global wealth has increased; overall, living standards have improved. And others will look at these numbers and think it's inexcusable that anyone lives in poverty when the world's billionaires are worth a combined $8 trillion. Of course, both statements can be simultaneously true. Disparities like these—and the ones many people see in their everyday lives, where the homeless live in tent cities only miles from fancy condos—give rise to questions about economic inequality. What is it? How and why does it happen? Is it the natural order of things, or is the system rigged? Should attempts be made to make things more equal—for instance, by increasing taxes on higher incomes, as Sweden has? And is the pandemic going to make this inequality worse? We don't have the answers. The causes of economic inequality are multifarious, and our society hasn't reached a consensus on what, if anything, to do about it; witness the chasm in the 2020 U.S. presidential election between democratic socialist proposals that include a tax on "extreme wealth" to help fund social programs and Republican opposition to such proposals. What we can offer is some background and insight on the state of economic inequality in this country. A basic definition of economic inequality refers to the disparities in incomes and wealth in a society. Most Americans believe in meritocracy, the idea that people advance in wealth and status through hard work, not privilege, but inequality of opportunity can limit upward mobility. The coronavirus pandemic has highlighted economic inequalities. Chronically marginalized groups are contracting and dying from the virus at higher rates, and those who can't afford health insurance—as well as workers in demanding and dangerous but low-paid "essential" jobs—are at greater risk. Well-educated and well-informed people disagree about whether economic inequality should be reduced, to what extent, and through what means. The essence of economic equality is how much money the least well off make compared to the most well off—and how wealth is distributed in a society. What assets do people own to tide them over during difficult times and to help them invest in new opportunities? These differences matter for several reasons. Let's look first at the psychological aspect of economic inequality. We all compare ourselves to others. How satisfied we are with our income or net worth depends not just on how low or high those figures are, nor purely on what we can buy with our incomes or how comfortable our wealth makes us. Instead, our satisfaction depends, in part, on how our income and wealth compare to that of others: our neighbors, colleagues, friends, siblings, classmates, and bosses. Let's take an accountant we'll call Lorenzo as an example. Lorenzo may be perfectly happy earning $70,000 a year in his accounting job—but only until he learns that his colleague and fellow accountant Sebastian is earning $80,000. The inequality feels unfair. It makes him unhappy; maybe even angry. Lorenzo confronts Sebastian, asking him what he's doing to earn an extra $10k a year. He points out that they both have the same amount of experience, they started working at the firm at around the same time, and they do the same job. In response, Sebastian says that it's a bigger deal that their CEO earns $60 million. Plus, their friend Marco, who works in customer service through a contractor their firm hires, only makes $20 an hour and doesn't get the same benefits as they do. No health insurance. No 401(k). Only 10 days of paid time off per year, and he has to choose between using those for vacation, personal time, or sick leave. Lorenzo has an explanation for Marco's position and pay. Marco didn't go to college, whereas Lorenzo and Sebastian worked hard in high school and got into good universities. On top of that, they both became certified public accountants, which meant putting in a lot of extra work, taking extra exams, and spending a lot of money to get their certifications. It wouldn't make sense for Marco to earn $75,000. He didn't do any of that. That's the way the system works. Most Americans would agree. They would say that even though Lorenzo and Sebastian are both single and Marco is supporting his partner and two children—so, arguably, Marco needs the higher income more than Lorenzo and Sebastian do—they don't like the idea of "from each according to his ability, to each according to his needs." That's the communist credo, and communism, after taking hold in the Soviet Union in 1917, led to millions of government-ordered executions, mass starvation, war, and widespread human misery. (However, there are those who would argue that the problem is not the communist philosophy itself, but its historical implementation under brutal dictators.) Back to our accountants. Lorenzo doesn't think it's fair to give $15,000 of his $70,000 salary to Marco so they can each earn an equal $55,000 a year. Sebastian doesn't want to give up that kind of money, either. Although he doesn't have a partner or kids, he does have a mortgage to pay, and he wants to go back to school to earn an MBA. That's not cheap. He doesn't want to support someone else's kids. If he were only going to earn $55,000 a year, he wouldn't have bothered to become a CPA. We've seen that one reason economic inequality is