The Inadequate America

(I) Introduction

America is said to be the land of opportunity where if people work hard and dream big, they can accomplish anything they put their mind to. However, this classic view of America has all but diminished as income inequality has weathered the economic well-being of society. A healthy economy supports people of all classes and rank in society regardless of race, gender, or income. Our economy is the deciding factor in the amount of quality jobs provided as well as whether investments have a net gain or loss. In other words, the quality of the lives of people in America, and all around the world, depend on the state of our national economy. With that being said, it is rather troubling to note that the wealth and income generated by our economy has become so unequally distributed. For instance, the wealthiest 1% of Americans own 40% of the nation's total wealth ("Wealth Inequality in America," 2012).

The standard of living for Americans is not only determined by the cost of goods and services but also by the incomes of the lower, middle, and upper classes. For instance, the average salary that a CEO earns in an hour is the equivalent to a month's worth of wages for the average worker of the same company; the average CEO makes 380 times more money than that of the median employee ("Wealth Inequality in America," 2012). As provided by *CNN Money*, pretax income of the top 1% as compared to that of the bottom 50% is shared in historical context (2016).

The current statistics prove bothersome as we look ahead to a rather bleak future with little hope that working hard will result in higher income. Shockingly, the bottom 80% of Americans only carry 7% of America's total wealth, which includes the lower and middle classes ("Wealth Inequality in America," 2012). In comparison, the top 1% owns only 9% of our country's total wealth in 1976, a vast difference from the increasing 40% of today (ibid). Although most Americans would like to think that their voice and opinions make a difference in economic policy, they could not be farther from the truth. The majority of politicians, most notably in the House of Representatives, belong to the 1%, leaving them to create favorable policy for those of the same financial rank (Stiglitz, 2016). Many believe that perhaps government policy is related to the declining quality of our economy, which at first glance appears to be favoring the rich more than people of lesser financial standing. To put it succinctly, it is crucial for America to have an economy that benefits everyone to enable all Americans regardless of income, background, race, or gender to succeed in achieving their dreams.

To shed light on these troubled trends, this paper begins with historical background of the trends in income inequality and wealth inequality; the major causes of increased inequality are explored with a focus on an increased governmental role in economic policy. To suggest a path forward, this paper concludes with policy recommendations for reversing these trends. With that being said, it is of the utmost importance that America understand and correct its economic inequalities with redistribution of the economic pie through policy changes such as lobbying regulations, enforcement of antitrust laws, monetary aid for college, greater bargaining power, higher minimum wage, and a reworked tax system.

(II) Background: Robber Barons and the 1920s

Growing income inequality is not a new issue in the United States as it has occurred in the past during the Industrial Revolution. In the 1920s, the majority of policy makers were either very wealthy or were lobbied by robber barons, leading economic and political power to be placed in the hands of the rich, not in that of the average hard-working citizen (Reich, 2015a, p. 45). Robber barons, including Andrew Carnegie and Cornelius Vanderbilt, owned various industrial businesses including railroads, steel mills, and oil rigs (ibid). As time went on, robber barons started to monopolize their businesses by abusing their “authority” as wealthy executives (ibid). Robber barons often came to power illegally as they “ran their own slates for office and brazenly bribed public officials, even sending lackeys with sacks of money to be placed on the desks of pliant legislators” (ibid). Not only did the bribes influence government policy, there was also legislation passed that allowed monopoly power to dominate the markets, effectively shutting down small businesses and other competition (Reich, 2015a, p. 46). Less competition meant that very few companies dominated the market, giving the blessed few free reign of price control, leading to dramatic increases in price of products and services (Reich, 2015a, p.14). Higher prices without a corresponding adjustment in wages left many people without the buying power to purchase essential goods, not unlike the current situation of today's world.

