DOWNLOAD PDF INCOME INEQUALITY IN AMERICA

Chapter 1 : Income Inequality in America - Definition, Causes & Statistics

By , America's top 10 percent already averaged more than nine times as much income as the bottom 90 percent. And Americans in the top 1 percent averaged over 40 times more income than the bottom 90 percent.

Clearly, the social contract between the governed and the governors is being strained now, as then, in many parts of the world, as well as in the United States. Harlan Green, editor and publisher of PopularEconomics. Despite their claim of understanding the problem, Nobel Prize-winning economist Joseph Stigletz says that Americans generally underestimate the following: The magnitude of inequality that exists The rate at which it has occurred Its economic effects upon society The ability of government to affect it In addition, the average citizen believes social mobility is more possible than it actually is, and overestimates the financial cost of remedial action. The lack of awareness and efforts to reduce the disparity are further complicated by the adeptness of the super-wealthy to shape public perception in their favor. For example, there is a general belief that free markets are always efficient that markets can do no evil , and that government only interferes with that efficiency that government can do no good. Some observers believe that America is already on a path of no return, and inequity is only going to become more common, not less. Contrary to popular political claims, however, almost half of those polled believe that the government should not redistribute wealth by heavy taxes on the rich. But as the gap between the rich and the majority continues to expand, a growing percentage of Americans have begun to favor higher taxes as a last resort. Even the wealthiest Americans are concerned about the fairness of the income disparity in the U. Causes of Inequality The fundamental causes of the gap are not primarily political, but technological and economical. However, government policies have accentuated and exaggerated the consequences of the underlying sources of income disparity. Technology Computerization and automation have eliminated many of the jobs upon which Americans have historically relied. The largest employers in the s were manufacturers such as the auto companies, U. Steel, General Electric, and Firestone. By , retailers such as Walmart, Target, and Kroger had replaced the manufacturing firms as employment leaders â€” Walmart alone employs as many Americans as the largest 20 manufacturers combined. The percentage of American workers engaged in manufacturing peaked in the mids and has steadily declined, while service industry employment has exploded. This shift dramatically lowered personal incomes of workers and reduced employee tenure. In short, more people are making less money. Ross School of Business 2. Globalization Technology also spurred the export of jobs to other countries, as trade barriers dropped and the world became a general marketplace. The growth of multinational corporations with allegiance to no particular government and their transfer of intangible assets such as business knowledge, management practices, and training has resulted in hundreds of thousands of jobs moving from America to workers in lower-cost countries. Offshoring has become a common practice enabled by technology that eliminates experience and expertise barriers, as well as by competing governments that impose minimal regulations and offer extravagant tax benefits. According to the Bureau of Labor Statistics, there is no reliable data base to determine how many American workers have lost their jobs to offshoring. Certainly, the threat of offshoring is a deterrent to wage and salary increases for American workers. Government Policy One of the biggest falsehoods fostered upon the American people is that lowering personal tax rates stimulates investment and growth of the economy. Elmendorf current director of the Congressional Budget Office under Speaker of the House John Boehner , states that there is not conclusive evidence to substantiate a clear relationship between the year steady reduction in the top tax rates and economic growth. However, the top tax rate reductions appear to be associated with the increasing concentration of income at the top of the income distribution. In fact, according to a study , as income inequality grows, democratic political involvement falls. Possible Actions to Reduce Income Disparity Income disparity has always existed, and it is going to continue in the future. While Americans generally agree that exceptional people and effort should be rewarded, the existing trend must be halted and reversed for the good of all citizens, rich and poor alike. As it has in the past, continuing on the same path is ultimately going to end in social unrest. It is also going to produce unacceptable levels of government deficit as more and more of the population is forced to rely upon safety nets. Steps to reduce disparity include the following: Expansion of Nonpartisan Citizens Redistricting Commissions. As a consequence, candidates for office depend upon the majority political party in their district for election, rather than the interests of the majority of citizens as a whole. This consequence is widely cited as the reason for the excessive partisanship, extreme positions, and political stalemate that exist today. Eliminating political bias when redrawing Congressional district lines can create more responsive, less partisan nominees for office. This was done successfully in California through the Voters First Act in Rather than an impetus to buy a home, it is an incentive to buy bigger homes. While people earning the most have recovered from the financial crisis, the country continues to suffer from high unemployment and under-employment. Rebuilding infrastructure such as roads, bridges, airports, and the Internet can create jobs and encourage new investment. The Federal-Aid Highway Act of created the national interstate highway system in place today. Education, particularly technical training, has long been the vehicle of upward mobility. The Federal Government should revise its educational programs â€” with appropriate safeguards â€” to ensure every American has an affordable, quality education and the job skills to compete and excel in the new technologically intense, flat-world economy where jobs and products move unimpeded across national borders. According to a report by Pearson , the United States educational system ranks behind such countries as Finland, South Korea, and Germany when comparing student performance on mathematics, science, and reading. The report also links higher scores with future economic growth. Strengthening of the Social Safety Net. Social Security , Medicare, and Medicaid should be amended to ensure that they are available to all Americans in the future. Whether these beliefs can be changed remains to be seen. What is not in dispute is the adverse effects of a wide income disparity. Sir Michael Marmot , as a result of his studies of inequality and health, claims greater disparity drives illness incidence. Jong-Sung You of the University of California, San Diego, has correlated income disparity with increased political corruption. And Steven Pressman, professor of economics at Monmouth University in New Jersey, states that income disparity lowers production and reduces efficiency: Then the whole efficiency of the firm is affected. What do you think represents the greatest threat to American life as we know it: What would you do?

