

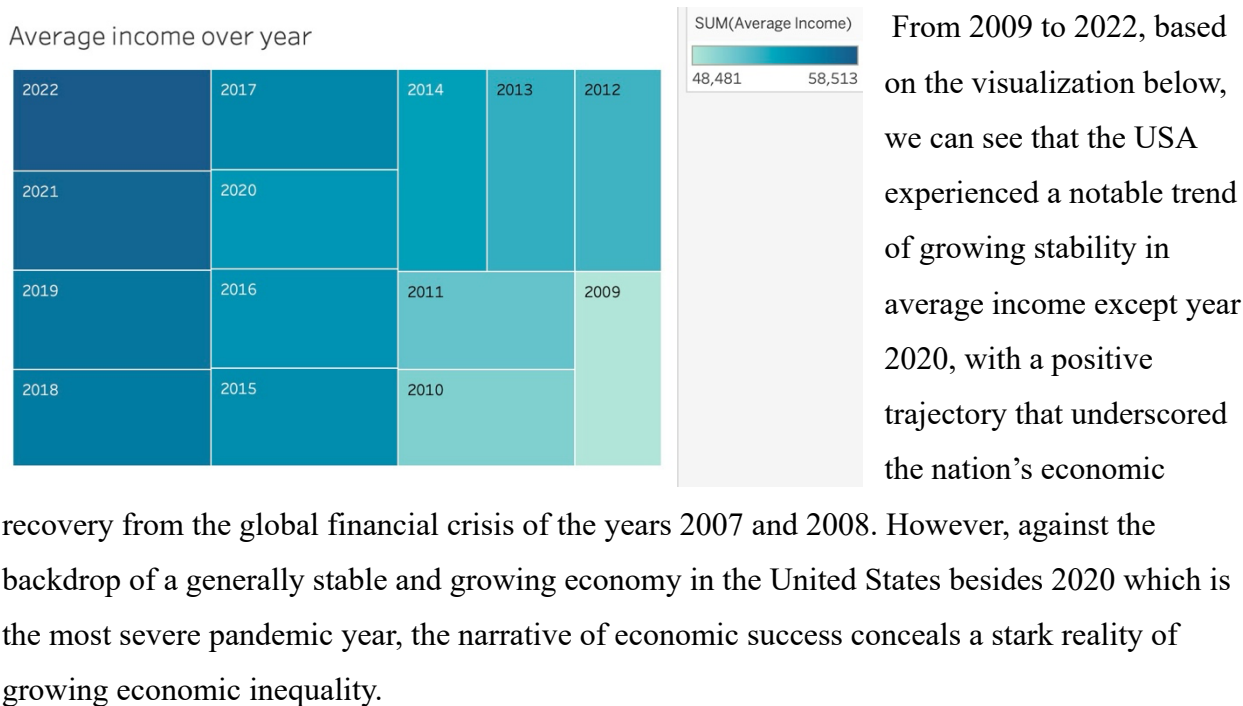
Policy Brief: Income inequality in USA

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Executive Summary:

