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**Professor Laminack, English 110**

**Outline**

**Articles**

“Confronting Inequality” by Paul Krugman

“The Upside of Income Inequality” by Kevin M. Murphy & Gary S. Becker

Paul Krugman’s article, “Confronting Inequality”, suggests that income inequality is inherently bad and getting worse. Krugman insists income inequality is directly related to social inequality, unraveling society as the rich create “their own society within a society” (563). Krugman argues government intervention and a change in our country’s course through raising taxes on the rich and cutting taxes for the poor. I concede that there is a problem with America’s tax system, but I insist that the rich should not be disproportionally taxed. The contradictory article, “The Upside of Income Inequality” by Gary Becker and Kevin Murphy, states that income inequality is not only a sign of a healthy government but a necessity of one. Though only mentioned briefly, they state it unfair to impose disproportionate taxes on the rich based on the money that they worked hard to earn. They argue the income inequality gap is a sign that youths are choosing higher education, moving our country forward in innovation and world standing, “growth in the education level of the population has been a significant source of rising wages, productivity and living standards over the past century” (585). Becker and Murphy do not see a problem with the income inequality; it is a sign of healthy capitalism and I would indeed concur.

Between the two contrasting articles, I tend to disagree with Krugman’s, “Confronting Inequality” and concur with Becker and Murphy’s article, “The Upside of Inequality. In the eyes of Krugman, the income inequality gap is a horrible problem and getting worse, “The Fact is that vast income inequality inevitably brings vast social inequality in its train,” relying on the fact that it brings in its wake social injustice (563). My disagreement with Krugman’s ideals comes not only with what he said early but also with his proposed solution, government intervention through taxation. On some level, it comes as quite a shock that Krugman argues for government intervention because throughout his article he seems quite anti-government, “The ugliness of our politics is in large part a reflection of the inequality of our income distribution” (569). Though I concede that there is a problem with America’s tax system, I still insist that we should not tax the rich disproportional to the poor. And most of all, I argue with Krugman’s thoughts on the education system, “—and intensifying inequality means that the desirable school districts are growing fewer in number, and more expensive to live in.” (564). I, like Becker and Murphy, would argue quite the opposite, education is benefitting from the wage gap, enticing the lower class to reach for education and providing the well-off with a better education system.

In Becker and Murphy’s article, “The Upside of Income Inequality, the two economists focus a lot of their attention on America’s education system and how it benefits from the income gap, “This growing inequality gap is associated with growing opportunity – in this case, the opportunity to advance through education” (583). This growth in education, as well as helping the youth population of America, in turn helps America as a whole, leading to a “growth in the education level of the population has been a significant source of rising wages, productivity, and living standards over the past century” (585-586). Luckily for America, this phenomenon contributes to the exact opposite effect that Krugman thinks. So, contrary to Krugman’s belief, not only does this advance in the education system help the “rich” but in turn helps the whole country and continues the process of pulling America together to become a better, wealthier, smarter and stronger nation, mostly thanks to the income gap.

**Important Quotes**

Confronting Inequality

“The Fact is that vast income inequality inevitably brings vast social inequality in its train” (563)

“Ever since America’s founding, our idea of ourselves has been that of a nation without sharp class distinctions—not a leveled society of perfect equality, but one in which the gap between the economic elite and the typical citizen isn’t an unbridgeable chasm” (562)

“—and intensifying inequality means hat the desirable school districts are growing fewer in number, and more expensive to live in.” (564)

“What this tells us in that the idea that we have anything close to equality of opportunity is clearly a fantasy. It would be closer to the truth, though not the whole truth, to say that in modern America, class—inherited class –usually trumps talent” (566).

“The ugliness of our politics is in large part a reflection of the inequality of our income distribution”

The Upside of Income Inequality

“In the case of China and India, the rise in inequality came along with an acceleration of economic growth that raised the standard of living for both the rich and the poor”

“This growing inequality gap is associated with growing opportunity – in this case, the opportunity to advance through education” (583)

“The potential generated by higher returns to education extends from individuals to the economy as a whole. Growth in the education level of the population has been a significant source of rising wages, productivity, and living standards over the past century” (585-586)

“We conclude that the forces raising earnings inequality in the United States are beneficial to the extent that they reflect higher returns to investments in education and other human capital” (587)

“But it will be a disaster if the focus remains so much on the earnings inequality itself that Congress tries to interfere directly with this inequality rather than trying to raise the education levels of those who are now being left behind” (588).