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Chapter 2 : Interactive: The Unequal States of America | Economic Policy Institute

Inequality in America is growing, even at the top. The nation's highest percent of income-earners have, over recent decades, seen their incomes rise much faster than the rest of the top 1 percent.

Each family or unrelated individual in the population is assigned a money income threshold based on the size of his or her family and age of its members. The poverty thresholds are adjusted each year to reflect changes in the consumer price index. The poverty rate is the percentage of people living in poverty. The official poverty statistics show a sharp decline in the poverty rate between and but little real change since then, apart from fluctuations due to the business cycle. For a number of reasons, however, the official measure is an unreliable guide to trends in poverty since and significantly understates progress in reducing poverty since then. The official poverty measure is based on Census money income, which includes cash assistance but does not count non-cash assistance like SNAP formerly known as food stamps and rental vouchers. Alternatives to the Official Poverty Measure Over the years, researchers have raised a number of serious conceptual and measurement concerns about how the official poverty rate is calculated. NAS-based measures use a more complete definition of income that includes the value of non-cash benefits and tax credits while subtracting taxes and certain expenses. The NAS also recommended using a modernized poverty line that varies with local housing costs. This measure reflects recommendations from a federal interagency technical working group that drew on the NAS report and subsequent research. The Census SPM is available from to Unlike in the official poverty measure and most previous implementations of the NAS measure , unmarried partners are counted in the same SPM family. Without government assistance, poverty would have been about the same in as in under this measure, which indicates the strong and growing role of antipoverty policies. Also, the child poverty rate fell to a record low in based on the SPM, largely due to increasingly effective government assistance policies. Poverty also rose much less in the Great Recession when measured by the SPM rather than the official rate. Between the year before the recession and the year after the recession , the anchored SPM rose from The smaller increase under the SPM largely reflects the wider range of economic security programs included in the SPM and their success in keeping more Americans from falling into poverty during the recession. Such underreporting is common in household surveys and can affect estimates of poverty and, in particular, deep poverty because people who underreport their benefits naturally make up a larger share of those with the lowest reported incomes. While respondents may also underreport earned income, the net rate of underreporting in the CPS is thought to be much lower for earnings than for benefits. By the official measure, the share of children below half the poverty line fell from to , from 8. When counting non-cash benefits and taxes but not correcting for underreporting, the figures are essentially flat, at 4. Only the corrected figures show the increase. Over the period, TANF cash assistance programs served a shrinking share of very poor families with children. Family Finances from to For its more limited set of categories, the ACS provides better data at the state and local level than the CPS, but Census advises that the CPS data provide the best annual estimates of income, poverty, and health insurance coverage for the nation as a whole. Census money income does not include non-cash benefits such as those from the Supplemental Nutrition Assistance Program food stamps , Medicare, Medicaid, or employer-provided health insurance. In addition, earnings well below this limit are suppressed and replaced with group average values in the public-use data files of the ASEC made available to researchers. For low-income households, the fungible value of government-provided health insurance can be substantially less than the average cost to the government of providing it. For example, advances in medical technology could enhance the value to households of health care spending in ways that the income data would not fully capture. As CBO explains in its July 10, report p. The households who moved out of the bottom quintile generally had much lower cash income than did those who moved into it. Their most recent estimates are available at http: For example, estimates of the share of income going to the top 1 percent in range from Thresholds are determined according to age and filing status. Many people who are not required to file tax returns nonetheless pay considerable federal taxes, such as payroll and excise taxes, as well as state and local taxes. The number of non-filing tax units in their analysis is the difference between their estimated total and the number of returns actually reported in the IRS data. This methodology assumes the number of married women filing separately is negligible, and it has been quite small since Before that, however, married couples with two earners had an incentive to file separately, and Piketty and Saez adjust their data to account for that. For earlier years, when the percentage of non-filers and their share of income were much higher, Piketty and Saez assume, based on the ratio in subsequent years, that total market income of filers plus non-filers is equal to 80 percent of total personal income less transfers reported in the National Income and Product Accounts for and as estimated by the economist Simon Kuznets for For those years, the total income of non-filers is the difference between estimated total income and income reported on tax returns. In , 84 percent of compensation came through wages and 16 percent through benefits; in , 93 percent came through wages and 7 percent through benefits. Since there is no consensus on the ideal approach to valuing government-provided health insurance, researchers are likely to continue exploring how alternative approaches affect the interpretation of historical trends and year-to-year changes in household income and its distribution. When it increases by percent, it quadruples. However, CBO provided data showing that if the old method had been used, the growth in the bottom quintile would have been 26 percent, lower than the 38 percent growth for the middle 60 percent. The average income for the top 0. Liabilities include such things as credit card debt, mortgages, and past-due bills. Recent Trends in Income and Wealth. These thresholds reflect an equivalence adjustment, but not the same three-parameter scale Census uses when it equivalence-adjusts household income. CBO uses another equivalence adjustment, based on the square root of the number of household members. Estimates of these alternative poverty rates are available for each year from through The latest tables are available here: NAS measures also use a three-parameter equivalence scale to adjust for family size and composition. For the purpose of measuring poverty, the NAS report recommended against treating the value of medical benefits as income, noting ways in which medical benefits do not serve the same role as cash. Instead, the report recommended subtracting out-of-pocket medical expenditures from income, since money spent on medical needs is not available to meet the basic needs of food, clothing, shelter, and utilities upon which the NAS poverty threshold is based. Census Bureau, September , https: Census Bureau for , the SPM poverty rate rose from TRIM starts with person-by-person Census data from the CPS and adjusts it to better match true numbers of recipients of assistance from program records. SNAP lifted 10 million people above the SPM poverty line in with corrections, compared with 5 million people without these corrections.

Chapter 3 : Income inequality in the United States - Wikipedia

Income inequality in the United States has increased significantly since the s after several decades of stability, meaning the share of the nation's income received by higher income households has increased.