a problem is because we compare ourselves to others. We feel bad when we find out that other people have more than we do, especially when we're similar to those people. People need incentives to work hard, and they feel they deserve to keep what they earn. They also believe in meritocracy, the idea that people advance in wealth and status through hard work, not privilege. But how would Lorenzo and Sebastian feel if they learned more about Marco's life story? Marco grew up in a semi-rural community. The schools he attended were slightly below average, and he didn't have any choice about where to get his education. His dad stocked shelves at the local grocery store. His mom was a restaurant server. Neither of his parents finished high school. They couldn't help him with his homework. They often worked nights and weekends. Marco's grandparents watched him during those times, and he played with the neighborhood kids. In high school, he got a job as a busboy at the restaurant where his mom worked. His friends were good kids, but none of them ever talked about going to college. Most adults in their lives were not college graduates. No one expected Marco or his friends to go to college or enter a white-collar profession. Lorenzo and Sebastian both grew up in cities. Sebastian's parents lived in an upper-middle-class neighborhood with great public schools. Lorenzo's parents took advantage of a school choice program to get him into better schools. Both boys' teachers saw promise in them and encouraged them to take advanced classes. They didn't always get straight As, but they did get good enough grades to get into name-brand colleges. Plus, all their friends were going to college. Their teachers expected them to go and helped them prepare. For these three men, inequality of opportunity led to where they are today. None of them did anything wrong. Nor did their parents do anything wrong. But Sebastian benefited from intergenerational wealth that allowed him to grow up in a nice area with quality schools. Lorenzo benefited from having access to those schools and growing up alongside kids like Sebastian whose parents expected their children to attend college and pursue corporate careers with good pay and benefits. Marco had none of these advantages. This example is just one way economic inequality can happen. However, it happens, the life consequences are substantial. The Racial Wealth Gap in the United States   Median wealth Mean wealth White families $171,000 $933,700 Black families $17,600 $138,200 Hispanic families $20,700 $191,200 Source: Board of Governors of the Federal Reserve System The everyday threat of COVID-19—a highly contagious, sometimes deadly virus that no one is known to have lasting immunity to—has made more people aware of the economic inequalities in our society. Examples are accumulating: There's the legacy of abuse and marginalization of Latinx Americans, black Americans, and Native Americans, all groups getting infected and dying from the virus at rates far higher than whites. And there's the low pay received by workers in demanding and dangerous jobs. Meat processors and slaughterers, who earn a mean hourly wage of $14.23 ($29,600 annually), according to the U.S. Bureau of Labor Statistics, have been disproportionately infected by COVID-19 outbreaks at work. On March 19, 2020, Christopher Krebs, director of the U.S. Department of Homeland Security's Cybersecurity and Infrastructure Security Agency, issued a memorandum identifying the "essential critical infrastructure workers," commonly referred to as "essential workers," whose jobs are key for protecting public health and safety and economic and national security. "The industries they support represent, but are not necessarily limited to, medical and healthcare, telecommunications, information technology systems, defense, food and agriculture, transportation and logistics, energy, water and wastewater, law enforcement, and public works," the memo states. This list is not a mandate, but it provides advice to the states on who should keep going to work and who should stay home to help prevent the spread of the disease. The goal? To "flatten the curve," to avoid overwhelming the healthcare system such that sick people cannot not receive potentially lifesaving treatment. The memo also encourages remote work where possible, and strategies to reduce the spread of disease among those who cannot work remotely. In the two months since the memo's release, There's been evidence that many employers have not provided adequate protection to keep essential workers from catching and spreading COVID-19. In part, the problem can be attributed to the global lack of pandemic preparedness and, according to national press reports, massive shortages in personal protective equipment, even for medical providers. But what is also evident is that economic inequality has made a bad situation much worse for many workers. Some have continued going to their high-risk jobs because they feel they have no choice: Their families rely on their wages. A 62-year-old California woman told the Los Angeles Times how she kept going to her $13.58-an-hour job washing laundry at a nursing home even though her husband, who has underlying heart problems, didn't want her to. She said she had to support her family; they all got the