Correspondingly, the degree of economic and political power of robber barons created a feeling of mistrust with Americans and later led to the signing of Sherman's Antitrust Act during the Presidency of Benjamin Harrison in 1890 (Reich, 2015a, p. 46). This Act was created to limit interstate commerce and regulate the industry by using political power, most notably by prohibiting the popular use of trusts among robber baron agencies (Transcript of Sherman Antitrust Act, 1890).[1] Trusts destroyed competition and lead to monopolization of many industries (ibid). To counter these trends, The Sherman Antitrust Act stated that,

> Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and on conviction thereof; shall be punished by a fine not exceeding five thousand dollars. (Transcript of Sherman Antitrust Act 1890)

Although the Sherman Antitrust Act sought to make monopolization of industry illegal, its wording was too vague and the penalties too small to be effective. In the current age, the value of the $5000 dollar fine from 1890 would be about half a million dollars. In context, the amount fined was essentially there for show as a highly-paid CEO would find this fine peanuts compared

1

Trusts were deals where stockholders holding shares of various companies transferred them to a board of trustees (Transcript of Sherman Antitrust Act (1890)). In return, stockholders received a document stating that they would receive some of the profit from their shares and that the board of trustees would also receive a portion of the profit from the shares (Transcript of Sherman Antitrust Act (1890)).

to the firm's total profit. Despite the good intentions of the creation of the Sherman Antitrust Act, the new legislation was not initially successful.[2]

As a follow-up to the toothless Sherman Antitrust Act, the Clayton Antitrust Act of 1914, created

during the presidency of Woodrow Wilson, clarified and strengthened the previous Act to give meaning to the terms of monopoly power and competition as well as make specific actions illegal (Clayton, 1914). For instance, the Clayton Antitrust Act made predatory pricing illegal (ibid). Large companies of the time had engaged in predatory pricing, meaning that large companies priced their goods at prices beneath that of their production costs, much lower than small firms could afford. Eventually, small competitors went out of business as the large firms continued to provide low prices. After gaining monopoly power of the industry, large companies would then raise their prices significantly.

In addition, the Clayton Antitrust Act created the Federal Trade Commission which had regulatory power over monopolies as well as monopolistic mergers to ensure that small businesses had the same chance of making a profit as monopolistic companies (Clayton, 1914). Monopolies, while dominating price control, also had the ability to provide lower wages to employees as people needed to find work to support their families. Before the bill was passed into law, the future Act received positive praise from many policymakers, especially from Pennsylvania Congressional Representative John J. Casey, "I realize and appreciate the importance of this bill, because I believe it is one of the most important that has or will come

---

2

Deemed loosely worded, the Act was not taken seriously as many key words such as monopoly and trust were not clearly defined in the document and were open for interpretation (Transcript of Sherman Antitrust Act (1890)). Most notably, the lawsuit of the United States versus E.C. Knight Company in 1895 undermined the Sherman Antitrust Act (ibid). The defendant, the American Sugar Refining Company, was deemed not guilty for monopolization despite the fact that the company was in control of 98% of the total sugar refining market of the United States (ibid). In the ruling, the Supreme Court's "opinion reasoned that the company's control of manufacture did not constitute a control of trade" (ibid). Had the Act been more specifically worded, it may have prevented companies such as the American Sugar Refining Company from becoming an unofficial monopoly and leaving little room for competition.

before this house for consideration" (ibid). The newly-formed Federal Trade Commission also helped to enforce the Clayton Antitrust Act as the new Commission had (and still has) the duty of encouraging economic competition to protect consumers.

