



Your order is secure and guaranteed by:



COM

Education and Income Equality

Student's Name

Course Name and Number

Instructor's Name

Date of Submission.

ASSIGNMENT

Introduction

Education and income inequality have been closely associated with each other, and both share a cemented relationship about the employment rates and income levels. The relationship between income inequality and the number of years spent in schooling is positive and can be characterized by an increase in income of an individual with growth in the level of education. The study aims to examine how a country can measure its income inequality, evaluate the effects of inequality in the economy, identify the causes and provide recommendations to reduce income equality with the basis on education and other economic factors.

Measuring Income Inequality.

According to the article, income equality can be determined by the income levels of individuals in a country. The income level of the individual is compared to their levels of education. According to the article, there is a high level of income inequality between individuals with fewer skills and those with highly qualified skills in the employment sector. The level of education individuals can also measure imbalance hold in a country. This is whereby the level of education determines the unemployment rates between individuals. About this article, the levels of education have been used to demonstrate the disparity of incomes concerning unemployment rates.

A country can be able to measure income inequality by using the Gini coefficient where when a country has a value of 0 means that it has perfect income equality whereas when the value is one the state is characterized to have ideal income inequality. Regarding this case, the American Gini coefficient has been increasing with time, implying that there is a high disparity between the poor and the rich (Ryscavage, 2015). Gini coefficient is the most common method

of calculating income inequality though it is incapable of differentiating different kinds of inequalities.

A country can also be able to measure income inequality by using the Lorenz curve. Lorenz curve is a graphical representation of the income inequality, which shows the percentage of the population on the x-axis according to the income of the people. It shows a cumulative income on the vertical axis and has a straight diagonal line which has a gradient of one which represents perfect income equality. The Lorenz curve lies beneath the line shows the distribution of income when the curve is away from the baseline represented by the diagonal line; the higher the level of income inequality (Ryscavage, 2015).

A country can be able to calculate its income inequality by using the decile ratios. This is a way that evaluates income inequality by calculating the decile ratios. In this computation, the income of the top 10 % of individuals with high income is divided by the income of the 10% most impoverished individuals. The method is used to sensitivity analyses as it enables the researchers to be able to gauge the levels of both extremes in calculating income spectrum.

Effect of Income Inequality on the Economy

The widening income gap between the employed and the unemployed has been leading to income inequality. This is whereby you find individuals that are educated have high income than unemployed individuals. Education has dramatically affected the revenue of the individuals as it creates a platform where the less educated are mostly employed in the informal sector, which barely has adequate income. Unemployment is a vital economic indicator as it how the level at which the economy is absorbing employees. When the marginal productivity falls with the increase in the labor force, the economy is classified to have disguised unemployment as an individual's contribution does not affect aggregate output.

The effect of income inequality on economic growth is scathing as the overall average income reduces, which affects the level of the GDP per capita by decreasing its value. When there is increased income inequality, in the long run, the GDP per capita worsens as the income is unfairly distributed in the economy. In this case, therefore only a few wealthy people can be able to consume the products in the market while the majority who are poor are left out to crumble for poor quality and defective goods and services (Panayotou, 2016).

The income inequality has deteriorating effects on the economy as it often leads to poverty; it reduces the education levels as only the rich can be able to afford it. This leaves the poor to acquire education, which they can only be able to provide for making, which creates a vicious cycle of poverty. On the other hand, income inequality is reduced by the level of inflation. This whereby income inequality leads to a decline in inflation; hence, the price of goods and services are reduced with time.

Income inequality has been characterized to cause harm to the economy by reducing efficiency, lowering productivity, and hindering the growth of the economy. Income inequality causes a regional imbalance which inhibits the growth of the economy as a small portion of the population have high income by themselves. On the hand, when few people have revenues, the overall productivity of the economy declines as there is reduced purchasing power.

Estimate the Gap in Levels of Education

Regarding the mean earnings, it is evident from the tables provided that those who hold bachelors earn the US \$ 57,000 while those that do not make about the US \$ 20,000. The individuals who have doctoral degrees receive the US \$ 103,000. In this comparison, therefore, the study explains that those who have postgraduate degrees earn more four-time than those without a degree level of education. Individual who hold bachelors make almost three times

those than those without degrees. This creates the impression that education level is part of the significant factors that lead to increased income equality. This explains that for individuals to be at the same level of income, they must have equivalent levels of education.