virus. Situations like these have led some to say that those deemed essential workers are really being treated as expendable workers. Hazard pay, where it's been offered, has been deemed insufficient; it may also soon prove temporary. Some employers, perhaps most notoriously airlines, have even forbidden their workers to wear face masks and kept them in the dark about on-the-job exposure to the virus. Some people have gone to work with COVID-19 symptoms because their employers don't provide the pay, benefits, or sick leave they need to take time off and get healthcare. Millions have been forced into unemployment by stay-at-home orders, so while they may be safer from the coronavirus, they don't have money to pay their bills unless they have robust emergency savings, and most people don't. The unemployed also may not have health insurance to get treatment if they get sick, since affordable, high-quality health insurance in the United States is often tied to employment, even with the Affordable Care Act (ACA). Let's return to the story of our fictional workers. Marco, a customer service representative at an office that has closed down due to the pandemic, is technically able to work from home. But the company doesn't have enough work for all its reps because business has slowed so much. So he has been let go and is struggling to collect unemployment compensation from an overloaded system. Meanwhile, Lorenzo and Sebastian have continued to perform their well-paid accounting jobs from home. They also still have the health insurance that their employer never offered Marco because he works through a contractor and is not an employee of the firm. He does have an Affordable Care Act exchange plan, but he's not sure how he'll keep paying the premiums. Going without health insurance is a huge risk for anyone, but it's an extra risk for Marco, who suffers from asthma. In fact, so do lots of the people he grew up with, maybe because many of their parents smoked, maybe because the outdoor air quality downwind of the chemical plant near their neighborhood was poor. Lorenzo and Sebastian didn't have these disadvantages. They've also got some luck on their side, and they don't have underlying health conditions. This is yet another aspect of economic inequality that's become starker due to the pandemic: the higher prevalence of underlying health conditions such as asthma and high blood pressure in lower-income individuals and people of color because they are marginalized their entire lives. These populations are at an even more elevated risk of dying in the pandemic because their underlying health conditions predispose them to adverse outcomes from COVID-19 and they're also more likely to be exposed to it at work. Is economic inequality something we should try to fix? In the United States, this question has become a heated political issue. It encompasses issues such as progressive taxation, universal healthcare coverage, unemployment insurance, basic income, Medicaid, and COBRA health insurance. Some people think the United States should adapt more elements of the Nordic model and strengthen its social safety net. Others feel this model is too socialist and prefer a more capitalist model. They don't want to pay the higher taxes that would be required to fund more social programs, and they argue that filling the gaps through the work of private charities is a better solution. A 2018 academic study found that a combination of both taxes and charitable giving is necessary to meet a community's needs. It also found that Republicans and Democrats differ in the total amount of income redistribution they think society needs and the amount they're willing to allocate to taxes versus donations. Most people are willing to pay taxes, but they differ in how much they're willing to pay to reduce economic inequality. Lorenzo and Sebastian like to think that the taxes they're paying on the money they are still earning are helping people like Marco right now through federal and state income security programs. Some of their tax dollars also help support their grandparents through Social Security and Medicare. In addition, Lorenzo and Sebastian are each currently donating 10% of their pay to local nonprofits that are helping people who are unemployed get through the pandemic. They feel a need to contribute to their local community since part of the reason they're able to keep working comes down to luck, and they don't think others who are out of work should suffer because of bad luck. Economic inequality is a tricky issue. Some level of inequality may be natural. Marco didn't choose the circumstances he was born into any more than Lorenzo and Sebastian did. But societal forces may have determined the circumstances they were born into, then perpetuated their unequal circumstances, even as other forces also helped Marco get a job that pays relatively well for someone without a college degree. But then, why shouldn't Marco have had access to the same opportunities his coworkers did? The issues of fairness and equality of opportunity lie beneath the issue of economic inequality and the degree to which it's natural, inevitable, acceptable, or even desirable. It's up to each of us to decide what we want economic equality or inequality to look like, then vote and spend our dollars accordingly.