(III) Background: Black Tuesday and The Great Depression

Economic growth and prosperity spread throughout the United States during the 1920s but was not meant to last. Millions of people invested in stock on Wall Street; most received a successful return on their investments. However, this time of economic expansion quickly came to a halt on Black Tuesday, October of 1929 when the stock market crashed, leaving many people with stocks that were now worthless and savings accounts that plummeted in value (Yergin, 2016). By 1933, stock was worth 20% of its purchasing price from 1929 (Social Welfare History Project, 2011). According to Horton, Sherman, Stone, and Trisi, the Great Depression not only caused many people to lose money in the stock market, but is also the reason many people lost their jobs; causing even the income of the very wealthy to drop (2016). Ultimately, income for the top 1% and 0.5% totaled approximately 30% of the total income in the United States for the year 1932 (ibid). With wealth concentrated to the top 1.5%, the average person was forced to borrow more money than they could afford to pay off during the 1920s, and many could not repay their debts, causing many banks to fail (Yergin, 2016). Many companies had no choice and had to declare bankruptcy, leaving many people without a job.[3] To exemplify, one in four people belonging to the labor force was unemployed by 1932 (Social Welfare History Project, 2011).

Naturally, the general public looks to its government to solve economic problems as they arise. President Franklin Roosevelt officially took his place as President of the United States in 1933 and was instantly faced with a plethora of challenges ranging from lessening the growing

3

During the Great Depression, unemployment levels varied greatly from different states with unemployment levels as high as 80% in Toledo, Ohio in 1933 as well as in Lowell, Massachusetts where 90% of the workforce was deemed unemployed (History.com Staff, 2009).

unemployment rate to creating legislation to help save banks (History.com Staff, 2009). In addition to bailing out banks, President Roosevelt also created the National Industrial Recovery Act of 1933, ran by the Industrial Recovery Administration, which guaranteed workers the right to form unions as well as to have collective bargaining rights to rally for higher wages and healthier working conditions (Transcript National Industrial Recovery Act, 1933). The Act also created the Public Works Administration, which had the authority to overlook public amenities such as highways, usage of natural resources, and ways to protect our environment (ibid). In response, this allowed previously privatized job sectors to be organized and run by the government, meaning that with less monopoly power, there could be fair wages and a greater number of people employed to lessen the burden of the high rate of unemployment. This is an example of Keynesian fiscal policy as it was believed that output of goods was dependent on aggregate demand. For instance, if aggregate demand increased, aggregate supply would be forced to increase as well, allowing many firms to enter the market and create competition, causing a price reduction in goods.

However, the New Deal created several programs promoting economic stability which are still in use today; a significant portion of these programs created a safety net to prevent some from slipping too deep into poverty. For example, unemployment benefits were implemented as part of the New Deal as many families were struggling with a loss of income ("History.com Staff," 2009). Furthermore, the Federal Government started to grant agricultural subsidies to farmers to promote agricultural growth. One of the most notable (and controversial) implementations of the New Deal was the new progressive tax system where the wealthiest Americans were taxed a great deal more than those belonging to the lower and middle classes (Hacker & Pierson, 2010, p. 88). Taxing the rich allowed the government to have more money to invest in public programs (ibid). Programs such as Medicare and Social Security, created as part of the New Deal, are funded mostly by payroll taxes, which are often the only forms of funding for the elderly and disabled who can no longer be counted as members of the workforce.

In addition, President Roosevelt's ideals of increased public spending match the economic thinking of John Maynard Keynes, who was the father of Keynesian economics. Keynes believed capitalism needed government intervention to mitigate the booms and busts of the business cycle. President Roosevelt was the first President to take measures to ensure that the government had greater power to regulate the economy, as there was not previous law in place that allowed the government to allocate a basic framework for an efficient economy. Banks were regulated during the New Deal along with consumer deposits being ensured (Hacker & Pierson, 2010, p. 88).[4] Still in existence today is the National Labor Relations Board which was created in 1935 under the Wagner Act by President Roosevelt (History.com Staff, 2009). The NLRB is in charge of enforcing laws regarding worker's rights including collective bargaining, supporting unions, and bringing justice to unfair labor laws. In the end, these laws acted (with some still enforced today) to benefit the average worker with the goal of providing fair pay.