Press release A more recent version of this report is available at epi. What this report finds: Income inequality has risen in every state since the s and in many states is up in the postâ€"Great Recession era. In 24 states, the top 1 percent captured at least half of all income growth between and , and in 15 of those states, the top 1 percent captured all income growth. In another 10 states, top 1 percent incomes grew in the double digits, while bottom 99 percent incomes fell. For the United States overall, the top 1 percent captured In the top 1 percent of families nationally made Rising inequality is not just a story of those in the financial sector in the greater New York City metropolitan area reaping outsized rewards from speculation in financial markets. While New York and Connecticut are the most unequal states as measured by the ratio of top 1 percent to bottom 99 percent income in , nine states, 54 metropolitan areas, and counties have gaps wider than the national gap. Explore inequality by state, county, and metro area in this interactive feature. What we can do to fix the problem: The rise of top incomes relative to the bottom 99 percent represents a sharp reversal of the trend that prevailed in the midth century. Between and , the share of income held by the top 1 percent declined in every state except Alaska where the top 1 percent held a relatively low share of income throughout the period. This earlier era was characterized by a rising minimum wage, low levels of unemployment after the s, widespread collective bargaining in private industries manufacturing, transportation [trucking, airlines, and railroads], telecommunications, and construction , and a cultural and political environment in which it was outrageous for executives to receive outsized bonuses while laying off workers. We need policies that return the economy to full employment, return bargaining power to U. Executive summary While economic inequality has been one of the hottest topics this presidential campaign season, much of the focus has been on the fortunes of the top 1 percent at the national level. This report, our third annual such analysis, uses the latest available data to examine how the top 1 percent in each state have fared over â€", with an emphasis on trends over â€" This third edition includes two new elements: We examine top incomes by metropolitan area and county in Our analysis provides a number of major findings that confirm the widespread extent and growth of income inequality that is heightening economic anxiety among the American electorate: In , income inequality was much higher in many states, metropolitan areas, and counties than for the United States overall. Nine states had gaps wider than the national gap. In the most unequal statesâ€"New York, Connecticut, and Wyomingâ€"the top 1 percent earned average incomes more than 40 times those of the bottom 99 percent. Fifty-four of metropolitan areas had gaps wider than the national gap. In the 12 most unequal metropolitan areas, the average income of the top 1 percent was at least 40 times greater than the average income of the bottom 99 percent. Most unequal was the Jackson metropolitan area, which spans Wyoming and Idaho; there the top 1 percent in earned on average times the average income of the bottom 99 percent of families. The average income of the top 1 percent was at least 45 times greater than the average income of the bottom 99 percent in 25 counties. In Teton, Wyoming which is one of two counties in the Jackson metropolitan area , the top 1 percent in earned on average times the average income of the bottom 99 percent of families. There is a wide variance in what it means to be in the top 1 percent by state, metro area, and county. Twelve states, metro areas, and counties have thresholds above that level. While incomes at all levels declined as a result of the Great Recession, income growth has been lopsided since the recovery began in ; the top 1 percent captured an alarming share of economic growth while enjoying relatively high income growth. Between and , the top 1 percent captured Over this period, the average income of the top 1 percent grew In 24 states the top 1 percent captured at least half of all income growth between and In 15 of those states the top 1 percent captured all income growth between and In the other nine states, the top 1 percent captured between In 10 states, top 1 percent incomes grew in the double digits, while bottom 99 percent incomes fell. Those states were Wyoming Lopsided income growth is a long-term trend that predates the Great Recession. Between and , the top 1 percent took home well over half Over this period, the average income of the bottom 99 percent of U. The average income of the top 1 percent grew over 10 times as muchâ€”by In 19 states the top 1 percent captured at least half of all income growth