

Inequality and Lack of Opportunity in the U.S.

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In [Equal Opportunity, Our National Myth](#), an opinion piece that appeared in this past Sunday's *New York Times*, Nobel prize-winning economist Joseph Stiglitz reviewed the new reality in the United States: social immobility. People growing up in families in the bottom section of the economic ladder seldom move up, those in the middle predominantly stay in the middle, and those on the top stay there, across generations. According to Stiglitz, our vision of the U.S. as a land of opportunity is a myth. Today, there is less social mobility and opportunity here than in nearly every other advanced industrialized country. In the *New York Times* [article](#), Stiglitz reviews various reasons for the social immobility, concludes a key factor is the lack of equality of opportunity in education, and outlines how to begin to address this problem.

Another perspective on inequality and social mobility was presented in a recent [article](#) in *The Economist*. The writers suggest that inequality and restricted social mobility are a consequence of meritocracy. In this view, money flows to those with the greatest ability ("merit") and because some people are extremely talented, they have – and should have – an extremely large amount of money. So a very unequal distribution of income (that is, a high level of inequality) is the proper and fair outcome if we reward people based on merit. Moreover, since those with the most brains and skills (and the big bucks) also invest hugely in their children, who themselves often become very well paid adults -- all due to their ability and merit, we should not be surprised to see financial advantage passed across generations. While it may appear that an entrenched elite has permanently captured the top rungs of the income/wealth ladder, in fact, this is just the outcome of a well-functioning system properly rewarding the most meritorious.

There are numerous flaws in this thinking but *The Economist* is correct on one point. Elites do [spend more money](#) on their children's education and enrichment activities (music lessons, visits to museums, etc.) than families in the middle and lower rungs of the income ladder. Our children and the nation need greater equality of opportunity in education.

But there is a more fundamental error in this argument. According to *The Economist*, "[t]he top 1% have seen their incomes soar because of the premium that a globalized high-tech economy places on brainy people."

In our country today, the big money is not necessarily going to the most talented and (at some other time) we need to question whether it should. It is definitely true that entertainers and sports figures with great talent are often hugely rewarded. But Wall Street financiers are not more talented or meritorious (and they certainly don't provide greater benefits to society) than scientists, school teachers, or someone who can bake a good loaf of bread. To flourish, society depends upon many types of workers and they are all meritorious, from the people who grow and harvest our food, sell us our groceries, and clean our office buildings and hotel rooms, to those who care for our sick loved ones, drive our buses, and fix our cars. Which one of these could you do without? All workers perform valuable functions, have merit, and deserve respect and decent pay. God's abundance is meant to be shared among all God's people. In the desert, Moses – the "meritorious" leader – got no more manna, and no less, than anyone else.

In the U.S. today, what is most responsible for the concentration of wealth and income in the hands of a very rich few is not talent but “rents.” In an article in *Vanity Fair*, [The 1 Percent’s Problem](#), Nobel-winner Stiglitz summarized part of his recent excellent book, *The Price of Inequality*:

“[R]ent seeking” defines many of the ways by which our current political process helps the rich at the expense of everyone else, including transfers [of money] and subsidies from the government, laws that make the marketplace less competitive, laws that allow C.E.O.’s to take a disproportionate share of corporate revenue..., and laws that permit corporations to make profits as they degrade the environment. The magnitude of “rent seeking” in our economy, while hard to quantify, is clearly enormous. Individuals and corporations that excel at rent seeking are handsomely rewarded. The financial industry, which now largely functions as a market in speculation rather than a tool for promoting true economic productivity, is the rent-seeking sector par excellence.

The Economist is right. Differences in educational opportunities do contribute to inequality and our lack of social mobility. But the very rich at the top of our income/wealth ladder got there primarily through their rent seeking behavior, not their special talents and skills, and they and their children stay there for the same reason.

The current system is self-perpetuating unless we do at least three things. First, to quote Stiglitz again, we must change the way “our current political process helps the rich at the expense of everyone else.” Second, society must provide greater educational and enrichment opportunities to all God’s children, especially for those whose parents are unable to. And third, once they’re educated, we must be sure everyone has a job.

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