(IV) Background: Post Great Depression to the Present

Penned the Golden Era, 1945-1973 was a time in history where everyone, ranging from lower class to the top 1%, had an increase in wealth with progressive legislation, namely the New Deal (Cassidy, 1995). As evidence of success of Keynesian economics, the Great Depression ended shortly after World War II and created a wartime industry leading the United States to produce weapons, clothing, and other supplies for American Troops fighting overseas ("History.com Staff," 2009). With the Keynesian stimulus provided by wartime spending and New Deal policies, there was steady economic growth for the lower and middle classes. Standard

---

4 The Glass-Steagall Banking Act of 1933 separated commercial banks and investment banks, in other words, the new law forced banks to declare as to whether they made money by loaning money to people with interest rates or issue stocks and bonds to make a profit (Irwin, 2015).

of living, especially for the middle class, rose after World War II for several decades (Cassidy, 1995). The iconic American Dream was formed during this time of prosperity for the middle class where it seemed that with hard work, the average person could afford a nice house in the suburbs and, if they were lucky, a summer house by a lake (ibid).

However, government policy and deregulation of the 1970s and 1980s abruptly altered the chances of the average person's ability to achieve a higher rank of wealth. For example, the Employee Retirement Income Security Act of 1974 allowed companies to invest their employee's pensions as well as their insurance policies into the risky stock market versus safer corporate and government bonds, heightening the chance that the average person would lose a portion of their retirement plan (Reich, 2015, p. 120-1). In 1982, Congress granted banks (more specifically the banks with home loan mortgages) permission to invest depositors' money in various financial endeavors that included risky investments such as junk bonds and speculative-grade investments with high default rates (ibid). According to Gilmore, Kirk, and Wiser, people felt confident in their investments because the Federal Government insured loans as well as savings deposits (2009). However, the housing crash of 2008 cost taxpayers several billion dollars as the banks went bankrupt and could not financially support their promised insurance (ibid).

During the 1970s, deregulation of many markets, such as the airline industry, caused the Federal Government to no longer have price control nor standardization control of many industries (Hacker & Pierson, 2010, p. 184). This allowed for many companies to not only run their own companies as they saw fit with little government interference, but to also set their own prices and wages, not all that different from the market of today. With concentration of market power by just a few large firms, bargaining power tilted away from workers towards corporations. There were many leveraged company buyouts resulting from the deregulation of the 1970s, leading to more market concentration by large corporations. Specifically, "Between 1979 and 1989, financial entrepreneurs mounted more than 2,000 leveraged buyouts, each over $250 million" (Reich, 2015a, p. 121). While CEOs and other business people were able to buyout million-dollar companies, wage growth refused to rise for the average workers after the 1970s, with the exception of a few years of significant growth during the Clinton Administration (Reich, 2015a, p. 124). The majority of income gains became concentrated to the top 1% beginning in the late 1970s, and continued into the 1980s due to changes in tax policy. To illustrate, the Reagan Administration, when faced with a recession, implemented laws to grant millionaires with tax cut benefits to encourage greater expansion of companies, claiming this would trickle down to create jobs for the middle class ("Ushistory.org").

While some argue Reagan's policies led to the end of the recession, they did not lead to a dramatic increase of new employment for the middle class (Yergin, 2016). Corporation-friendly policy changes continued into the Clinton Administration. For example, the Glass-Stegall Act, which was initially implemented in President Roosevelt's New Deal, was abolished by the Federal Government in 1999, after years of Wall Street lobbying (Reich, 2015a, p.175). This allowed banks to have more risky investments, especially with the money of middle class homeowners (Gilmore, Kirk, & Wiser, 2009). As Americans worked hard to generate income, much of the income gains were allocated to the top 1% (Horton, Sherman, Stone, & Trisi, 2016).