between and In four of those states Nevada, Wyoming, Michigan, and Alaska , only the top 1 percent experienced rising incomes between and Even in the 10 states in which they captured the smallest share of income growth from to , the top 1 percent still captured between about a quarter and just over a third of all income growth. The lopsided growth in U. The share of income held by the top 1 percent declined in every state but one between and From to the share of income held by the top 1 percent increased in every state and the District of Columbia. The 10 states with the biggest jumps at least These trends have left us with unequal income growth spanning to The same 10 states that had the biggest jumps in the top 1 percent share from to had the biggest jumps in this case at least 9. Again, these are four states with large financial services sectors New York, Connecticut, New Jersey, and Illinois , three with large information technology sectors Massachusetts, California, and Washington , one state with a large energy industry Wyoming , one with a large gaming industry Nevada , and Florida, a state in which many wealthy individuals retire. In 15 of the other 40 states, the increase in the top 1 percent share was between 6. In the remaining 25 states, the increase ranged between 3. The unequal income growth since the late s has brought the top 1 percent income share in the United States to near its peak. Overall in the U. That share was less than 4 percentage points higher in Five states had top 1 percent income shares above 24 percent in Shares were highest in New York Twenty-two metro areas had shares above 24 percent in Shares were highest in Jackson, Wyoming-Idaho Seventy-five counties had shares above 24 percent. Shares were highest in Teton, Wyoming That report also included information on the incomes of the top 5 percent of earners. Instead, they are reported at a specified top income. It uses the same methodology employed by Thomas Piketty and Emmanuel Saez to generate their widely cited findings on the incomes of the top 1 percent in the United States as a whole. The authors of this report are contributors to the World Wealth and Income Database. Following Piketty and Saez, throughout this report we will examine trends in pre-tax and pre-transfer incomes, hereafter referred to simply as income, of tax units single adults or married couples; hereafter referred to as families. The best way to think about this measurement of income is it represents all the taxable income people earn in market transactions, such as the income earned from working for a wage or salary at a job, through interest on a savings account, and from selling a financial asset for more than it was purchased a capital gain. What is not included in our analysis is the impact that taxes and transfers for example, Social Security payments or unemployment benefits have on these market-derived incomes. While taxes and transfers do tend to reduce inequality by lowering incomes at the top and raising incomes at the bottom, the primary driver of rising inequality, even after taking into account taxes and transfers, is an increasingly unequal distribution of market incomes. While these forms of nontaxable compensation have been growing over time, their exclusion does not materially close the growing gap we observe between the vast majority of people and the highest earners in our economy. Their work helped inspire the Occupy Wall Street movement of and continues to resonate among the public. They find the share of income captured by the top 1 percent climbed from 9. Although the Great Recession reduced the income share of the top 1 percent, to Income growth for the top 1 percent returned in , the most recent year for which national-level data are available, with the top 1 percent taking home Our state data extend from to , and our county and metropolitan area data are for To remain consistent with the most current national data from Piketty and Saez, all figures are in dollars. We begin our analysis in the next section by painting a detailed picture of exactly how high the incomes of the most well-off among us are today. We then turn our attention to trends in top incomes over time, focusing first on the most recent economic recovery, then casting back our gaze to the 28 years between and and finally looking at how the fruits of economic growth have been distributed during every economic recovery since What the next three sections will reveal is that the top incomes we observe today are the direct result of a very lopsided distribution of the gains from economic growth toward the highest earners. We conclude the paper by comparing the share of all income earned by the top 1 percent in to the share today. As with all tables in this report, figures are in dollars. In the United States as a whole, on average the top 1 percent of families earned

