American Economic Inequality and Immobility and Its Impacts on Society
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Introduction

- What is Economic Inequality? – The difference of economic well-being found among individuals in a society
- What is Mobility? – The ability of an individual or family to change economic status, usually through income

Economic inequality in the United States has increased dramatically since the late 1970's. This is significant because the U.S. economy has grown by roughly eight times since then and productivity has increased by around 133%, yet average worker compensation has risen by less than 16%. Meanwhile, the income of the top 1% of Americans has quadrupled in this same period. Economic mobility has plummeted over these years as well. While there is some debate in the economic community as to the implications of these trends, it is widely regarded as disruptive and harmful for not only the economy and for Americans as a whole, but also for the health, safety, and political institutions of American society.

Inequality By the Numbers

- The top 0.1% earn more than 184 times the income of the bottom 90%
- The U.S. scores a .42 on the Gini coefficient (or index) which quantifies the level of inequality in countries around the world, indicating higher levels of inequality than in all other industrialized nations, which tend to average closer to .30 (0=perfect equality, 1=perfect inequality)
- In 1986, the Gini coefficient for the U.S. was .377, illustrating a clear increase in American inequality
- The average income for a family in the top 1% is $1.3 million, while the average income for a family in the bottom 90% is about $31,000

Implications

- Infringes on political rights and representation, undermines the fairness and integrity of political institutions
- Undermines the fairness of the economic system itself and stifles long-term economic growth
- Associated with increased crime, homicides, and corruption
- Contributes to major health problems and an overall unhealthy population (the U.S. ranks among the highest in unhealthy populations, infant mortality, life expectancy, obesity, and other diseases among OECD countries), affects access to nutrition and quality healthcare
- Reduces access to quality education
- Increases both private and public debt, decreases private mobility
- Results in loss of control/autonomy over lives of individuals and families and reduced opportunities for social and political participation

What Can Be Done About This?

- Tax, policy, and education reforms
- Increase the quantity and quality of apprenticeship and internship programs, get employers involved
- Encourage a higher savings rate and lower the cost of building assets, especially for the lower and middle classes
- Improve access to low-cost financial education and services and to home to home ownership.
- Automatically enroll workers in a retirement savings plan

Distribution of Financial Wealth in the U.S.

- Top 1%: 43% of Financial Wealth
- Next 4%: 26% of Financial Wealth
- Next 5%: 11% of Financial Wealth
- Next 10%: 12% of Financial Wealth
- Bottom 80% of Americans: 7% of Financial Wealth

Inequality Around the World

(Mobility (Or Lack Thereof)

- Stagnant earnings for the bottom half of the American population
- Favorable environment for the formation of oligarchies
- The end of the “American Dream”: Millennials have a 50% chance of earning more than their parents, vs. those born in 1940’s who had a 92% chance of making more than their parents

What It’s Getting Harder for Americans to get Ahead

92% 79% 62% 61% 50%


Percent of children born in that year who earn more than their parents