

The Societal Impacts of Income Inequality

Etienne F. Rutkowski

Capilano University

SOC 101: Concepts and Theories of Sociology

Dr. Rita Isola

December 7, 2020

The Societal Impacts of Income Inequality

Inequality is a fundamental human dilemma, perpetuated by the dominant social relations of capitalism and globalization. While the prevalence of international and intersocietal inequality is an important issue, Wilkinson (2011) points out that income inequality is more significant within societies than between them. For this paper, I will apply social concepts of an established sociologist and analyze the oppression of inequality. As “critical sociology focuses on the creation and reproduction of inequality” (Ashley & Little, 2019, pg. 356), I will be employing the theoretical schema of an influential critical sociologist: Karl Marx. In examining global inequality and the growing plutocracy, particularly through the lens of Karl Marx, it is clear that greater income inequality is directly correlated to higher levels of social problems and dysfunction. A consequence of steadily escalating income inequality is that it puts societies in positions that are increasingly less conducive to the management of global crises, such as the COVID-19 pandemic.

Income Inequality

Income inequality, the disparity between the income of the poorest and wealthiest in a population, is steadily increasing. In 1992, one percent of the population owned ten percent of national income in the United States; in 2013, 0.1 percent of the population owned eight percent of national income (Freeland, 2013). This can be explained, in part, by Marx’s assertion that “each new class which puts itself in the place of one ruling before it, is compelled . . . to represent its interest as the common interest of all the members of society” (Bailey & Gayle, 2003, pg. 63). In the context of income inequality, the rich want to get richer; those in positions of economic power work to convince those who are oppressed (by increasing inequality) that increased wealth for the wealthy is good for every individual in a society. The infamous “trickle-

down” rhetoric that serves this purpose is mostly associated with capitalist “Reaganism” and the subsequent rise of income inequality in the United States. However, the ideology and practice of trickle-down economics is a global issue, largely masking any consciousness around the growing domination of the smallest percentage of society. As Freeland (2013) points out, there is no economic rule that translates increased economic growth into widely shared prosperity; the growing powers in the economy aren’t creating many new jobs. In 2020, Marx’s bourgeoisie class is the global plutocracy. The stagnation of the “middle class” will continue, and the gap between the wealthy and the poor looks to grow exponentially with the escalating prevalence of web-based companies and automation.

Societal Impacts

Higher levels of income inequality are objectively correlated to social problems. Wilkinson (2011) reveals that, in the countries with the highest levels of inequality, the difference in incomes between the top 20% and bottom 20% of respective populations can be twice as high as in the countries with the lowest levels of inequality. Research done by Wilkinson revealed that, when combining various, evenly weighted aspects of social and societal problems into a single index, higher income inequality is directly correlated to increased social problems (2011). This is represented in Table A1 of Appendix A. The same study showed no correlation between gross national income per capita and the same index of social problems (Wilkinson 2011), implying that the total wealth of a society is immaterial to its health (see Table A2). In addition, as is represented in Table C3, each level of the social hierarchy is affected by inequality (Wilkinson, 2011). This is asserted by Marx in “Manifesto of the Communist Party,” when he describes that “modern bourgeois society . . . is like the sorcerer, who is no longer able to control the powers of the nether world whom he has called up by his

spells” (Bailey & Gayle, 2003, pg. 69). Even though Marx is using simile to dramatic effect, he is depicting the modern bourgeois society; in 2020, the global plutocracy is losing control over rampant capitalist globalization. Whether inequality is lessened through higher taxation of the wealthy or through a combination of lower taxes and smaller differences in earnings (Wilkinson, 2011), lessening income inequality has a profound effect on the general well-being of society.

COVID-19

During the initial stages of the COVID-19 pandemic, Marxist geographer David Harvey warned that “forty years of neoliberalism across North and South America and Europe had left the public totally exposed and ill-prepared to face [COVID-19]” (Harvey, 2020, par. 11). Marx writes that “the need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe” (Bailey & Gayle, 2003, pg. 67), establishing an inevitable outcome of the rapid spreading of viruses. In addition, the danger of 70 or 80 percent of contemporary capitalist economies being driven by consumerism (Harvey, 2020) is made clear in a crisis like COVID-19; traditional capitalist consumerism must collapse in the interest of public health. To manage a pandemic, the responsibility lies in major economies like that of the United States to implement a “government funded and inspired mass consumerism . . . socializing the whole of the economy” (Harvey, 2020, par. 17). In terms of maintaining a stable economy and administering an effective public health response, capitalist societies are ill-equipped to manage global pandemics.