Chapter 4 : How Joe Biden would fix income inequality in America

Income and Poverty in the United States: This report presents data on income, earnings, income inequality & poverty in the United States based on information collected in the and earlier CPS ASEC.

Overview[edit] U. For example, the top 0. They became moderately less progressive between and [6] but slightly more progressive measured between and Income transfers had a greater impact on reducing inequality than taxes from to While before-tax income inequality is subject to market factors e. The influence of the labor movement has waned in the U. Shiller , who called rising economic inequality "the most important problem that we are facing now today" , [47] former Federal Reserve Board chairman Alan Greenspan , "This is not the type of thing which a democratic society â€" a capitalist democratic society â€" can really accept without addressing" , [48] and President Barack Obama who referred to the widening income gap as the "defining challenge of our time". The first era of inequality lasted roughly from the post-civil war era or "the Gilded Age " to sometime around Highly progressive New Deal taxation, the strengthening of unions, and regulation of the National War Labor Board during World War II raised the income of the poor and working class and lowered that of top earners. Wages remained relatively high because American manufacturing lacked foreign competition, and because of strong trade unions. By more than a third of non-farm workers were union members, [53]: This tremendously productive working class gets back for its own consumption a smaller part of its output and hands over in the form of profit to the capitalist owners of the instruments of production a greater part of its output than does either the English or the French working class. Studies have found income grew more unequal almost continuously except during the economic recessions in â€"91 , Dot-com bubble , and sub-prime bust. Before , a larger share of top earners income came from capital interest, dividends, income from rent, capital gains. After , income of high-income taxpayers comes predominantly from labor: In , the Occupy movement drew considerable attention to income inequality in the country. Market income for a household is a combination of labor income such as cash wages, employer-paid benefits, and employer-paid payroll taxes , business income such as income from businesses and farms operated solely by their owners , capital gains profits realized from the sale of assets and stock options , capital income such as interest from deposits, dividends, and rental income , and other income. Higher-income groups tend to derive relatively more of their income from more volatile sources related to capital income business income, capital gains, and dividends , as opposed to labor income wages and salaries. Other sources of capital income also fell: CBO estimated that "average federal tax rates under law would be higher â€" relative to tax rates in â€" across the income spectrum. The estimated rates under law would still be well below the average rates from through for the bottom four income quintiles, slightly below the average rate over that period for households in the 81st through 99th percentiles, and well above the average rate over that period for households in the top 1 percent of the income distribution. Lindert and Jeffrey G. The share of incomes for those in the bottom half of the U. Pretax incomes for the top 0. The economists also note that the growth of inequality during the s to the s can be attributed to wage growth among top earners, but the ever-widening gap has been "a capital-driven phenomenon since the late s. Causes of income inequality in the United States Illustrates the productivity gap i. Each dot is an industry; dots above the line have a productivity gap i. A study in the American Sociological Review , as well as other scholarly research, using the broadest methodology, estimates that the decline of unions may account for from one-third to more than one-half