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Is Economic Mobility Just a Dream?

The topic “Is Economic Mobility Just a Dream,” expresses credible authors’ different viewpoints of whether or not Americans’ economic mobility is rising or declining. This is an economic debate between the liberals (Skylar, Krugman, Draut, Obama, Olsson), and the conservatives (Bartlett, Mallaby). The authors that took the more liberal position believe that American’s economic mobility is declining as the years’ progress, while, the conservatives believe that the American dream has went nowhere and is improving over the years. On the other hand, the Economist, a weekly newspaper that is read by business, political, and financial decision makers, takes a position between the liberal and conservative side (Economist 306). Throughout the chapters there are four main points that stand out such as: inequality, wages, and working unions. These previous main points come together to show why Americans’ economic mobility has decreased, therefore contemporary authors are calling for steps for an increase, but there are also contemporary authors giving objective reasons on why Americans’ economic mobility has already increased.

Inequality is described in the chapters as an enormous gap between the rich and the poor. How did inequality get out of control? President Obama states the reason for inequality is because of legalized discrimination. Legal actions such as the Jim Crow laws and Brown v. Board of Education prevented blacks from owning property and explains the achievement gap between today’s black and white students. While Obama’s reason for inequality is based on discrimination, the Economist explains that the reason for the increase in inequality in the U.S. is

because global competition is forcing economies to be more flexible, which causes inequality to increase around the world (Economist 318). However, author Holly Skylar of the article “The Growing Gulf Between the Rich and the Rest of Us,” states that the United States increasing levels of poverty and inequality cannot be found in other rich democracies. The Economist also argues inequality is not necessarily wrong as long as society as whole is getting richer, there is a safety net for the poor, and everybody has an opportunity to rise up through the system (Economist 319). The Economist’s previous argument is flawed because Skylar points out that society as a whole is not getting richer. Ever since the year 2000, America’s Forbes 400 has gained 76 more members, and more than 5 million people have become victims of poverty (Skylar 308). Skylar argues on how America’s billionaire club is steadily gaining members, but middle-class households are struggling for health care or claiming bankruptcy.

The unequal healthcare is one of America’s biggest concerns. Paul Krugman, author of the article “Confronting Equality,” states that American children from low-income families are at a disadvantage because they’re often uninsured, which they’re more likely to have health problems. Karen Olsson in her article “Up Against Wal-Mart,” shows readers how healthcare among the poor is difficult to get by telling Jennifer McLaughlin story. McLaughlin is a Wal-Mart employee with a one-year-old son. She cannot receive healthcare for herself through her job because Wal-Mart will deduct eight-five dollars from each check, and she cannot afford that (Olsson 343). Therefore, McLaughlin goes without healthcare insurance and relies on Medicaid to cover her son.

Just like healthcare, there is an uneven equality among education in the U.S. Krugman’s view is similar to Skylar’s about middle-class families struggle, but on a more social level. Krugman argues that it’s important to understand why millions of middle-class families buy

houses they can't afford and bury themselves in a hole of debt. They buy these expensive houses because they want to send their children to a good school. Krugman states that increasing inequality means good school districts are growing fewer in number because it is more expensive to live in (Krugman 325). Krugman believes middle-class parents are just trying to give their children a chance in a heightening unequal America. He then goes on to relate high test scores and having high-status parents to a greater chance for a student to finish college. Study shows the gap in standardized test scores between affluent and low-income has grown almost forty percent since 1960 (Tavernise, NY Times). Krugman's correlation is also the same as Tamara Drout's in her article "The Growing College Gap." Instead, Drout goes in to more detail why the children from high-status parents are able to receive high test scores. The children receive higher test scores than low-income families because their parents spend the necessary money on prep courses that cost as low as \$800 and as high as \$4,199 (Drout 387). Study shows affluent Americans spend five times more on their children than low-income families, and in 2007 the spending by affluent Americans has doubled (Tavernise, NY Times). High test scores also mean more scholarship money for college. Drout argues that student aid is focused on merit rather than need, and that usually goes to students from families who can already afford a four-year university (Drout 382). Well if the cost to attend a four-year university is expensive for a low-income student, why not go to a community college? The Economist argues that community colleges are magnificent, whereas Drout disagrees. Drout argues that community colleges are not as effective as universities because the student is not getting the full-time on-campus study. She states that students who attend community colleges are most likely working full-time and attending school part-time. Over awhile the struggle to do the classwork and paid work collides, and the classwork usually is the one to get dropped. On the other hand, Tavernise from NY

Times argues that the way the student was raised as little as six years old can determine if they'll finish college in the future. Tavernise states that affluent children spend 1,300 more hours than low-income children in places other than their homes, all the way from art museums to shopping malls (Tavernise, NY Times). By the time affluent children start school, they will have spent more than 400 hours than low-income students in literacy activities (Tavernise, NY Times). This statistic relates to the children's college completion because it stems back to the reason why affluent children do better on standardized tests. They're actually being prepped their whole lives. For the most part the authors' view points on education were the same, except for the Economist, and that Krugman and Tavernise took a more social position.