In response to the unemployment rates by educational attainment, it is evident that individuals with a higher level of education are less likely to be unemployed. From the table, it can be observed that individuals who have attained college or above levels are almost three times less in being unemployed as compared to those with less than high school education levels. For instance, in 2010, the level of the unemployed individuals with less than high school educational attainment have an estimated value of 14.9% compared to 4.7% of those in college and above. This shows that the probability of one acquiring a job in low levels of education is less than 0.25. In this case, therefore, the level of schooling creates division leading to increasing income inequality as the unprivileged individuals are unlikely to get a job.

Reasons why the Inequality Gap is widening.

Income inequality has seen a widening gap between the poor and the rich. This gap has been caused by differences in the individual levels of education, race, and geographic distribution. In the first instance, the gap has been widening as a result of the disparity in the level of education. The level of education is directly proportional to the level of income, indicating that individuals with high levels of education also earn a high income. The wages provided in the market are determined by the level of skills an individual has to imply that individuals with a higher level of education have more skills and technical know-how of performing in their jobs. On the hand, the less educated are less skilled, implying they only receive income that is proportional to their skills. When less educated workers become weak,

they find it challenging to send their children to colleges and a higher level of learning, which creates a continuous vicious cycle of poverty (Brian, 2015).

The gap between the educated and the less knowledgeable workers is also widening based on the race where individuals in different races are not given equal chances in the job opportunist. From past America has been trying to eradicate discrimination, which has been pulling the growth Americans expect based on prejudice. There has been repeated practice in the way individuals with the same level of education are treated concerning equal job opportunity. A survey conducted showed that the black and the Hispanic Americans are from time to time discriminated against the white American dominance despite having the same qualification. This has resulted in an increased rivalry between the different races in America, as there is a lack of fair play in equal employment opportunities (Brian, 2015). In this case, therefore, an individual who has adequate skills to earn is job is rendered jobless by the cruel system, which in the long run increases the disparity between the rich and the poor.

In addition, the gap between the less educated and the educated has been caused by the technology whereby educated workers are less likely to be laid off or get unemployed in comparison to the less educated who are often laid off. When the technology aspect of the company improves, most of the low skilled workers are laid off pending permanent unemployment as the machines replace them in work. This leaves the highly skilled earning creating a wide gap as one of the parties has no income to spend.

Reducing Income Inequality through Education

Increasing opportunities for high educations will help in reducing income equality by ensuring that everyone has a standard equivalent income. When individuals have the same level of expertise, they are likely to be paid an equivalent amount of income. They are also expected to

be employed at a similar level of production in the companies they work for reducing the possibility of one individual earning than the others. Education enables the equalization of wages and incomes as different occupations are paid almost with equivalent payments reducing disparity.

Increase in the level of education will help in reducing the inequality as more graduates will be supplied in the market, which will reduce the high demand for skilled workers. When the demand decreases the wages of the skilled workers reduces with time as more workers enter the market. In the long qualified employees will earn the same income reducing the disparity income. The reduction of income equality would be as a result of increasing the lower group who were less educated by providing them with the skills which offsets the existing few skilled workers who earn high wages (Abdullah, Doucouliagos & Manning, 2015)

Causes U.S. Income Inequality.

The growth of technology widens the income gaps. This is whereby increased growth in technology renders people with skills jobless as the machines are now able to perform similar tasks. In these cases, thereby, the machines that have been developed with artificial intelligence can function without supervision, reducing the skilled workers. When technology increases, there is low demand but a high supply of labor, which causes the employers to reduce the wages. This creates an immense gap between the employers and the workers as the employers are only comprised of a small group of people in the society who end up accumulating a lot of income (Dabla-Norris, Kochhar, Suphaphiphat, Ricka & Tsounta, 2015).