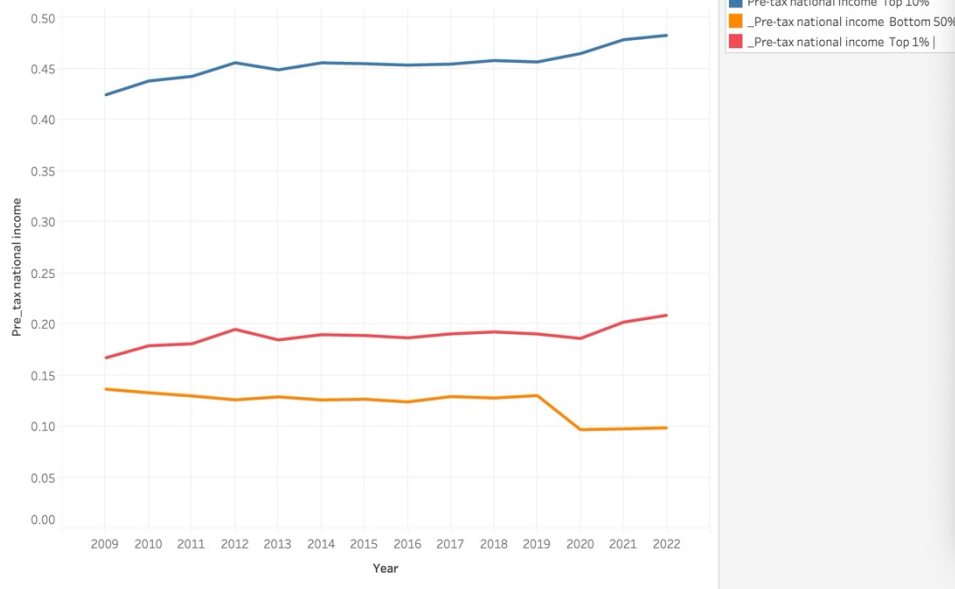
Income inequality has always been an issue in the USA and people have been fighting for this problem over the years. The income growth in the USA is stable, however, the ostensibly positive economic trends mask a widening gap between the affluent elite and the lower-income segments of the population, underscoring the urgent need for addressing economic inequality as a critical societal concern. After analyzing the data for pre-tax income of the USA's top 1%, top 10%, and bottom 50% population, we can see that the difference between income equality is still very huge. In addition to income inequality between people with higher income and people with lower income, gender income inequality is also a severe problem in the USA that need to be solved.

Background:



Income inequality based on Pre-tax national Income:

Income over year for top 1%, top 10% and bottom 50% in USA

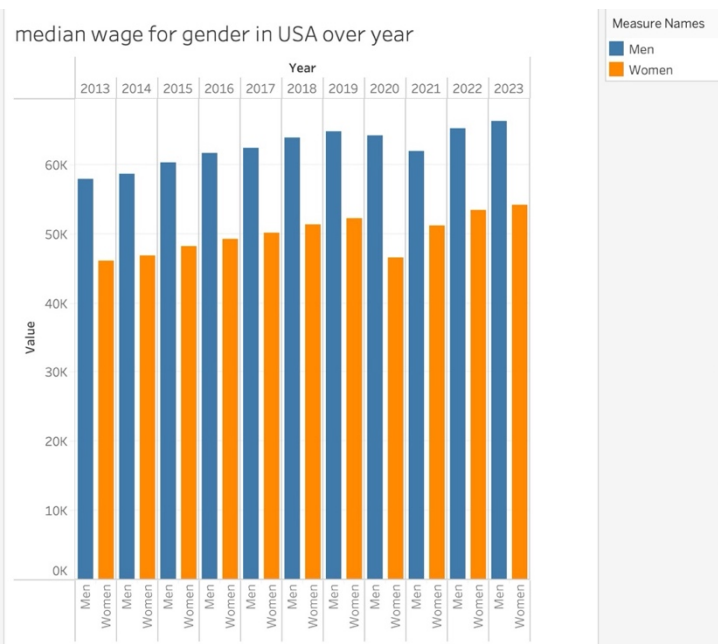


The visualization is about the percentage of income that the top 1%, top 10%, and bottom 50% people have compared to the total income in the USA from 2009 to 2023. The top line in the figure is the people with the top 10% income and we can see that, in general, the income of the top 10% people has

increased over the year from around 42% share of the total income to around 48% share in 2022. It shows that 10% of the population holds almost 50% of the total income in the USA which is a huge inequality. The red line which is the second line in the figure represented the income share for the top 1% of the population. Ironically, the line representing the top 1% population is above the line representing the bottom 50% of the population which means the top 1% people earn more pre-tax income than the entire bottom 50% people.

