

CASE #12: INCOME/WEALTH INEQUALITY, POVERTY, AND JUSTICE

The Big Picture

The United States continues to face stark disparities in income and wealth. Median U.S. household income rose slightly from \$80,002 in 2023 to \$81,604 in 2024, but inflation has erased many of those gains. The gap between the richest households and the bottom half remains wide.

- As of 2025, the top 1% controls about 35% of total U.S. wealth, a modest decrease from nearly 39% in 2016.
- The bottom 50% holds a net worth of only \$4 trillion total, a tiny fraction of national wealth.
- Racial disparities are stark: in 2024, the average white household held about \$1.54 million in wealth, compared with \$352,000 for Black households and \$285,000 for Hispanic households.
- The top 1% owns nearly half of all equities and mutual fund assets, while the bottom 50% owns very little.
- These gaps are driven by globalization, technology, political choices, and unequal access to education and opportunities. The ethical question remains: in the wealthiest nation in history, how should resources and opportunities be distributed so that all can meet their basic needs?

Key Definitions

- Poverty: Lack of adequate resources to meet basic needs.
- Income Inequality: Unequal distribution of earnings and wealth across society.
- Living Wage: Income sufficient to maintain a safe, decent standard of living.
- Progressive Taxes: Higher earners pay a larger share.
- Regressive Taxes: Lower earners pay a larger share relative to income.

CASE #12: INCOME/WEALTH INEQUALITY, POVERTY, AND JUSTICE

The Redistribution Debate

Redistribution of wealth occurs through taxes, welfare, or other social mechanisms. The ethical debate is framed as individual rights vs. the common good.

Arguments for Redistribution:

- Promotes fairness and social justice.
- Reduces poverty and hunger.
- Helps stabilize society by reducing unrest and polarization.
- Ensures basic needs and opportunities are more widely shared.

Arguments Against Redistribution:

- Seen as undermining free-market capitalism and personal responsibility.
- Risks discouraging innovation and productivity.
- May foster dependency on government support.
- Considered by some as forced charity, restricting personal choice.

Competing Philosophies

- Free Market Capitalism: Emphasizes competition, minimal regulation, and profit incentives. Advocates argue that it fosters growth and innovation, but critics warn that it concentrates wealth and power.
- Common Good Capitalism: Maintains private ownership but introduces regulation to protect workers, ensure fair wages, and promote equality of opportunity. Advocates argue that it balances innovation with justice, and stability.

Reframing the Issue

CASE #12: INCOME/WEALTH INEQUALITY, POVERTY, AND JUSTICE

Rather than focusing only on redistribution, some ethicists argue the discussion should center on expanding opportunity—ensuring access to education, healthcare, and meaningful work for all citizens. This framing shifts the debate from ‘taking’ wealth to ‘creating’ fairness and opportunity.

Questions for Discussion

1. Is high economic inequality a moral issue? Why or why not?
2. Do businesses and government have a responsibility to reduce inequality?
3. Should all full-time workers be guaranteed a living wage?
4. Should society provide for those unwilling to work?
5. Is equality of opportunity a better ethical framework than redistribution of wealth?
6. Consider Senator Elizabeth Warren’s 2019 proposal: cancel up to \$50,000 in student debt, funded by a wealth tax on households worth over \$50 million. Is it ethical to tax wealth beyond income? Is blanket forgiveness fair to those who repaid loans on their own?

Closing Reflection

"If a free society cannot help the many who are poor, it cannot save the few who are rich."

—President John F. Kennedy, Inaugural Address