INEQUALITY: WHERE DO YOU FIT IN?

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GLOBAL CONNECT
Inequality

What does inequality mean?
The uneven distribution of wealth and income

What is wealth?
The value of everything a person or family owns, minus any debts

What is income?
What people earn from work and investments
Focus on the “Haves” and “Have Nots”

Sao Paulo, Brazil
Global Inequality – Saudi Arabia

Homeless in Riyadh

Kingdom Mall in Riyadh
Global Inequality – Russia

Soup Kitchen in Moscow

Millionaire Fair in Moscow
Global Inequality – India
Global Inequality – United States

Homeless Americans

Paris Hilton
What Do These Pictures Show?: The “Haves”

- The “Haves” are clearly very wealthy. They are the top 1% of the population.

- We can see even more concentration of wealth by looking at the 0.1% of the population.

- Change in focus from thinking about global inequality as a comparison between nations towards a comparison within nations.

- The “99 Percent Movement” has made a comparison of inequality extremes publically visible.
What Do These Pictures Show?:
The “Have Nots”

The focus on poverty is one of the most important problems in addressing global inequality

- 1.4 billion people live on less than $1 a day
  (World Bank)

- 50% of the world lives on less than $2.50 a day
  (World Poverty Statistics)

- Nearly half of the children in the world live in poverty
  (UNICEF)
Inequality and the Whole Population: The Middle Class

Let’s try to think about inequality across the entire population. The previous slides focused on the very wealthy and the long term impoverished. What about those in the middle?
Distribution of Wealth in the U.S.-
What Do People Think?
Distribution of Wealth in the U.S. – What Do People Think versus Actual

The bar chart shows the distribution of wealth across quintiles in the U.S., comparing actual and estimated values.

- **Actual**: The lighter bars represent the actual distribution of wealth.
- **Estimated**: The darker bars represent estimated values.

### Quintile Breakdown:

- **1st Quintile**
  - Actual: 0
  - Estimated: 3
- **2nd Quintile**
  - Actual: 0
  - Estimated: 7
- **3rd Quintile**
  - Actual: 5
  - Estimated: 12
- **4th Quintile**
  - Actual: 10
  - Estimated: 20
- **5th Quintile**
  - Actual: 85
  - Estimated: 58
What is a GINI Index?

- Method of measuring inequality across the entire population
  - The higher the score, the more unequal the distribution of wealth within a particular nation

- From GINI Index: World Bank 2008
  - Sweden: 0.25
  - India: 0.37
  - Russia: 0.40
  - United States: 0.41
  - Sierra Leone: 0.63
Inequality and the Distribution of Wealth in the United States

- Is the distribution of wealth in the United States “fair”?
- Where do you and your family fit in?
- Where would you like to fit in with your future family?
- What is the “American Dream”? 
The “American Dream”

Ability to:

- Move up in class
- Own a “nice” house
- Send children to college
- Retire from work
Is Inequality Necessary?

**Meritocracy** – a system based on the ideal that **hard work and persistence** (merit) will lead to future **rewards**

- Many believe that inequality is **necessary** for a society to function

- Example: Grades
  - What if everyone received the same grade in your school **regardless** of how much work they put into their classes?
How Much Inequality is Necessary?
Distribution of Wealth in the U.S. – What Do People Think is Ideal?
How is Inequality Evaluated?

- Equality of **opportunity**: all runners beginning at the same starting line

- Equality of **outcome**: all runners crossing the finish line at the exact time
Social Mobility

Social mobility - the movement between the social class that you’re born into and the social class that you end up in as a result of your actions

- “Rags to Riches”
  - Ronald Reagan
  - Bill Clinton
  - Andrew Carnegie

- The degree of social mobility in the system is often used to evaluate the outcomes of inequality in terms of “fairness”
American Individualism – the idea that anyone can become successful *if* they work hard

- Idea that *individual actions* can overcome *external factors* (such as social class, gender, or race) is strongly associated with the American idea of meritocracy

- People in Europe or Latin America still work hard, but are not surprised if external factors strongly influence their future *despite* their individual actions
Does the American Dream Still Exist?
The American Dream?

- Americans are becoming more skeptical about Individualism and the American Dream

- Significantly less social mobility occurs in the top 10% and bottom 20% (rich are staying rich, the poor are staying poor)

- Only 6% of those from the bottom get to the top

- “Rags to Riches” stories are extremely rare
What is the Future of the American Middle Class?

- 9.5%: Government reported unemployment
- 18%: Underemployed, discouraged workers, and unemployed in the U.S.
- Increase in jobs without benefits (health, dental, retirement benefits, etc.)
- Middle class wages and income decreasing compared to the upper 20%
Where Have All the “Good Jobs” Gone?

- Manufacturing has been outsourced to cheaper labor markets
- Technology has mechanized production
How Much is an Education Worth?

- In the past, a college degree guaranteed some form of middle class standard of living – this may no longer be true for many of the middle 60%

- “A college degree is not the kind of protection against job loss or wage loss it used to be”

- Still very important to attain a college degree, but most increase in earnings over the last 30 years are above the BA level – graduate school
Rethinking the American Dream

- 1950’s version of the American Dream (e.g., white picket fence, 2 children, and an expensive car) may no longer continue to exist in the same form

- “External factors” may have more control over your economic future, as most working people in Europe and other industrialized countries believe

- Do we still have a meritocracy in the U.S.?

- If “runners” are not starting on the same line – is the race fair?
SPARE SLIDES
Does the American Dream Still Exist?

- What is happening to middle class jobs?
- Is home ownership still a reality?
- Does a college degree still guarantee a successful future career?
How does globalization affect the American Dream? How will the American dream change?
Meritocracy and Social Class

- **Meritocracy**
  - Hard work and persistence (merit) would result in rewards
  - Ability to move into higher quintiles (social mobility)
Sources

- http://www2.ucsc.edu/whorulesamerica/power/wealth.html