of the rise of inequality among men. As unions weakened, the vast majority of the gains from productivity were taken by senior corporate executives, major shareholders and creditors e. As unions have grown weaker, there has been less pressure on employers to increase wages, or on lawmakers to enact labor-friendly or worker-friendly measures. This would cause capital share to increase, relative to labor share, as machines replace some workers. More important, soaring incomes at the top were achieved, in large part, by squeezing those below: Perhaps more important still, the wealthy exert a vastly disproportionate effect on policy. And elite priorities â€" obsessive concern with budget deficits, with the supposed need to slash social programs â€" have done a lot to deepen [wage stagnation and income inequality]. Relevant discussion may be found on the talk page. Please do not remove this message until conditions to do so are met. February Learn how and when to remove this template message Real GDP per household has typically increased since the year , while real median income per household was below levels until , indicating a trend of greater income inequality i. The decline measured for wages and salaries was 7. These trends imply income due to capital i. For example, Alan B. In general, as income inequality worsens: Krueger wrote in Restoring a greater degree of fairness to the U. Krueger wrote that borrowing likely helped many households make up for this shift, which became more difficult in the wake of the â€” recession. A strong demand for redistribution will occur in societies where a large section of the population does not have access to the productive resources of the economy. Rational voters must internalize such issues. Increasing inequality harms growth in countries with high levels of urbanization. High and persistent unemployment also has a negative effect on subsequent long-run economic growth. Unemployment may seriously harm growth because it is a waste of resources, because it generates redistributive pressures and distortions, because it depreciates existing human capital and deters its accumulation, because it drives people to poverty, because it results in liquidity constraints that limit labor mobility, and because it erodes individual self-esteem and promotes social dislocation, unrest and conflict. Policies to control unemployment and reduce its inequality-associated effects can strengthen long-run growth. Gross , former managing director of PIMCO , criticized the shift in distribution of income from labor to capital that underlies some of the growth in inequality as unsustainable, saying: Even conservatives must acknowledge that return on capital investment, and the liquid stocks and bonds that mimic it, are ultimately dependent on returns to labor in the form of jobs and real wage gains. If Main Street is unemployed and undercompensated, capital can only travel so far down Prosperity Road. A December Associated Press survey of three dozen economists found that the majority believe that widening income disparity is harming the US economy. They argue that wealthy Americans are receiving higher pay, but they spend less per dollar earned than middle class consumers, the majority of the population, whose incomes have largely stagnated. Higher levels of income inequality increase political pressures, discouraging trade, investment, hiring, and social mobility according to the report. The main reason for this shift is the increasing importance of human capital in development. When physical capital mattered most, savings and investments were key. Then it was important to have a large contingent of rich people who could save a greater proportion of their income than the poor and invest it in physical capital. But now that human capital is scarcer than machines, widespread education has become the secret to growth. Epstein defended inequality in a free market society, maintaining that "taxing the top one percent even more means less wealth and fewer jobs for the rest of us. In his dissent in the Louis K.