Now the question is how does Americans solve inequality? According to Krugman, wealthy Americans are taxed less than they used to be (Krugman 331). He states the first solution to solving inequality would be to let the Bush tax cuts expire. The Bush tax cuts entailed cutting taxes for the wealthy. Krugman argues that letting them expire would increase revenue. Urban-Brookings Joints Tax Policy Center estimated that expiring the Bush Tax cuts would allow incomes of Americans that make over two hundred thousand dollars to be worth \$140 billion at the start of the year 2012 (Krugman 331). Krugman then goes on to state that this will provide a safety net that limits inequality. Low-income Americans would finally be guaranteed health care. Krugman last solution to inequality would be to raise minimum wage. Though higher wages may look nice, Krugman argues that this solution comes with a consequence. Raising the minimum wage will cause job losses. For an example, Wal-Mart will not be able to employ 800,000 of its employees worldwide if the minimum wage was \$15 (Olsson 344). The author Drout solution to inequality would be that government and colleges award students with need-based scholarships rather than merit-based. This will allow low-income students a greater

opportunity to attend four-year colleges and have a full on-campus study, so that they can graduate and earn a better salary. However, President Obama has a different approach. Obama believes the only way to solve inequality is for Americans to become one, a union. He states that America has been stuck in a racial stalemate for years. All nationalities have to come to peace with one another, therefore they can solve challenges like health care, education, or the need to find good jobs for every American (Obama 367). There are several actions American can take to solve inequality, but which is the affective one?

The second biggest issue pertaining to the topic is working wages. According to Krugman, since 2009 the new minimum wage is \$7.25 an hour (Krugman 335). Jennifer McLaughlin from the previous story earns about \$16,800 a year working at Wal-Mart, and that is considered high-paid (Olsson 343). Take working at Wal-Mart for an example, Olsson argues that a person cannot live on a Wal-Mart paycheck. Reporter Anne Thompson from CNN reports that weekly wages have decreased by 1.3 percent in the past eight months (Thompson CNN). She also argues that increasing the minimum wage will give workers a little more money in their pockets, therefore they do not have to spend their upcoming check immediately. However, Joseph Berger from NY Times argues that increasing the minimum wage will hurt low-skilled businesses like fast-food restaurants and some manufacturing companies. He believes that if minimum wage is raised than low-skilled businesses will lose customers because they will have to raise their prices. Berger then goes on to explain that the labor rate will increase as well. He gives an example of Mr. Cestaro, who works in the Bronx cleaning offices and stores. Mr. Cestaro worries about his 250 employees as the labor rate increases because a fraction of his employees don't have a skill set. He wonders what will happen to those workers. Some of Mr. Caestro's workers fear that if minimum wage increases their hours will decrease. In the end,

raising minimum wage and cutting hours will not be quite a step forward because workers will not be earning significantly more if the minimum wage was raised. As Olsson argues how a Wal-Mart pay check will not suffice, Sebastian Mallaby, author of “Progressive Wal-Mart. Really,” disagrees by arguing that the minimum wage is fine and that Wal-Mart actually helps low-income Americans. Mallaby discusses how Wal-Mart’s food discounts increases the welfare of shoppers by at least \$50 billion a year (Mallaby 357). He then goes on to argue that if Americans think the minimum wage is so terrible at places like Wal-Mart, then why did Wal-Mart in Glendale Arizona last year receive 8,000 applications for only 525 jobs (Mallaby 357)? Not everyone believes the pay and benefits are so terrible.

Low-income Americans working for low wages and horrible benefits at such companies like Wal-Mart, demand for unions. Unions increases the wages for its members and also tends to equalize wages. Unfortunately, Robert Kahlenberg and Moshe Marvit from NY Times reports that the decline in labor movement has fallen from thirty-five percent in 1950 to seven percent today (Kahlenberg, Marvit NY Times). Krugman believes America should end its thirty-year tilt of government policy against unions (Krugman 337). He argues that unions have decreased in America by the political climate created by the conservatism movement. This movement allowed employers to punish workers who participated in union activities and to those who supported union organizers. Krugman explains that America needs a new political climate to increase the union movement. He advocates for the Employee Free Choice Act. The Employee Free Choice Act will reduce the ability of employers to intimidate employees into rejecting a union (Krugman 337). Kahlenberg and Marvit disagrees with Krugman, instead they argue the reason for the decline in labor movement is because of laws that provide safety for workers and overtime pay, therefore employees don’t feel the need for unions. According to Olsson, Wal-Mart workers

across the country are organizing unions for better wages and working conditions. She explains how Wal-Mart employers have violated the federal labor law by interrogating workers, confiscating union literature and firing union supporters. “In my 35 years in labor relations, I’ve never seen a company that will go to the lengths what Wal-Mart goes to, to avoid a union,” says Martin Levitts, author of “Confessions of a Union Buster,” (Olsson 345). Olsson tells readers how the meat-cutting department in Jacksonville, Texas joined the UFCW, and two weeks later Wal-Mart announced they were cutting its meat-cutting department in all of its stores nationwide. As previously stated by Kahlenberg and Marvit, there are laws that provide workers overtime pay, however, Olsson states that Wal-Mart forces their employees to work overtime without pay. Supervisors are pressured by company headquarters to delete hours from time records and reprimand employees who claimed overtime (Olsson 348). Unfortunately, these low-income workers are being taken for granted, and contemporary authors are calling for justice for these workers.

In conclusion, Americans’ economic mobility is in debate on whether or not it is increasing or decreasing. Each author expressed their different viewpoint on the topic. Majority of the authors agreed that Americans’ economic mobility is decreasing while only some disagreed by stating that it is progressively increasing. Each perspective on this issue allows for Americans to form their opinion on the issue and choose which side to be on- a more liberal side or a more conservative side.

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