Discussion

History has proven (so far) that Marxist communism is hard, if not impossible, to successfully establish. However, Marx’s theoretical schema becomes increasingly relevant to an era of steadily increasing income inequality punctuated by a deadly and socially devastating

pandemic. It is clear that, no matter how it is achieved, reducing income inequality is one of the most important measures in creating a healthy society. In turn, the anti-globalization movement looks to establish an “alternative, non-corporate global project based on environmental sustainability, food sovereignty, labour rights, and democratic accountability (Ashley & Little, 2019, pg. 376). It is time for modern society to reject a system that evolved out of feudalism, especially as feudalism has been out of practice for at least six centuries. Capitalism is no longer effective or feasible, if it ever was.

References

- Ashley, S., & Little, W. (2019). [Global Inequality]. *Introduction to Sociology: Capilano Edition* (pp. [356-376]). Retrieved from <https://pressbooks.bccampus.ca/capsociology>.
- Bailey, G., & Gayle, N. (Eds.). (2003). [Karl Marx]. *Social Theory: Essential Readings* (2nd ed., pp. [42, 62-70]). Oxford University Press.
- Freeland, C. (2013, June). *The rise of the new global super-rich* [Address]. TEDGlobal 2013.
https://www.ted.com/talks/chrystia_freeland_the_rise_of_the_new_global_super_rich?language=en#t-899331
- Harvey, D. (2020, March 20). *Anti-Capitalist Politics in the Time of COVID-19*. Jacobin.
<https://jacobinmag.com/2020/03/david-harvey-coronavirus-political-economy-disruptions/>
- Wilkinson, R. (2011, July). *How economic inequality harms societies* [Talk]. TEDGlobal 2011.
https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588

Appendix A

Table A1

Health and social problems are worse in more unequal countries



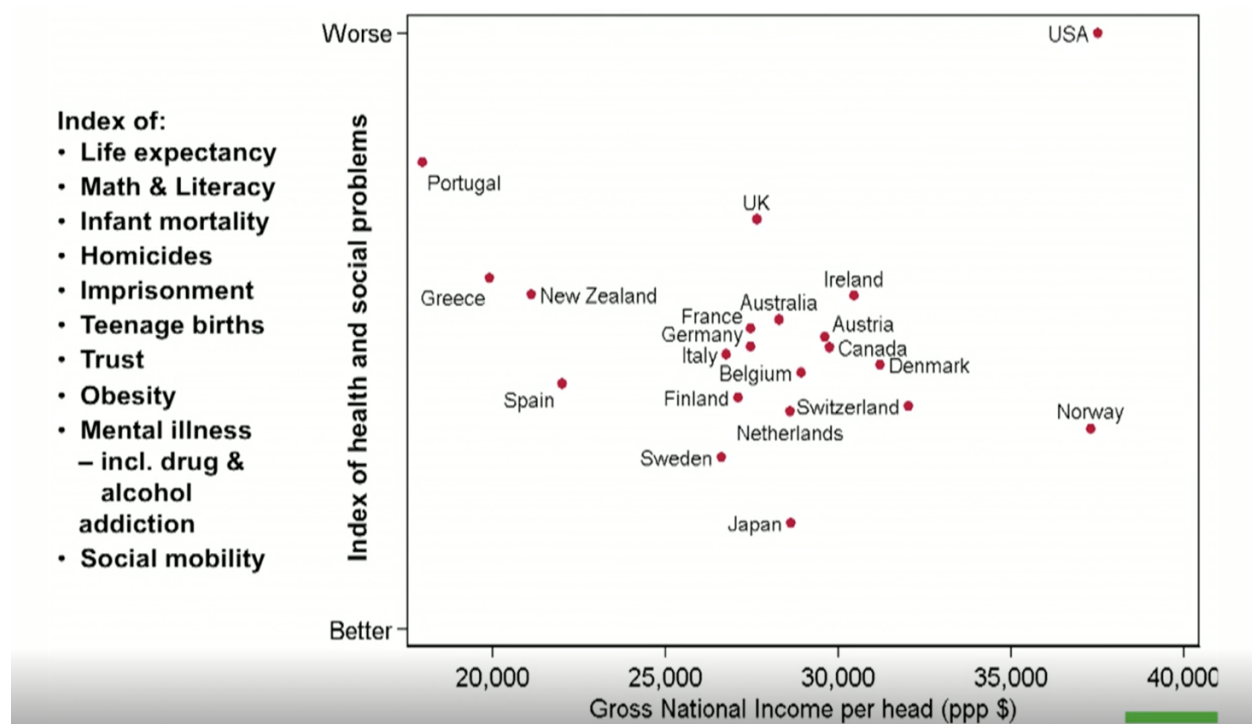
Note. Retrieved from Wilkinson, 2011.

https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588

Note. The index of health and social problems is directly correlated to income inequality; the lower income inequality is, the healthier a society is.

Table A2

Health and social problems have no correlation to gross national income per capita



Note. Retrieved from Wilkinson, 2011.