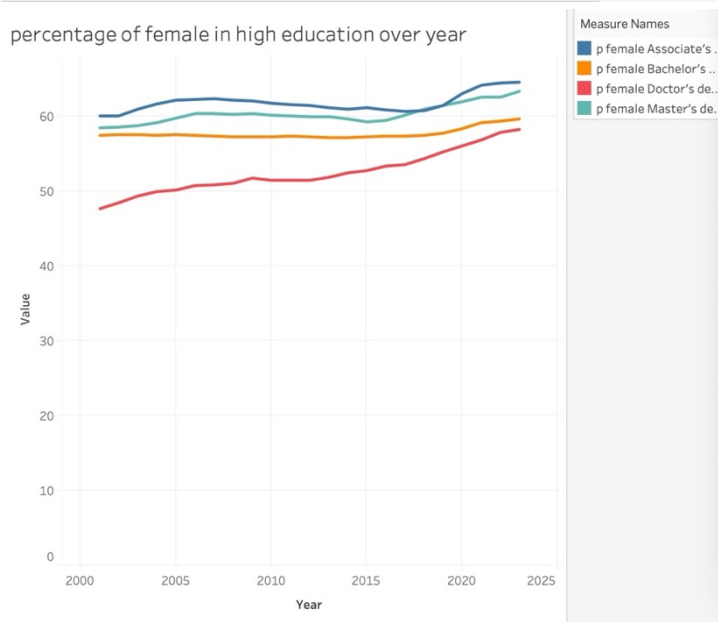
In addition to the proportion of income these three groups have, we can see that in general, the trend for income of the top 10% people and the top 1% people is positive which means their income has increased over the year. Even though there was a drop in the income for 2013 for the top 10% and 1% group, the drop was very small and increased back in the next year. However, on the contrary, the pre-tax national income for the bottom 50% decreased over the year and experienced a huge drop in 2020. Compared to the first figure, we can see that even though the average income in the USA was increasing, the bottom 50% was not affected by that. This difference shows the huge gap between income over different groups of people in the USA which leads to conclude that the USA still has a long path for income inequality in the country.

Gender Income Inequality in USA:



Except for the income inequality for higher-income and lower-income people, gender income inequality is also still a huge problem in the USA.

As shown in the visualization from 2013 to 2022, the median wage for men was always higher than women by at least 10k. The second visualization here is about the percentage of females in high education compared to the total number of populations in high education from 2000 to 2023. From this visualization, we can see that the percentage of females who have associate's, bachelor's, and master's degrees is always higher than 50% from 2000 to now. In addition, the



percentage of females who have a doctor's degree compared to the total population is higher than 50% from 2005 to now. Thus, based on two visualizations, we could see that women in the USA have generally higher education than men but lower income than men. Even though the percentage of women who have associate degrees, bachelor's degrees, and master's degrees all exceed 60% of the total population with those degrees in 2023, women still earn on average less than 10k than men. In addition, we can see that the percentage of women in higher education is growing from 2013 to 2023 in general,

but the income gap is not decreasing due to more women in higher education. Thus, we can see that education is not a reason for the income inequality between genders, but the percentage of women in higher education compared to the median income of women could show severe gender inequality in the USA.

Solutions and recommendations to the problem:

This problem has existed for a long time and will need a long time to be solved. However, there are a couple of possible solutions that I think could help to improve the current situation of income inequality in the United States.

- apply restriction on highest income in one company
- Raise minimum wage for full-time employees
- apply restriction on the percentage of men and women in each company required to have

Even though the solutions provided above may not be able to solve this problem completely, I believe it could help the current income inequality. This social problem will take a long path to be solved and need effort from all aspects of society including the public, company owner, and government.

Reference:

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"Data - Wid - World Inequality Database." WID, wid.world/data/. Accessed 7 Dec. 2023.

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"Table 1. Median Usual Weekly Earnings of Full-Time Wage and Salary Workers, Seasonally Adjusted." *U.S. Bureau of Labor Statistics*, U.S. Bureau of Labor Statistics, 16 Sept. 2015, www.bls.gov/webapps/legacy/cpswktab1.htm.