(V) Rising Cost of Living and Monopoly Power

Today, the lower and middle classes are struggling to keep up with the rising cost of goods due to monopoly power stemming from corporation-friendly policy reform. For example, the price of an Epipen in 2007 was $50 but raised in price to more than $500 as of 2016 (Thompson, 2016). The Federal Government does not have the power to bargain affordable prices for drugs from wholesale companies; the main culprit for high drug prices is the requirement that drugs must be patented (Reich, 2015a, p. 23). Before the 1990s, multiple drug companies were allowed to manufacture the same drug as the Patent Office claimed that any drug made from nature could not be patented (ibid). These regulations were removed in the 1990s and have lead many drug manufacturing companies to become monopolies as patents can last approximately twenty years, meaning that one company has dominate price control of the drug (ibid).

Prescription drugs are not the only necessity that has increased in price due to monopolization of markets. The internet, which is an essential good for work, shopping, and completing homework, has risen in price so much that it is now out of reach for the lower class (Reich, 2015a, p. 31). Farmers also have to deal with an increase in prices due to monopoly power, as Monsanto created genetically-modified plants that have to be replanted every year as they have patented technology to create the best plants (Reich, 2015a, p. 34). Furthermore, many companies belonging to crucial industries have become monopolies. For example, “A handful of health insurance giants including Anthem, Blue Cross Blue Shield, United Healthcare, Aetna, and Cigna control over 83% of the country’s health insurance market” (Callicrate, 2017). In addition, the airline industry of the United States, which once had nine main providers, now boasts only four, as they provide 80% of total flights in America (ibid). Furthermore, 99% of drug stores are now owned and operated by CVS, Walgreen’s, or Rite Aid (ibid).

Monopolization of firms may lead many to wonder what lack of competition means for the consumer and what impact it has had on the lower and middle classes. Senator Elizabeth Warren notes that while consumers initially benefit from large companies dominating the competition, as prices from the monopolistic provider will plummet to put small companies out of business, there are long-lasting negative effects on consumers (Callicrate, 2017). There has been a decrease in entrepreneurial endeavors in recent years (Hathaway & Litan, 2014). However, as monopolistic corporate giants beat out small businesses, consumers have less product choice. This leads to decreased quality of goods and higher prices over time, as the few companies have dominant say in such matters without government intervention (Callicrate, 2017). Lack of competition and high prices of goods leave the consumer on the losing side of monopolies. The main source of existence of such monopolies comes from government lobbying where companies can essentially buy their way to the top in the form of beneficial government policy (Callicrate, 2017). Warren concludes her speech by suggesting that the FTC regulate monopolies so as to give American small businesses an equal chance of generating income.

(VI) Income Inequality and Degradation of Unions and Bargaining Power

The middle class has seen many blue-collar factory jobs go overseas in recent years, which in turn, has caused their incomes to fall (Reich, 2015b). Wages have all but stagnated for the bottom 50% of Americans for post-tax income. Someone making $21,000 in 1980 made only $25,000 nominally in 2014 (Long, 2016). The story for the top 1% is very different, as someone making $344,000 in 1980 made $1,000,000 in 2014 in nominal terms (ibid). In addition, members of the top 1% earn (on average) $1.3 million dollars per year, up from the average of $428,000 in 1980, also expressed in a nominal sense (ibid). In terms of standard of living, the ability for the average worker to afford amenities in the 1940s such as impressive vacations, fancy vehicles, and grand houses has taken a turn for the worse in recent years as most Americans are not better off financially than their parents (ibid).

Also, unions are also becoming an entity of the past, leading to a decline of wages for the lower and middle classes (Reich, 2015a, p. 121). Bargaining power for unions has all but diminished with its peak in the late 1960s, supported by legislation enacted during the New Deal era (Reich, 2015a, p. 122). As bargaining power has declined, membership rates of unions and the share of income decreased correspondingly, with the greatest decline of union membership during the late 1970s through the 1980s (Madland & Miller, 2014). Unions offer many benefits for the average worker and, as noted in the background section, were created to help keep jobs within ethical standards in terms of pay and how employees are treated. In today’s world, the lack of unions and bargaining power has placed wages in the hands of the employer, leading to a decrease in income for many.

