***The Price of Inequality* - Joseph E. Stiglitz**

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**Primary Message of the Book**

The primary message of the book is that America has the highest inequality ratio of wealth and opportunity between the top 1% and the remaining 99% among all advanced industrial countries, it does less to correct these inequities, and inequality is growing at a rate faster than any other country. When a society permits such high levels of inequality to exist, it leads to a collapse of the social constructs, which the system is built upon. America is increasingly heading down a path that erodes the foundation of our society. The further the gap extends between the 1% and the rest of society, the more disparity results from the underlying system.

Allowing the market to function in an unrestrained fashion, as opposed to being shaped by fair and just government system for all, ends up serving corporate short-term gains and supremely wealthy individuals, and causing unequal opportunities in income distribution and income mobility for the rest of society that destabilizes the overall population. Much of the wealth in America has been built upon taking money away from others, as in an excessively large piece of the whole pie, which is unsustainable. The problem is that it does not leave enough resources for all. These inequalities in wealth, income and opportunity are reflected in standards of living, such as insecurity, education, and health.

Over the past 30 years the U.S. has reached this highest level of inequality in history as a result of government policy, mismanagement of globalization, “rent seeking” by wealthy individuals in corporations and government, even greed, and too much emphasis on monetary policy as the panacea for all economic ills. High inequality is associated with low growth and low innovation in a society, with distortion of basic human rights, the consequences of which hurt everyone. Unequal societies are economically and historically inefficient, unstable, and unsustainable. Instead of looking at ways to restore societal cohesion, there is a battle of ideas regarding the kind of society and policies that best serves “most citizens,” where the top 1% works diligently to persuade the remaining 99% that what they want and care about is good for everyone. A political system cannot work if there is no sense of community, and one cannot have such a sense of community if the country is so divided.

The author shows that these dynamics are self-feeding if unrestricted through reforms and societal consciousness, and that they have a snowballing chain-network effect on the whole. What is happening is in contradiction with the values America was built upon (such principles as fairness and opportunity), and it does not serve the interests of the 99% nor the 1% (given they are mutually dependent on each other for their well-being). America known as the land of opportunity is a myth since none of the current data supports it. And it is not a matter of eliminating the inequality or creating full equality of opportunity; it’s just a matter of reducing the ratio gap of inequality and increasing the extent of equality of opportunity. This book was devoted to arguing that it is possible to create and have a more dynamic and efficient economy, and a fairer society, but to realize time is running out.

**Secondary Message of the Book**

America is no longer the land of opportunity where “all men are created equal” and have equal opportunities economically. Reading between the lines for the secondary message of the book, it is clear from the data presented that we must act soon. The U.S. is closer to instability due to economic inequality than we’d like to admit. The self-serving interests of the top 1% are choking off opportunities for the rest of America’s citizens, since they are the major beneficiaries of the status quo. We are in a race to the bottom due to “adverse dynamics”, “vicious circles” of inequality begetting greater inequality of opportunity (e.g., inordinate power to those at the top, lack of transparency, availability/accessibility of education, increased monopoly power, etc.). Examples are the risky products that financial institutions created that lead to the financial crisis, such as derivatives, LIBOR rigging and the lending to the poor via sub-prime loans. If the top 1% is allowed to continue on this path, it will lead to more money and control in their hands at a huge cost to the rest of American society.

Economic inequality is shredding the very fabric of our society in ways that will be difficult if not impossible to repair if the inequalities between the 99% at the bottom of the economic ladder and the 1% at the top are not addressed in short order. These secondary effects, which include a sense of unfairness, diminished trust and loyalty, loss of our moral values system and impaired identity, are far greater than we have been willing to acknowledge and indeed that the top 1% would want us to know. Our society will be destroyed through the polarization of this inequality unless we take action.

The U.S. has not only underestimated the costs of inequality and ignored the benefits in eliminating the market distortions that give rise to it, it has also overestimated the costs of correcting inequality and underestimated the benefits of public spending. We need to reform our tax structure, temper globalization, restore and maintain full employment, improve our social contract and consciousness, and restore sustainable and equitable growth.

**Strengths & Weaknesses of the Book**

In summary, we each had a different takeaway as to “what spoke to us”. This ranged from politics, economics, and the inequality, to the tone and possibility of change in our financial policy to help others in the lower brackets of our economic structure. While some enjoyed the vast amount of data presented, it frustrated others. Others were frustrated by the authors tone and “left leaning” biases and the societal blindness. We were excited by the following topics: the possibilities of reform, a greater opportunity for those in lower brackets, an analysis of those in the 1% bracket, lessons on economics, the political landscape, and in-depth look at decisions made during the great recession. These areas are wide ranging yet all connect to the underlying message of the book.

**Manifestation of Issues in China**

It will be interesting to see the differences in what is visually recognizable and more obvious for those who truly have access to opportunity and benefit from a system predetermined to give them a helping hand versus research we’d have to conduct to better understand the economic inequality and the degree to which government control and the 1% comes into play (e.g., cost of living, medical care, pay for laborers in the manufacturing field, etc.).

Although China is now a dominant player in the world market economy, its economic roots are based on Communism and the relationship between markets and government is very different from the U.S. Some things we might look for in how those differences show up as we interact with Chinese citizens includes: 1) degree of government control in our use of technology; 2) education (not just the opportunities and treatment afforded to the Chinese, but the treatment of us by them and whether we may be perceived as being in the 1% of global wealth distribution); 3) material possessions (luxury branded goods similarly consumed by the American 1%); 4) social and business etiquette, customs and courtesies (treatment of those in positions of authority, deference, eye contact).

**Proof of Participation**

Saturday 1/10 - Jose, Tiffany, Irena, Bryan, Avonlie participated on phone call to establish schedule and divide out the work. All read the book and added comments to each question as well as provided summary of each section and overall.

Link to individual comments and contribution:

<https://docs.google.com/document/d/1AZM16kxV-yEm6DtT3gC6GC9d_6zYYwDPlmCGxKG5Re0/edit>