Globalization has caused income inequality as the low skilled American workers are losing jobs to the competitive low waged workers from Asia and other emerging countries. Some immigrants are less educated, which causes the reduction of wages rendering American school

dropout jobless. When immigrants are employed, the wages decrease, which enables the employers to exploit their workers as most of them are illegally in a country and may fear to report their superiors due to the impending deportation.

Policies and politics also cause the gap to widen as some of the leaders neglect essential issues from being discussed. For instance, the Republicans have shown that they are not complacent with the moves by the Democrats to promote Civil rights and topics such as universal healthcare which help in equalizing the population. Their differences have led to reduced social welfare as there is a limited expansion of wellbeing and increased regressive tax laws in terms of weakened policies.

The labor market determines wages. This is whereby the factors of demand and supply determine the salaries paid to the workers. In this case, the supply of highly skilled individuals is minimal, causing their wages rates to be increased as their skills are in high demand. The less skilled workers demand very low while their supply is high, making the wages rates to be decreased. When skilled workers earn more income, they can purchase more goods and services raising the inequality levels.

Race and gender disparities also influence the income to vary depending on the gender and the race of an individual. For instance, research conducted showed women earn about 77 % of what men earn in the same level of skilled jobs while women also make more than men when it comes to part-time jobs. Regarding the race, according to a study based in 2005, it showed that the Whites earn more than the Hispanic and the black American races in spite of being in the same level of education and skills. The survey also shows that the possibility of being employed in America is also based on color as most black Americans are less preferred to the whites.

Recommendations

By enabling equal chances in access to education and employment training income inequality will be reduced. This involves investing in human, which will help in increasing individual wealth and improve labor workflows. By ensuring there is equity in education, the government would be able to ensure that everyone will have a standard level of education status (Goldrick-Rab, Kelchen, Harris & Benson, 2016). By this, a universal minimum income will be achieved for all reducing the level of inequalities.

Reversing globalization by reducing international trade to protect the domestic markets and also reducing the immigration of potential workers in the country. In this, the government will be able to reduce the number of low waged workers who immigrate to the US to seek better job opportunities. When these immigrants get to the US, they explore all kinds of jobs, reducing the wage rates as they accept any responsibility offers provided by business owners rendering domestic employees jobless.

Creating significant political reform on political issues, establishing improvements would provide the solution to the problems by rectifying the policies that need to be addressed. This is whereby leaders will be able to promote the social welfare of their citizens regardless of their political motives. By so doing, the poor will be able to access incentives from the government, which in the long run will correct inequality as their children will be able to obtain better job opportunities.

Increasing the minimum wages of workers can help in reducing income equality as the individuals will be able to benefit from these are raised wages. Increased wages enable the individual to be able to save part of the disposable income for future use or savings for their

family members. When an individual has a considerable amount of income, they can pull themselves from poverty by reducing the gap in income equality. Increase in income often causes individuals to consume more and accumulate much income, which comes with additional benefits such as increased standards of living.