(VII) A Solution and Summary

A healthy, vibrant economy provides an equal-opportunity playing field that allows people to work hard to achieve greater wealth and happiness. The current economy has evaded that persona as lower and middle-class jobs continue to decline with increased monopoly power. The majority of wealth has been allocated to the rich, via corporation-friendly legislation such as low tax rates, as a result of corporate lobbying (Reich, 2015a, p. 145). To encourage greater economic growth, there needs to be more pro-worker policy similar to that of the New Deal era to increase the bargaining power of the lower and middle classes. While free markets should be encouraged, there needs to be basic guidelines set by the government to ensure that our economy is functioning in a productive way that will reap benefits for all.

The Federal Government needs to regulate corporate lobbying, which is often used to persuade government officials to create legislation that benefits the top 1% versus creating policies for the greater good. As discussed above, Senator Elizabeth Warren warns that lobbying has caused companies to become monopolies and gain power. In the end, corporate lobbying goes against the morals of the United States as government officials are elected by the general public to make a positive difference in society, not to create an economy containing little prospects for the betterment of the lower and middle classes. Legislation should be enacted to build up the lower and middle classes not bring them down. Our legislators need to realize that their position in our government is to serve all people of America, not just the very wealthy. Legislation is much needed to set a limit on the total amount of money legislators can accept from corporations. Of course, a multi-millionaire can afford to donate several million dollars to a legislator, but a lesser monetary donation to legislators may mean that beneficial legislation can no longer be "bought." As exemplified in *Saving Capitalism* by economist Robert B. Reich, many of the laws enacted after the Great Crash of 1929 regarding banks on Wall Street have been abolished allowing banks to take more risky ventures with the invested money of hard working Americans (2015a, p. 42).

Campaigning should be funded by the Federal Government with money obtained from taxes. The United States should model political campaign funding after that of Canada where large corporations and trade unions are banned from donating to political campaigns and legislators (Jansen, 2006). Only individuals may donate to campaigns, but there is a limit on the amount of money they can donate (ibid). With stronger campaign finance laws, the United States would have a nearly bias-free government, as large corporations would have little influence on the legislation created by the government.

In addition to lobbying legislation, there should be greater government support for unions and increased bargaining rights for workers. As asserted by economist Robert B. Reich, weakened union forces have greatly lead to job insecurity for the middle class (Reich, 2015b). With these increased rights, companies would have no choice but to listen to their employees to improve their working conditions and wages. Workers could rally for pay raises to increase the wealth of the middle class. People shouldn't need to work harder and longer for their money without having a say in their working environment. As per the monopolies, the corporations lose incentive to provide quality products at low prices; this does not differ greatly from the fact that since they control a significant portion of the workforce, they can set their own wages whether they be viewed as fair or not. Union membership has declined in tandem along with the share of income belonging to the middle class (Madland & Miller, 2014).

To increase competition, there should be stricter regulations on patents and greater enforcement of antitrust laws to prevent the creation of monopolies as well as to stop them from dominating industries. Patent rights have made it easier for monopolies to gain market control, especially since many industries can ship their production overseas to produce their products for less (Reich, 2015b). Robert B. Reich reports that the United States has seen many small firms exit the market as well as a drastic decline in the number of firms starting their own businesses since most cannot compete with the prices of monopolistic companies (2015a, p. 30). Monopolies created in the medicine, airline, and insurance fields have left little room for small businesses, so entrepreneurial ventures have declined greatly in the past few years. Competition is essential for the American economy as it encourages economic growth and prosperity. Competition leads to lower prices and higher quality products, because producers have to compete for consumers. Without competition, consumers have little choice in goods and have even less say about the quality of products. Increased competition leads to more businesses which increases the need for workers, because companies would need to offer greater incentive to work for a specific company, in turn creating more middle-class jobs, a raise in wages, and lower-priced high-quality goods. Weakened antitrust enforcement has also played a role in the creation of monopolies as well as the increasing cost of goods and low wages (Dayen, 2015).