Chapter 5 : Income inequality in the U.S. by state, metropolitan area, and county | Economic Policy Institute

In a study published last year, Norton and Sorapop Kiatpongsan used a similar approach to assess perceptions of income inequality. They asked about 55, people from 40 countries to estimate how.

If poor people knew how rich rich people are, there would be riots in the streets. We have no idea how unequal our society has become. In their paper , Michael Norton and Dan Ariely analyzed beliefs about wealth inequality. They asked more than 5, Americans to guess the percentage of wealth i. Next, they asked people to construct their ideal distributions. Imagine a pizza of all the wealth in the United States. In an ideal world, how much should they have? The reality is strikingly different. And they would like to live on a kibbutz. This all might ring a bell. An infographic video of the study went viral and has been watched more than 16 million times. In a study published last year , Norton and Sorapop Kiatpongsan used a similar approach to assess perceptions of income inequality. They asked about 55, people from 40 countries to estimate how much corporate CEOs and unskilled workers earned. Then they asked people how much CEOs and workers should earn. Fifty years ago, it was to Again, the patterns were the same for all subgroups, regardless of age, education, political affiliation, or opinion on inequality and pay. To be fair, though, we do know that something is up. Just five percent of Americans think that inequality is a major problem in need of attention. One likely reason for this is identified by a third study , published earlier this year by Shai Davidai and Thomas Gilovich that suggests that our indifference lies in a distinctly American cultural optimism. At the core of the American Dream is the belief that anyone who works hard can move up economically regardless of his or her social circumstances. Davidai and Gilovich wanted to know whether people had a realistic sense of economic mobility. The researchers found Americans overestimate the amount of upward social mobility that exists in society. Sure enough, people think that moving up is significantly more likely than it is in reality. Interestingly, poorer and politically conservative participants thought that there is more mobility than richer and liberal participants. We are a nation of haves and soon-to-haves, of people who have made it and people who will make it. We may not want to believe it, but the United States is now the most unequal of all Western nations. To make matters worse, America has considerably less social mobility than Canada and Europe. By overemphasizing individual mobility, we ignore important social determinants of success like family inheritance, social connections, and structural discrimination. Our unique brand of optimism prevents us from making any real changes. And have you read a recent peer-reviewed paper that you would like to write about? Please send suggestions to Mind Matters editor Gareth Cook. Gareth, a Pulitzer prize-winning journalist, is the series editor of Best American Infographics and can be reached at garethideas AT gmail. He primarily studies social norms around technology, health, and illness. Follow Nick on Twitter fitznich Latest News.

Chapter 6 : Economic Inequality: Itâ€™s Far Worse Than You Think - Scientific American

The most visible indicator of wealth inequality in America today may be the Forbes magazine list of the nation's richest. In , the "poorest" American listed on the first annual Forbes magazine list of America's richest had a net worth of $80 million.

Chapter 7 : Racial and ethnic income inequality in America: 5 key findings

In , income inequality was much higher in many states, metropolitan areas, and counties than for the United States overall. In the top 1 percent of families nationally made times as much as the bottom 99 percent.

Chapter 8 : U.S. inequality keeps getting uglier

Income inequality - the gap in incomes between the rich and poor - has increased steadily in the United States since the s. By one measure, the gap between Americans at the top and the bottom of the income ladder increased 27% from to

However, the rise in inequality within America.

Chapter 9 : Report: America's income inequality is on par with Russia's - CBS News

Publication date: 1. Wage Inequality. Over the last 30 years, wage inequality in the United States has increased substantially, with the overall level of inequality now approaching the extreme level that prevailed prior to the Great Depression.