

ADDENDIX:
INCREASING ECONOMIC INEQUALITY
IN THE UNITED STATES

Increasing economic inequality is a real issue in the United States economy today.

In the spring of 2007 there were major articles in both the Wall St. Journal and the New York Times on economic inequality in the United States. This was a major event in the American media. The establishment acknowledged that the myth of unbounded opportunity is America is just that – a myth. In fact the opportunity gap between the rich and poor has widened.

”Income-Inequality Gap Widens” by Greg Ip, Wall Street Journal, October 10, 2007

According to data from The Internal Revenue Service, the wealthiest 1% of Americans earned 21.2% of all income in 2005. That is up sharply from 19% in 2004 and surpasses the previous high of 20.8% in 2000.

The bottom 50% earned 12.8% of all income, down from 13.4% in 2004 and a bit less than their 13% share in 2000.

Cecil Johnson “The Nation’s Chasm of Wealth” quotes economists Heather Boushey and Christian E. Weller from the book Inequality Matters: The Growing Economic Divide in America and Its Poisonous Consequences.

Between 1973 and 2003 the average income of 90 percent of taxpayers declined 7% while the income of the top 1% increased 148%.

In 1983 the richest 1% of American households had 1,500 times the wealth of the bottom 40 %; by 2001 the top 1% had 4,400 times as much wealth as the bottom 40%

“CEO Fund Managers Raking it in by any Measure” by Chris Reidy, Boston Globe, August 30, 2007. This article is based on studies of Institute for Policy Studies and United for a Fair Economy. Their date comes from Forbes Magazine.

Chief executives of large companies last year (2006) averaged \$10.8 million in total compensation more than 364 times the pay of the average American worker.

The top private equity and hedge fund managers pocketed an average \$657.5 million or 22,255 times the pay of the average worker.

Boston Globe August 21, 2007

Americans earned smaller average incomes in 2005 than in 2000, the fifth consecutive year this happened. In 2000, the average income was \$55,714 in 2005 the income was \$55,238.

Workers are also paying higher medical costs and seeing retirement benefits reduced.

Boston Globe March 1, 2007

In 2005 the top 300,000 Americans had almost as much income as the bottom 150 million.