An issue left to blue-collar workers is how to keep up with the changing face of the job market, especially since monopolies have influenced a downward trend in wages. People often need to have an education or job training to achieve a median-income job, more so now than several years ago. There are many jobs that are being replaced by robots and other technological advances. To remedy structural unemployment for blue collar middle class workers, the Federal Government needs to ensure that they have a workforce strong enough to continue to benefit society by being able to adapt to new job markets. Retraining programs provided by the Federal Government would allow the economy to change and evolve with the current job market. Also, there are many people who wish to go to college, but cannot afford college due to the high cost of continuing education. If the Federal Government had a policy to ensure that those who make under a certain amount of money per year, or are the children of people who make under a specific dollar amount, had the opportunity to go to college, our workforce would be more responsive to changing demand in the job market. As shared by Yale graduate and director of the research firm Demos, Heather McGhee, asserts that while many Americans choose to pursue their dreams of obtaining a college education, they often have debilitating debt due to the high price of college tuition (“Economic Malpractice And The Millennials,” 2012). New government policy would allow people to pursue their dream of college which is currently out of reach for so many because of the high cost of tuition. By investing in the U.S. workforce, people of the lower and middle classes would have the opportunity to better themselves and earn a greater share of the overall economic pie.

As the bargaining power of workers has declined, so has the minimum wage. The minimum wage has not been raised since 2009, and it has fallen in value since its peak in 1968. If the minimum wage was raised to a living salary, high enough to keep a full-time worker out of poverty, people would have a greater feeling of financial security as they would be able to afford more essential goods. It could then be indexed to the CPI so that it maintains its value and employers could plan accordingly. However, many people would not consider a wage affording a basic standard of living to meet their standards of financial wealth and would still leave incentive to better themselves through job training, education, etc. In addition, raising the minimum wage would help to redistribute the wealth as the once very low wages would be raised to afford a basic standard of living.

As wealth and income has become more concentrated at the top, the wealthy have successfully lobbied to decrease their tax rates. For example, during the 1950s and 1960s, the highest marginal tax rate in the United States varied from 70% to 92%, during the 1980s it was lowered to 28% (Tax Policy Center, 2017). Taxes on capital gains were also cut at this time (Krugman, 2012). The United States should have a more progressive tax, as $1 to someone making minimum wage versus a multimillionaire means very different things. If the wealthy were taxed at a higher rate on their capital gains as well as from their income, then taxes would be more equally allocated as someone with a greater income would pay more taxes than someone making less money (Reich, 2015b). The money collected from newly-formed tax brackets could go towards paying off our national debt, decreasing the deficit, and funding national healthcare which would ensure that all Americans receive healthcare provided by the government. To conclude, income inequality in America is a call for action as we need a prosperous economy to improve economic growth and standard of living.

Works Cited

Callicrate, M. (2017, February 07). Senator Warren's Speech on Monopoly. *Organization for Competitive Markets*. Retrieved from http://competitivemarkets.com/senator-warrens-speech-on-monopoly/

Cassidy, J. (1995, October 08). Who Killed the Middle Class? *The New Yorker*.

Clayton, H. (1914). History, Art & Archives, U.S. House of Representatives. *The Clayton Antitrust Act.* Retrieved from http://history.house.gov/HistoricalHighlight/Detail/15032424979

Dayen, D. (2015, November 9). Bring Back Antitrust. *The American Prospect.* Retrieved from http://prospect.org/article/bring-back-antitrust-0

Gilmore, J., Kirk, M., Wiser, M. (2009, February 17). *Inside the Meltdown* (Video file). Retrieved from http://www.pbs.org/wgbh/frontline/film/meltdown/

Hacker, J. S., & Pierson, P. (2011). *Winner-Take-All Politics: How Washington Made The Rich Richer and Turned its Back on the Middle Class*. New York: Simon & Schuster.