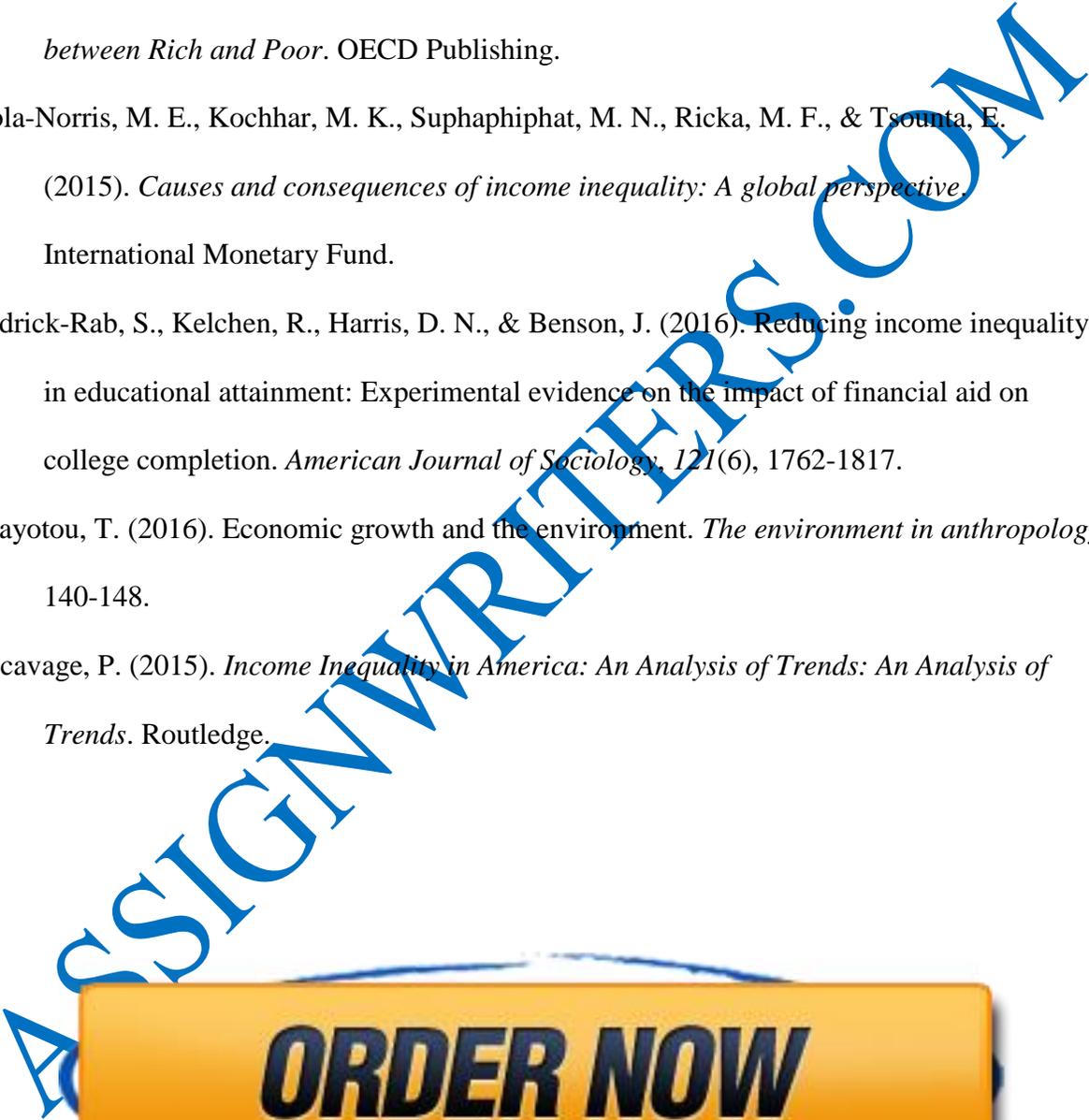
Conclusion

In conclusion, the study has evaluated the income inequality in the US by identifying the factors that have led to an increased gap between the rich and the poor. The discussion is based on education and the level of income inequality that has seen the difference between the less educated and educated individuals widening. The study as identified that through corrective measures of ensuring that there is a standard equivalent level of education, the level of income inequality can be reduced.

ASSIGNWRITERS.COM

References

- Abdullah, A., Doucouliagos, H., & Manning, E. (2015). Does education reduce income inequality? A meta-regression analysis. *Journal of Economic Surveys*, 29(2), 301-316.
- Brian, K. (2015). *OECD Insights Income Inequality the Gap between Rich and Poor: The Gap between Rich and Poor*. OECD Publishing.
- Dabla-Norris, M. E., Kochhar, M. K., Suphaphiphat, M. N., Ricka, M. F., & Tsounta, E. (2015). *Causes and consequences of income inequality: A global perspective*. International Monetary Fund.
- Goldrick-Rab, S., Kelchen, R., Harris, D. N., & Benson, J. (2016). Reducing income inequality in educational attainment: Experimental evidence on the impact of financial aid on college completion. *American Journal of Sociology*, 121(6), 1762-1817.
- Panayotou, T. (2016). Economic growth and the environment. *The environment in anthropology*, 140-148.
- Ryscavage, P. (2015). *Income Inequality in America: An Analysis of Trends: An Analysis of Trends*. Routledge.



ORDER NOW

Your order is secure and guaranteed by:

