

# Income Inequality in America Continues to Grow

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*Income inequality in America is at the highest level since the Census Bureau began tracking household income data in 1967, according to Reuters.*

The disparity between the rich and the poor has reached such a high level that the United States is now in the same category as developing Third World countries such as the Ivory Coast, Jamaica and Malaysia, the report indicated.

While the number of Americans making over \$50 million actually fell from 131 in 2008 to 74 last year, those at the very top of the income scale are doing better than ever, according to Tax.com.

The average wage of those making over \$50 million in 2008 was \$91.2 million. Last year, the average wage for those in that category jumped to \$518.8 million. In 1994, there were just 25 Americans making over \$20 million annually.

At the same time, the median wage for all Americans actually fell \$159 to \$26,261 last year. That is \$37 less than the median wage for an American worker in 2000.

The end result of the growing wage gap? Last year, the richest 74 Americans, those making over \$50 million annually, combined to earn as much as the 19 million lowest paid Americans combined.

During the last economic expansion, from 2002 to 2007, 65 cents of every dollar in wage gains went to the top one percent of Americans in terms of wage earners.

Some, but not all, of the growing disparity between the rich and poor can be directly attributed to the nation's failed trade policies, according to David Kay Johnston, a former tax reporter for *The New York Times*.

"We have enabled 'free trade' that is nothing of the sort, but rather tax-subsidized mechanisms that encourage American manufacturers to close their domestic factories, fire workers, and then use cheap labor in China for products they send right back to the United States," he writes at Tax.com. "This has created enormous downward pressure on wages, and not just for factory workers."

The social stratification of America is a relatively new phenomenon. Prior to the free trade era, which began around the 1970s, America's middle and lower-class workers were actually gaining ground on the nation's rich. That, however, just like America's manufacturing base, did not survive the era of "free trade."

Today, top executives make, on average, 100 times more than their employees. In the 1960s, that gap was just 30 times as much. It is no coincidence then that since the 1960s, America has added roughly 46 million jobs, while shedding over two million manufacturing jobs.

Emmanuel Saez, a University of California, Berkeley, economist who was awarded a 2010 MacArthur Foundation “genius” grant for his work on income inequality told *Reuters* that American policy makers have a major decision to make; whether to try to even out income inequality or let society continue to grow farther apart.

“We need to decide as a society whether this increase in income inequality is efficient and acceptable and, if not, what mix of institutional reforms should be developed to counter it,” he told *Reuters*.

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