Hathaway, I., & Litan, R. E. (2014). Declining Business Dynamism in the United States: A Look at States and Metros. *Economics Studies at Brookings*. Retrieved from https://www.brookings.edu/wp-content/uploads/2016/06/declining_business_dynamism_hathaway_litan.pdf

History.com Staff. (2009, April 03). New Deal. *History*. Retrieved from http://www.history.com/topics/new-deal/print

Horton, E., Sherman, A., Stone, C., Trisi, D. (2016, November 07). A Guide to Statistics on Historical Trends in Income Inequality. Center on Budget and Policy Priorities. Retrieved from http://www.cbpp.org/research/poverty-and-inequality/a-guide-to-statistics-on-historical-trends-in-income-inequality

Irwin, N. (2015, October 14). What Is Glass-Steagall? The 82-Year-Old Banking Law The Stirred the Debate. *The New York Times*. Retrieved from https://www.nytimes.com/2015/10/15/upshot/what-is-glass-steagall-the-82-year-old-banking-law-that-stirred-the-debate.html

Jansen, H. (2006, February 07). Political Party Financing in Canada. *The Canadian Encyclopedia.* Retrieved from http://www.thecanadianencyclopedia.ca/en/article/party-financing/

Krugman, P. (2012, January 18). The History Of Capital Gains Taxes. *The New York Times*. Retrieved from https://mobile.nytimes.com/blogs/krugman/2012/01/18/the-history-of-capital-gains-taxes/?referer=

Long, H. (2016, December 22). U.S. Inequality Keeps Getting Uglier. *CNN Money*. Retrieved from http://money.cnn.com/2016/12/22/news/economy/us-inequality-worse/

Madland, K. M., & Miller, K. (2014, September 18). New Census Data Once Again Illustrate Importance of Unions to the Middle Class. *Center for American Progress Action Fund*.

Retrieved from http://www.americanprogressaction.org/issues/economy/news/2014/09/18/97477/new-census-data-once-again-illustrate-importance-of-unions-to-the-middle-class/

Reich, R. B. (2015a). *Saving Capitalism*. New York, NY: Vintage Books.

Reich, R. B. (2015b, April 28). The Political Roots of Widening Inequality. *The American Prospect*. Retrieved from http://prospect.org/article/political-roots-widening-inequality

Stiglitz, J. E. (2011, May). Of the 1%, By the 1%, For the 1%. *Vanity Fair*. Retrieved from https://www.vanityfair.com/news/2011/05/top-one-percent-201105

Social Welfare History Project. (2011). Stock Market Crash of October 1929. *Social Welfare History Project*. Retrieved from http://socialwelfare.library.vcu.edu/eras/great-depression/beginning-of-great-depression-stock-market-crash-of-october-1929/

Tax Policy Center. (2017). *Historical Highest Marginal Income Tax Rates*. Retrieved from http://www.taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates

Thompson, D. (2016, August 24). What's Behind the Sharp Rise in Prescription Drug Prices? *CBS News*. Retrieved from http://www.cbsnews.com/news/whats-behind-the-sharp-rise-in-prescription-drug-prices/

Transcript of National Industrial Recovery Act (1933). Retrieved from http://www.ourdocuments.gov/doc.php?doc=66&page=transcript

Transcript of Sherman Antitrust Act (1890). Retrieved from https://www.ourdocuments.gov/doc.php?flash=false&doc=51&page=transcript

Ushisory.org. Reaganomics. *U.S. History Online Textbook*. Retrieved from http://www.ushistory.org/us/59b.asp

Yergin, D. (2016, June 10). *Commanding Heights Episode1- Battle of Ideas* (Video file). Retrieved from https://www.youtube.com/watch?v=DoWbm8zUG6Y

(2012, February 10). *Economic Malpractice and the Millennials* (Video file). Retrieved from http://billmoyers.com/episode/economic-malpractice-and-the-millennials/

(2012, November 20). *Wealth Inequality in America* (Video file). Retrieved from https://www.youtube.com/watch?v=QPKKQnijnsM