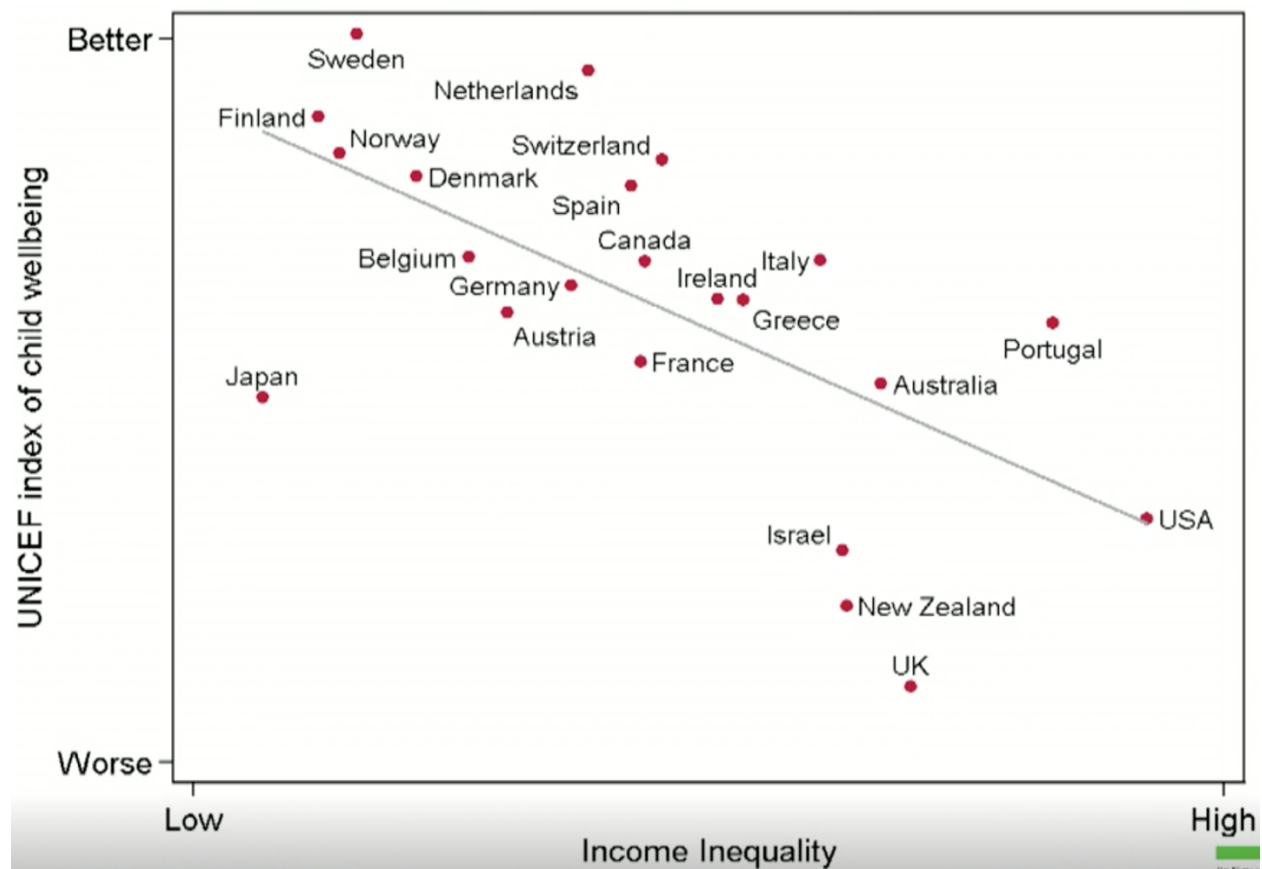
https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588

Note. The index of health and social problems has *no* correlation to gross national income per capita; the total wealth of a country has no relationship to the index.

Appendix B

Table B1

Child well-being is better in more equal countries

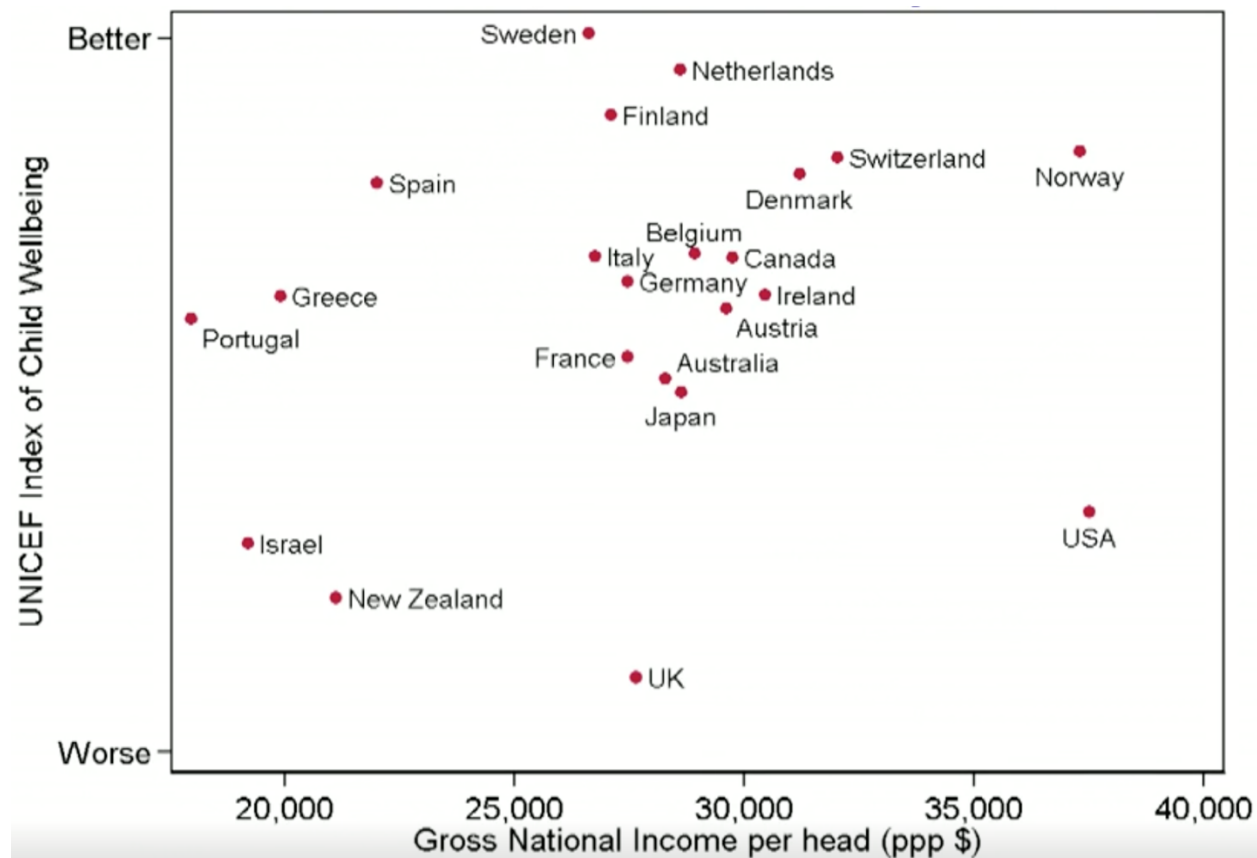


Note. Retrieved from Wilkinson, 2011.

https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588

Table B2

The UNICEF Index of Child Wellbeing is not related to National Income per head



Note. Retrieved from Wilkinson, 2011.

https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588

Appendix C

Table C1

Social mobility is lower in more unequal countries



Note. Retrieved from Wilkinson, 2011.

https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588

Table C2

Mental illness is more common in more unequal societies

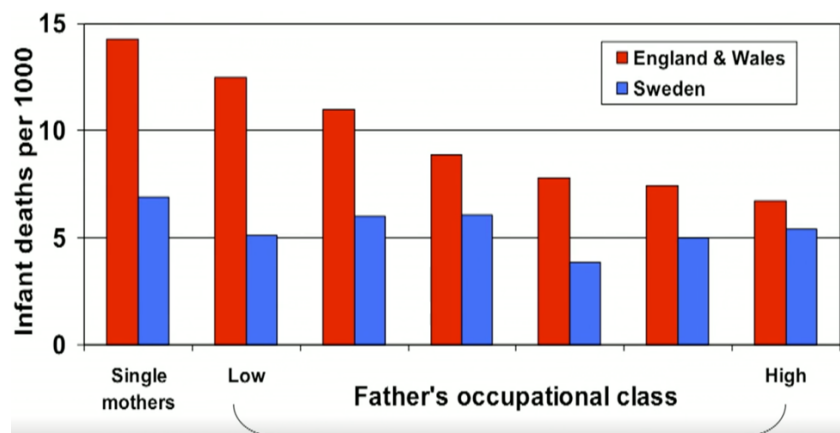


Note. Retrieved from Wilkinson, 2011.

https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588

Table C3

Infant mortality by class: Sweden compared with England & Wales



Note. Retrieved from Wilkinson, 2011.

https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588

Table C4

Prisoners per 100,000 (log scale on the y-axis) and income inequality (on the x-axis)



Note. Retrieved from Wilkinson, 2011.

https://www.ted.com/talks/richard_wilkinson_how_economic_inequality_harms_societies?language=en#t-991588